

FORMATION AND DEVELOPMENT OF THE WELFARE STATE IN THE REPUBLIC OF KOREA: PROCESS OF REFORM OF THE PUBLIC ASSISTANCE SYSTEM

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The legal framework for social security in the Republic of Korea began to be formed in the early 1960s (the first period) and further progress was made during the process of democratization in the 1980s (the second period). However, it remained a “top-down” residual system, preserving conservative elements. With the constitutional lawsuit over the right to life in 1994 as a turning point, however, there was a major shift to a universal system, supported by “bottom-up” efforts through petitions to the National Assembly and legislation by Assembly members. This led to the enactment of the Framework Act on Social Security (1995), the National Basic Livelihood Security Act (1999) and other measures (the third period). This paper attempts to analyze the Korean-style welfare state by tracking these institutional changes as well as the main actors.

INTRODUCTION

IN the early 1960s, when the Republic of Korea had ceased to depend on external assistance as it had in the 1950s, and embarked on the path to economic growth, a legal framework for social security began to be formed (the first period). This framework was improved further during the democratization process in the 1980s (the second period). However, it remained close to a “top-down” residual system, with conservative elements still preserved intact. With the constitutional lawsuit over the right to life in 1994 as a turning point, however, there was a major shift to a universal system, supported by “bottom-up” efforts through petitions to the National Assembly and legislation by Assembly members. This led to the enactment of the Framework Act on Social Security (1995), the National Basic Livelihood Security Act (1999), and other measures (the third period) (Heo 1999; Kim Jo-Seol 2002, 2003; Moon 2000; Song 2001a; Park and Byeon 2002; Valencia-Lomeli 2002).¹

The views expressed in the article are solely those of the author and should not be taken as representing the views of any of the Board of Editors, the Institute of Developing Economies, or the Japan External Trade Organization.

¹ The author was given an opportunity to report on this periodization, and in particular on the hy-

In Section I, we outline the first and second periods and address the events that marked the turning point (the constitutional lawsuit and the Framework Act on Social Security) toward a major shift in the social security system in the third period. Section II examines the process of enactment and the actual application of the National Basic Livelihood Security Act (1999), the cornerstone of the universal social security system in Korea. Finally, Section III discusses the “bottom-up” formation of the welfare state in Korea.

I. EVOLUTION OF THE KOREAN-STYLE WELFARE STATE

A. *Formation (First Period) and Evolution (Second Period) of the “Residual” Welfare System*

The first constitution of 1948 stated that “those individuals incapable of working due to the old age, illness, or other reasons shall be protected under law by the state” (Article 19). The constitution also stipulated that “the freedom, equality, and originality of each individual shall be respected and guaranteed in all areas, and shall be protected and fostered for the improvement of public welfare” (Article 5). Despite these constitutional provisions, however, no concrete institutional changes took place throughout the 1950s, and the distribution of relief food to the 4.6 million victims of the Korean War had to be provided on the basis of the Decree on Relief of Poor in Korea by the Governor-General (1944) (Shin et al. 1990).²

If a welfare state is defined as one possessing a public assistance system and social insurance security to sustain a capitalist system, then Korea formed a welfare legal system close to the “residual/liberal model” (Esping-Andersen 1996) with elements of a conservative paternalism and occupation-based system. In 1961, the Supreme Council for National Reconstruction of the Revolutionary Government enacted the Welfare Act to provide institutional protection for destitute women, children, elderly, and disabled people. The revised constitution of 1962 provided for the right to life in Article 30 (Table I),³ and in the same year also enacted the

pothesis about the formation of the “bottom-up Korean-model welfare state,” in a lecture meeting at the Korea Institute for Health and Social Affairs on September 26, 2003, through the kind offices of Dr. Byeon Jae-Kwan, director of the institute’s Elderly and Disabled Policy Center. I received many valuable comments from participants, which are outlined in the closing part of this paper. I would like to express my deep gratitude to Dr. Byeon and those who participated in the meeting. I also would like to thank Mr. Koichi Usami, the organizer of this special issue, and anonymous referees of this journal for their helpful comments.

² It may be necessary to separate the period before the 1950s from the first period, but the residual system of public assistance appears to have begun in the 1950s. Because of limited space, this paper will not deal any further with the 1950s.

³ These provisions are retained in the current 1987 Constitution (the 1980 constitutional revision added a provision for the right to the pursuit of happiness, and an article on social security was added in 1987. These are described in the latter part of this paper).

TABLE I
THE KOREAN CONSTITUTION'S PROVISIONS FOR SOCIAL SECURITY AND
SOCIAL SECURITY-RELATED ACTS

	Constitutional Provisions for Social Security	Social Security-Related Acts	
The First Republic, 1948-60	Citizens incapable of work due to aging, malady, or other reasons are protected by the state as provided by law.	1952	Special Act Concerning the Promotion and Procedure of Adoption
		1953	Labor Standard Act; Labor Union Act; Labor Relations Adjustment Act; Labor Committee Act
		1960 Jan. 1	Government Officials Pension Act (Jan. 1, 1961)
The Second Republic, Dec. 1960-1962		1961 Jan. 11	Military Compensation Act
		Nov. 9	Prostitution Prevention Act
		Dec. 30	Child Welfare Act; National Assistant Act
		1962 Jan. 10	Seamen Insurance Act (not enacted)
		Mar. 30	Disaster Relief Act
Apr. 16	Special Relief Act for National Creditors and North Korean Brave Returnees		
July 25	Self-Livelihood Support Scheme		
The Third Republic, 1962- Oct. 1972	Welfare: ^a (1) All citizens are entitled to a life worthy of human beings. (2) The State has the duty to implement policies for enhancing social security. (3) Citizens who are lack in a means of living are protected by the state as provided by law.	1963 Jan. 28	Veteran's Pension Act (Feb. 1963)
		Nov. 5	Social Security Act
		Dec. 7	Industrial Accident Insurance Act
		Dec. 16	Foreign Nongovernmental Aid Organizations Act
		1967 Dec. 16	Medical Insurance Act
		1967 Mar. 30	Employment Security Act
1968 July 23	Provisional Act of Self-livelihood Support (-1982)		
1970 Jan. 1	Social Welfare Activity Act		
The Fourth Republic (<i>Yushin</i> Regime), 1972- Dec. 1980	The 1980 Constitution added the "right to the pursuit of happiness" to the basic human rights (same as Article 10 of the 1987 Constitution below)	1973 Dec. 14	National Welfare Pension Act (not enforced)
		Dec. 30	Private Teachers Pension Act; Mother and Child Health Act
		1976	Revised Medical Insurance Act (introduction of compulsory entry)
		1977 Dec. 31	Medical Aid Act; Special Education Promotion Act
		1978	Special Compensation Act for North Korean Brave Returnees
The Fifth Republic, 1980- Oct. 1987		1980 Dec. 31	Joint Labor-management Conference Act
		Dec. 31	Social Welfare Services Act; Act on Family Rite Establishment and Related Assistance
		1981 Apr. 13	Revised Child Welfare Act
		June 5	Welfare of the Aged Act; Welfare of Disabled Persons Act

TABLE I (Continued)

	Constitutional Provisions for Social Security	Social Security-Related Acts	
		Dec. 31	Industrial Security and Health Act (July 1, 1982)
		1982 Dec. 31	Revised National Assistance Act (July 1, 1983)
		1984	Honorable Treatment of Persons Wounded or Killed for a Righteous Cause Act
		1986 Dec. 31	National Pension Act (Jan. 1, 1988); Minimum Wages Act
The Sixth Republic, Oct.1987-	<p>Article 10 (Dignity, Pursuit of Happiness): All citizens are assured of human worth and dignity and have the right to pursue happiness. It is the duty of the State to confirm and guarantee the fundamental and inviolable human rights of individuals.</p> <p>Article 34 (Welfare): (1) All citizens are entitled to a life worthy of human beings. (2) The State has the duty to endeavor to promote social security and welfare. (3) The State endeavors to promote the welfare and rights of women. (4) The State has the duty to implement policies for enhancing the welfare of senior citizen and the young. (5) Citizens who are incapable of earning a livelihood due to a physical disability, disease, old age, or other reasons are protected by the State under the conditions as prescribed by law. (6) The State endeavors to prevent disasters and to protect citizens from harm therefrom.</p>	1987	Consumer Protection Act
		Dec. 4	Sexual Equality Employment Act (Apr. 1, 1988); Revised Mother and Fatherless Child Health Act
		1989 Apr. 1	Mother and Fatherless Child Welfare Act; Revised Welfare of Disabled Persons Act
		1990	Environment Protection Law; Revised Industrial Security and Health Act; Promotion, etc., of Employment of Disabled Persons Act
		1991 Jan. 14 July 1	Infant Care Act Act on Prevention and Relief of Sexual Discrimination
		1993	Support Act on Livelihood Stabilization for Comfort Women during Japanese Rule; Act on Protection of North Korean Refugees (Revision of 1978 act)
		Dec. 17	Unemployment Insurance Act (July 1, 1995)
		1994	Revised Medical Insurance Act
		1995 Dec. 30	Framework Act on Social Security = Abolishment of Social Security Act; Basic Act on Women's Development
		1996	Revised Prostitution Prevention Act
		1997 Jan. 13	Act on Protection and Settlement Support of Residents Escaping from North Korea (Revision of 1993 act)
		Apr. 10	Act on Installation of Convenience Facilities for the Disabled
		Aug. 22	Revised National Assistance Act (July 1, 1998); Revised Welfare Act for the Aged; Revised Social Welfare Services Act
		Dec. 13	Domestic Violence Prevention and Protection of the Victim Act (July 1, 1998)
		1998	Mother and Child Health Act; Social Welfare Activity Act
		1999	Act on Prevention and Relief of Sexual Discrimination

TABLE I (Continued)

	Constitutional Provisions for Social Security	Social Security–Related Acts
		Sept. 7 National Basic Livelihood Security Act (Oct. 1, 2000) = Abolishment of National Assistance Act; National Health Insurance Act (2000) = Abolishment of Medical Insurance Act (1976) Dec. 7 Revised of Child Welfare Act 2000 Jan. 1 Revised Welfare for Disabled Persons Act Jan. 12 Promotion of Employment and Vocational Rehabilitation of Disabled Persons Act

Sources: Oh Se-Gyeong, *So-beopjeon* [Compact collection of laws] (Seoul: Beopjeon-chulpan-sa), various years; Cho Sang-Won, *Sa-beopjeon* [Compact collection of laws] (Seoul: Hyeonam-sa), various years; Chang Dong-Il (2001); KDI (1995).

Notes: 1. English names of acts are as provided by the Ministry of Health and Welfare, <http://www.mohw.go.kr/english/index.html> (accessed November 18, 2003).

2. Dates in parentheses are dates of enforcement, when it is different from the promulgation date.

^a The text is the same, although the article number is different: Thirtieth in the 1962 and the 1974 constitution, and thirty-fourth in the 1980s.

^b The full text of the Republic of Korea's contemporary constitution in English is available at the National Assembly's homepage, <http://eng.assembly.go.kr/> (accessed November 18, 2003).

Special Relief Act for National Creditors and North Korean Brave Returnees.⁴ Under the circumstances that prevailed at the time, however, the scope of people eligible for public assistance was quite limited and the welfare state was dysfunctional.

The “legal protector” under the dysfunction of the welfare state was the Social Security Act of 1963 (which had only seven articles). Other than broadly classifying the idea of “social security” into two types—charge-free public assistance and social insurance—the act merely provided for the establishment of the Social Security Council. As indicated by the provisions of Article 3, the fundamental philosophy was described as “not to hamper the spirit of self-support of the people” and “gradually as provided for by law in light of the economic circumstances of the state,” and the act seems to have been nothing more than an attempt to justify the lack of welfare on the pretext of giving priority to the people’s “self-help and self-support” and the “national economic situation.”

On the other hand, the government attempted to eradicate poverty through loan-dependent and export-led industrialization. As shown in Table II, the population in absolute poverty fell steeply as the 1970s began, decreasing to 5 million (14.6 per

⁴ This act was later separated into individual acts addressing each category of people. In line with the changes in the prevailing political circumstances, the “North Korean Brave Returnees” was referred to differently later, such as the “Act on Protection of North Korean Refugees” (in 1993) and “Act on Protection and Settlement Support of Residents Escaping from North Korea” (in 1997).

TABLE II
ECONOMIC AND SOCIAL INDICATORS

	1965	1975	1985	1990	1999
Population (1,000)	28,705	34,679	40,420	43,500	46,617
Ratio of those aged over 65 (%)	3.3	3.5	4.3	4.9	6.9
Dependency Rate ^a (%)	88.3	72.5	52.5	44.6	39.5
Rate of middle school enrollment	42.3	74.2	99.7	99.9 ^b	99.9
Per capita GNP (U.S.\$)	106	594	2,194	5,659	8,705
Gini coefficient (Urban wage earners)	0.344 (n.a.)	0.391 ^c (n.a.)	0.345 (0.311)	0.323 (0.295)	n.a. (0.32)
Wealth distribution by decile (Urban wage earners)	0.463 (n.a.)	0.372 ^c (n.a.)	0.443 (0.518)	0.507 (0.557)	n.a. (0.496)
Absolute poverty population (1,000) (A)	11,750	5,198	3,476	3,316	n.a.
% to total population	40.9	14.6	8.6	7.7	n.a.
Livelihood recipients (1,000) (B)	3,918	1,289	2,273	2,256	1,175
% to total population	13.6	3.7	5.6	5.2	2.5
Incapable of self-care (1,000)	354	385	345	420	409
Self-care protection (1,000)	3,564	904	1,928	1,835	766
Livelihood coverage (%) (B/A)	33.3	24.8	65.4	68	n.a.

Sources: For 1965–90, Cha and Kim (1995, pp. 98, 585); for 1999, Korea Institute of Health and Social Affairs, *Health and Welfare Indicators in Korea, 2001* (Seoul, 2001) and Korea National Statistical Office, *Social Indicators in Korea, 2001* (Seoul, 2001).

^a Percentage of population aged “under 14” and “over 65” per those “from 15 to 64.”

^b 1994.

^c 1976.

cent of the total population) in 1974. Still, only one out of four of those in absolute poverty were actually receiving welfare benefits. Additionally, the level of welfare benefits remained extremely low, amounting to an equivalent of just 4.50 per cent of the national average household expenditures in 1970, 8.65 per cent in 1975 and approximately 20 per cent even in the 1980s and until the mid-1990s (Choi and Rhee 1996, p. 45; Park Jong-Gi et al. 1981, p. 300; etc.).

The hierarchical and conservative aspects of the social security system in the first period were evident in the fact that Korea introduced the veterans’ pension and public officials’ pension schemes in the 1960s and launched mandatory coverage under the medical insurance system for large companies in 1976. The difficulty in collecting insurance premiums may have also been a factor, but it seems obvious

that in the development of the social security, as the state was focusing on economic development, the first priority was given to the securing of labor in principal industries.

The National Welfare Pension Act was enacted in 1973, when the first baby boomers were reaching the age of eighteen, on the basis of the draft bill prepared by the Ministry of Health and Welfare and the Korea Development Institute, which succeeded in persuading President Park Chung-Hee to accept it by underscoring the economic effects, including the generation of funding for the development of heavy and chemical industries (NPC 1998, pp. 58–64). However, as a result of the oil crisis, the act was not put into force. Another possible reason for this failure may be that unlike the medical insurance scheme, the pension system would not produce visible benefits for twenty years or so.⁵

Following the assassination of President Park in the autumn of 1979, the weakening of the authoritarian regime opened the chapter on the second period of social security policy. The military government under President Chun Doo-Hwan added constitutional provisions for the correction of the economic imbalances and the right to the pursuit of happiness (“the right to life” was retained as previously), while renaming the Fifth Five-Year Development Plan (1982–86) the Economic and Social Development Plan. Laws for the welfare of the aged and the disabled were enacted, and the National Assistance Act was fully revised. However, these measures went no further than integrating the Self-Support Assistance Act and introducing new loan schemes to promote relocation to rural areas and to fund bread-and-butter businesses. According to the *1990 White Paper on Health and Social Affairs*, “the number of people eligible for public assistance had been on the decline annually throughout the 1980s even when the eligibility criteria were adjusted upward” (p. 187), but the level of assistance remained low, the elderly without pension benefits had no choice but to rely on the family system in the absence of policy initiatives, and the issue of unemployment insurance was left unresolved.

Following the President Rho Tae-Woo’s Declaration of Democratization of June 29, 1987, the National Pension Act and the Minimum Wages Act were enacted, and the medical insurance coverage became universal with the addition of the self-

⁵ There are two later anecdotes about the pension system. Kim Man-Je, who as director of the KDI made strenuous efforts to enact the National Welfare Pension Act in 1973, was serving as the Deputy Minister and Minister of the Economic Planning Board in 1988, when the pension system was finally introduced. The opposition New Democratic Party (NDP), headed by Kim Dae-Jung, who was then under house arrest after his abduction from Tokyo in 1973, opposed the pension act and instead sought to enact the Minimum Wages Act first, because the participation in the pension scheme was made discretionary for 356,000 people in the low-income bracket (about one-third of 1.17 million workers), who earned 15,000 won or less. Han Geon-Su, a member of the National Assembly from the NDP, said, “Even though we are a perennial opposition party, the NDP, as a constructive opposition party, always looks at things from the perspective of a future ruling party” (“Assembly Record of the Health and Welfare Committee, November 26, 1973,” pp. 13–16). No one would have been able to foresee the administration of President Kim Dae-Jung twenty-five years later.

employed to the scheme in 1989. The labor movement became very active during this period, with the principal objectives being higher wages and better labor-management relations. However, the labor movement was not able to become a force propelling welfare policy, as trade unions lacked a command structure or leading individuals to integrate and connect the many labor disputes across the country, which numbered as high as 3,749, and were also barred from political activities (Koo 2001, p. 158).

Thus, even during the second period, the welfare state, which was synonymous with “modernization,” was considered a goal to be achieved only when Korea attained a level of income similar to those of the member states of the Organisation for Economic Co-operation and Development (OECD). Therefore, when the constraints of the international balance of payments⁶ were eased and Korea became a donor of official development assistance (ODA), the top-down process of gradual improvement was given a boost.

Still, democratization made considerable contributions during this period. Firstly, the constitutional revision of 1987, carried out under an agreement between the ruling and opposition parties, eliminated the presidential power to dissolve the National Assembly, revived the constitutional court system, and strengthened the right to life. In addition to the three items in the old provisions, Article 34, which deals with “social security, etc.,” newly provided for the improvement of the welfare and interests of women, the improvement of the welfare of the elderly and young people, and the prevention of disasters. Without this process, the major shift of the later years would not have been possible.

B. *Major Shift to a Universal Social Security System*

Following the 1987 constitutional revision which took place during the first civilian administration of President Kim Young-Sam (1993–98), the initial signs of a major “bottom-up” shift to a universal welfare system emerged. They were the constitutional lawsuit over the right to life in 1994 and the enactment of the Framework Act on Social Security in 1995. The chronological developments are reviewed below with the respective backgrounds and forces that promoted them.

In February 1994, an elderly couple petitioned the Constitutional Court to confirm the unconstitutionality of the 1994 standards for public assistance.⁷ The point

⁶ In the early 1980s, Korea’s external debts stood at about U.S.\$40 billion, and had reached the danger line of 5 per cent of gross national product (GNP). The country might have plunged into a foreign exchange crisis had it not been for the devaluation of the won against the U.S. dollar under the Plaza Accord.

⁷ A total of four welfare-related petitions were filed during the history of the Constitutional Court, but this was the only case the court actually heard, with the rest turned down without deliberation. In the area of medical insurance, there is a precedent where the court ruled as unconstitutional the procedure to rescind the designation as authorized institutions of protection, as violating the freedom of business.

at issue was whether the constitutional provisions for the right to life (the right to the pursuit of happiness under Article 10 and the right to lead a life worthy of a human being under Article 34) were tangible or abstract. In May 1997, the nine judges unanimously rejected the petition, apparently deciding in favor of the theory of abstract rights and programs (Kim Seon-Taek 1998). However, the ruling acknowledged the extraordinarily low level of public assistance, and ordered the government to raise the assistance to a minimum level of life security within five years. The overall outcome could be considered a victory for the plaintiffs.

In May 1995, the administration of President Kim Young-Sam announced a Plan for the Improvement of the Welfare of the Socially Weak, under which it would increase the level of public assistance from 70 per cent of the minimum level of life security to 100 per cent, and revise relevant statutes within the year (KDI 1995, pp. 722–23). It is not clear why these “relevant statutes” did not include the National Assistance Act. The government already submitted the bill for the Framework Act on Social Security in October 1994, and the opposition camp proposed a version of the bill with the same title in December 1994. It may have had some relationship with the fifteenth general elections, scheduled for April 1996. In fact, election pledges by the four ruling and opposition parties included the “guarantee of the minimum cost of living” as a measure to help the destitute. However, the principal points at issue in the campaigning were the parliamentary cabinet system and other matters related to the presidential election set for late 1997.

Meanwhile, supporters of the constitutional lawsuit over the right to life created the People’s Solidarity for Participatory Democracy (PSPD)⁸ in September 1994, which acted as a propelling force for proactive social security reform while maintaining political neutrality.

Citizens’ movements emerged as activities seeking anti-pollution measures, and nationwide political pressure groups in the early years included the Korean Anti-Pollution Movement Association, formed in 1988 (renamed the Korean Federation for Environment Movements in 1993) and the Citizens’ Coalition for Economic Justice (CCEJ). In a related development, the Han-kyoreh Sinmun was launched in May 1988 by university professors and jobless commentators as a guiding voice for the liberal camp. However, both student movements and trade union movements, who made up the frontlines of the democracy movement, were seriously split (Kim Yeong-Ho 2001). The PSPD was launched with 300 members, with Kim Jung-Bae, chief of the editorial board of the Han-kyoreh Sinmun, acting as co-leader. The executives included university faculty members, religious leaders and lawyers (executives are prohibited from becoming members of any political party), and its activities were financed mainly by membership fees (with financial independence of 80 per cent).

⁸ PSPD’s homepage, <http://www.peoplepower21.org/> (accessed November 18, 2003).

At the center of these citizens' movements were people in their thirties (during the 1990s), who had been born in the 1960s and had experienced the democratization process in the 1980s as university students. These people were referred to as the "386 generation." The citizens' movements led by this "386 generation" formed

TABLE III
KEY EVENTS AND DEVELOPMENTS, 1994–99

1994	Feb. Sept.	Constitutional petition over the right to life filed PSPD formed, and immediately launches a campaign to secure basic minimum of welfare for the people
1995	Dec.	Enactment of the Framework Act on Social Security (compromise between the government bill and opposition bill)
1996	Apr. Nov.	National Assembly election: the strength of the ruling party is slashed; opposition parties make gains. The Health and Welfare Committee: ^a <ul style="list-style-type: none"> • Petitions filed for revisions to the National Assistance Act and the Welfare of the Aged Act (Kim Jung-Bae: introduced by three opposition party members of the National Assembly) • Proposals to revise the National Assistance Act and six other acts (21 members of the National Congress for New Politics) • Proposal to revise the bill for the Noncontributory Old-Age Pension Act (81 members of the National Congress for New Politics) • Government proposal to transform the Social Welfare Activities Fund into the Social Welfare Joint Fund Raising Association
1997	July Nov. Dec. 18	Revised National Assistance Act passes the National Assembly (promulgated in August 1997, enforced in July 1998) ^b Request for assistance filed with the International Monetary Fund (IMF) Presidential election
1998	Feb. Mar. Nov. Dec.	President Kim Dae-Jung assumes office PSPD makes urgent proposal for the era of the high unemployment under the IMF assistance. Petition, proposal filed with the National Assembly's Health and Welfare Committee for the enactment of the National Basic Livelihood Security Act The National Assembly's Health and Welfare Committee fails to deliberate an alternative bill for the National Basic Livelihood Security Act
1999	June Aug.	"Productive Welfare" plan announced National Assembly votes to enact the National Basic Livelihood Security Act

^a The National Assembly is a unicameral legislature. A bill is discussed at a standing committee and goes through the Legislation and Judicial Committee before being presented to the Plenary Session. A bill can be submitted with the support of at least twenty members of the National Assembly (the minimum required number of members was lowered to ten with the revision of the National Assembly Act in February 2003). Petitions introduced in the Fifteenth National Assembly can be filed with the assistance of a single Assembly member.

^b The National Assistance Act was also revised on December 13, 1997 and February 8, 1999. However, both involved only minor changes regarding procedures for protection by authorized institutions of protection.

the backbone of Korea's power elite in the 1990s.⁹ Table III shows a brief chronology of key events and developments in this period.

A compromise on the Framework Act on Social Security, which formed the starting point for reform, was hammered out between the conservative government bill and proactive opposition bill as the opposition camp went on the offensive following revelations of a presidential campaign funding scandal while the bills were under deliberation. Explaining the opposition bill in the Plenary Session of the National Assembly, Kang Su-Rim, acting chairman of the National Congress for New Politics, cited the constitutional lawsuit in criticizing the previous social security scheme based on administrative discretion, and claimed that the opposition bill would "mark an epochal turning point in the social security system."

While some of the limitations of the government bill found their way into the enacted legislation, such as provisions limiting funding to levels "necessary to establish the social security system in accordance with the level of the development of the state" and restricting qualification for benefits to "those as provided for by statutes," important substantial provisions were adopted from the opposition bill, including the measurement and guarantee of the minimum cost of living, remedy for the right to benefits and the provision that future statutes (including revisions of the act) would be done in accordance with the act.¹⁰

The momentum of the 1996 general election outcome on the opposition camp's activities will be considered later.

II. BACKGROUND OF THE ENACTMENT AND CONTENTS OF THE NATIONAL BASIC LIVELIHOOD SECURITY ACT

A. *Revision of the National Assistance Act (1997) and the Enactment of the National Basic Livelihood Security Act (1999)*

In the general election for the Fifteenth National Assembly, the governing New Korea Party won 139 seats, less than the combined 144 seats of the three opposition parties.¹¹ As a result, in tandem with activities of citizens' movements, there was a marked increase in petitions to the National Assembly as well as proposals by As-

⁹ The Kim Young-Sam administration recruited leading members of the CCEJ for key government positions. The Kim Dae-Jung government did the same with the 386 generation, and the present administration of President Roh Moo-Hyun recruited even more people from that generation as secretaries to the president.

¹⁰ Though the background for this development is unknown, the act was made applicable to foreign residents "as provided for by relevant statutes under reciprocity" (Article 8). Long-term foreign residents in Korea included several thousand Chinese and Japanese wives of Koreans.

¹¹ The ruling parties were outnumbered by the combined opposition strength in the Thirteenth National Assembly (1988-92). In the Fourteenth National Assembly (1992-96), the governing party had a stable majority thanks to the unification of the ruling parties.

sembly members on matters related to health and welfare.¹² Also in part because of the revision in the National Assembly Act, the Assembly began to cast off its role as “chambermaid for the administration” (Moriyama 1998, p. 169). A string of welfare reforms began with welfare for the elderly and gradually extended to the whole realm of welfare administration. Because of space limitations, however, in this paper we will focus on the 1997 revision to the National Assistance Act and the 1999 enactment of the National Basic Livelihood Security Act.

The start was marked by the November 25, 1996, session of the Health and Welfare Committee (see Table III).

Two petitions were introduced by Assembly members Shin Nak-Kyun¹³ of the National Congress for New Politics, Kim Hong-Shin¹⁴ of the Democratic Party (later the Grand National Party) and Rhee Jae-Seon of the United Liberal Democrats (Ja-min-ryeon). The petitions sought, among other things, a shift to social security as a right of the people and the introduction of provisional benefits as well as a temporary relief scheme for the National Assistance Act, and the creation of medical security and expanded scope for old-age benefits.¹⁵ During the plenary deliberation on the petitions, Assembly member Cheon Ui-Hwa of the New Korea Party argued that while the introduction of the idea of social security was an ideal proposition, it would be premature given the reality of Korea’s economic strength.

Revisions to seven acts were proposed by Assembly member Kim Hong-II¹⁶ of

¹² Petitions to the National Assembly that fell under the jurisdiction of the Health and Welfare Committee numbered 54 cases (9.1 per cent of the total) in the Fifteenth Assembly and 82 cases (12.5 per cent of the total) in the Sixteenth Assembly, while proposals by Assembly members on matters covered by the Health and Welfare Committee came to 123 out of the total of 806 in the Fifteenth Assembly and to 153 out of 1,342 in the Sixteenth Assembly.

¹³ Assembly member Shin Nak-Kyun was born in 1941, graduated from Ewha Womans University (major in Christianity), and obtained her doctorate in pedagogy at George Washington University of the United States. She joined the Korean League of Women Voters in 1973 and successively held executive positions (president in 1991), and joined the National Congress for New Politics in 1995 to become its vice president. In 1998, she became the first Minister of Culture and Tourism and directed the policy to open Korea to Japanese pop culture, among other things.

¹⁴ Assembly member Kim Hong-Shin later joined the Grand National Party. Born in Kongju in 1947, he graduated from the graduate school (literature) of Kunkuk University. He is also a novelist and had the experience of *Silcheon munhak* (practical literature) magazine. His supporters’ association is headed by Choi In-Ho, who is considered a colossal figure in modern-day Korea’s literary world. In 1999, he received a letter of appreciation from the Solidarity Council for the Promotion of the National Basic Livelihood Security Act. His novel, *Ingan sijang* [Human’s market] (Seoul: Haengrim-Chulpan, 1985), has been translated into Japanese (*Ningen ichiba*, trans. Kei Saimon, Tokyo, Asahi Shuppansha, 1986). He was one of two National Assembly members who participated in the voting on all the 137 bills in the National Assembly in the first half of 2003 (*Chosun ilbo*, July 7, 2003).

¹⁵ A petition for the revision in the Welfare of the Aged Act was also submitted to the previous session of the National Assembly on November 13, 1995, by Park Jae-Gang, president of the Korean Institute of Gerontology.

¹⁶ Assembly member Kim Hong-II hails from Mokpo, as does President Kim Dae-Jung. He has been with the Kim Dae-Jung Party throughout his political career, belonging to the Democratic Party, the National Congress for New Politics and then the Millennium Democratic Party.

the National Congress for New Politics and others, mainly with the goal of rectifying regional gaps in subsidies to welfare institutions resulting from the disparity in the fiscal strength of local governments. Later, other parties submitted a total of five bills concerning welfare for the elderly, focusing largely on noncontributory pensions. In the Health and Welfare Committee on July 15, 1997, the Welfare of the Aged Act was integrated into the alternative bill along with the National Assistance Act and the Social Services Act, and the Plenary Session passed it on July 30.

The major changes to the National Assistance Act included:

- (1) The scope of those responsible for support: Lowered to the second degree of consanguinity from the eighth degree stipulated by the Civil Act.
- (2) Expansion of the scope of assistance recipients: People responsible for the support of beneficiaries but unable to support themselves due to nursing requirements or other reasons.
- (3) Creation of a “minimum cost of living”: At a level to be announced by December 31 each year, and with a measurement survey conducted every five years.
- (4) Housing and other necessary expenses for living to be reflected in assistance benefits.
- (5) Creation of a Livelihood Assistance Council in local autonomous organizations
- (6) Creation of a “self-support” assistance scheme: Self-support assistance organizations and self-support communities.

While the revised National Assistance Act still fell short of establishing life security as a right of the people, it certainly constituted progress.

Under the revised Welfare of the Aged Act, meanwhile, the government began paying out noncontributory old-age pensions in July 1998, and designated October 2 as Respect-for-the-Aged Day and October as Respect-for-the-Aged Month.

Particularly noteworthy was the committee’s confirmation of a “bill-associated budget” in connection with the noncontributory old-age pension at the July 15 session, as it affirmed the power of the legislature over the administration. According to Assembly member Kim Byeong-Tae of the National Congress, an agreement was reached with the governing party in December of the previous year to increase the pension budget from 70 billion to 300 billion won. However, the implementation of the agreement was delayed by seven months, as it was vetoed by a single phone call from the executive director of the Budget of the Ministry of Finance and Economy. While opposition members demanded the appearance of the executive director before the committee, Assembly member Kim Byeong-Tae sought the government’s confirmation that pension benefits would be more than 50,000 won a month. In response, Finance and Economy Minister Son Hak-Kyu pledged that the government would make its best efforts to secure the entire promised budget.

The National Assembly approved these reforms, centering on welfare for the elderly, but the actual implementation was preempted by the outbreak of the cur-

rency crisis, followed by the request for assistance from the International Monetary Fund (IMF). The focus in the next stage of reform then shifted to the relief of the unemployed. In the wake of the Tripartite Commission's "Social Compromise" of February 1998, which included massive dismissals of workers for the purpose of corporate reorganization, the PSPD made an "urgent proposal for the era of the high unemployment under the IMF assistance," and launched a petition campaign for the full revision to the National Assistance Act, through a coalition of twenty-six organizations.¹⁷ The petitions were submitted in October.

On November 25, 1998, a petition for the enactment of the National Basic Livelihood Security Act (introduced by Assembly member Kim Hong-Sin of the Grand National Party), a bill for the National Basic Livelihood Security Act by Assembly member Cho Se-Hyeong and others of the National Congress, and a bill for measures to deal with unemployed and homeless people from the United Liberal Democrats, were submitted to the Health and Welfare Committee. Assembly member Rhee Seong-Jae, in explaining the bill submitted by the National Congress, claimed that the inadequacy of social safety nets had led to widespread social problems of unemployment and poverty, and that the bill submitted by the party was designed to "fully expand and reform the national assistance system."

The committee's agenda on December 30, one month later, included all these bills and the committee's alternative,¹⁸ but it appeared that an agreement had been reached to carry them over to the next session of the National Assembly. They were resubmitted on August 9, 1999, with the explanation that all of them, including the bill for the National Basic (*kibon*) Livelihood Security Act, submitted by the Grand National Party on that day, had been integrated into the committee's alternative bill. In June of that year, the "Productive Welfare" scheme was announced, and it seemed that an agreement had been made between the ruling and opposition parties to pass the bills at the extraordinary session of the National Assembly in August. Still, the heated debate in the Health and Welfare Committee and the bill's treatment thereafter were quite unusual. One reason is that the bill was agreed to and prepared by the representatives of the ruling and largest opposition parties, Rhee Seong-Jae and Kim Hong-Shin, and not by the government (bureaucrats). The discussions in committee, an important aspect of the "bottom-up" development of the welfare state, are outlined below.¹⁹

¹⁷ They included the CCEJ, the Research Institute of the Differently Abled Rights in Korea, the Korean Confederation of Trade Unions, the Federation of Korean Trade Unions, the Korea Women's Associations United, "welfare forums of religious bodies such as Buddhists, Christians, and others." The number of participating groups eventually grew to sixty-four. For the list of participating organizations, see Moon (2000, pp. 23–24), Chang (2000), Park Yoon-Yeong (2002).

¹⁸ This is because the parties submitted revision bills and petitions for the same laws, including seven just for the Welfare of Disabled Persons Act.

¹⁹ The committee took up an article in the *Choongang ilbo*, August 7, 1999 which, according to Assembly member Rhee Seong-Jae, "mistakenly" reported that the enforcement of the National

First of all, the complicated arguments voiced in the Health and Welfare Committee session on August 9 the difficulties of the adjustments involved in the creation of housing benefits and the date of implementation, both focusing on the securing of funding.

The Ministry of Health and Welfare had in mind housing benefits of around 100,000 won, which would translate into an annual budget of 1.2 trillion won for one million households and 2.4 trillion won for two million households. Assembly member Cheong Wui-Hwa, noting that an increase of around one trillion won would still leave Korea's social security budget at the bottom of the OECD, asserted that the social security budget "should be raised to at least the middle level among OECD countries."²⁰ However, the fiscal 2000 budget stood to be greatly affected by the date of enforcement.

National Congress lawmaker Rhee Seong-Jae, a social security advocate, insisted that an agreement had been hammered out in the preparatory negotiations with Kim Hong-Shin of the Grand National Party on a plan to delay the date of enforcement to January 2001 for budgetary considerations. Kim Hong-Shin for his part offered a concession on the official title of the proposed act by accepting "*kicho*" (*basic*) instead of "*kibon*" (*basic*), but insisted the agreement on the date of enforcement was only provisional, sticking with the idea of enforcing the act in July 2000. A compromise eventually emerged setting the date of enforcement for October 1, 2000, but Kim Hong-Shin still demanded that the minority opinion be recorded in the minutes of the committee.

At the Legislation and Judicial Committee two days later, several points in the National Basic Livelihood Security Act were viewed as problematic, including the provision limiting those responsible for support to cohabiters in terms of resident registration, the omission of due procedures to revise or abolish relevant statutes, and an inadequate schedule of reference, with the latter two seen as violating the National Assembly Act.²¹

Assembly member Choi Yeon-Hee, while noting that an increase in legislation

Basic Livelihood Security Act would be delayed since government/bureaucrats that were reluctant to increase outlays and the opposition Grand National Party had banded together to put the brakes on the policy of the president and the governing party to enact the legislation.

²⁰ The minutes of the meeting of the Health and Welfare Committee, August 9, 1999, p. 7.

²¹ On the former point, Assembly member Choi Yeon-Hee of the Grand National Party grilled officials of the Ministry of Health and Welfare: "Did the Ministry of Health and Welfare prepare the draft bill?" "No, we did not." "Then, who prepared it?" "The Ministry of Health and Welfare submitted its views when we prepared an alternative bill to the one submitted by Assembly members Rhee Seong-Jae and Kim Hong-Shin" (the minutes of the Legislation and Judicial Committee, August 11, 1999, p. 18). Choi Yeon-Hee graduated from Sung Kyun Kwan University and formerly served as public prosecutor. He was elected for the first time to the Fifteenth National Assembly. He was formerly the deputy floor leader of the Grand National Party and is currently the director of the Kang-won-do Branch of the party.

by Assembly members following a change of government was to be welcomed, pointed to a growing number of cases where bills were drafted by individual committees alone and said the deviation from due legislative procedures was becoming intolerable. Aside from the rise in legislation by Assembly members, Choi's complaint was also related the fact that the ruling National Congress had long been in opposition.

Another Assembly member, criticizing the tight schedule of reference, voiced suspicions that the promoters of the proposed act were trying to make it easier to enact by bringing it to the committee at the last moment before the adjournment of the Assembly session. This drew a candid apology from the committee chairman. Assembly member Kim Hong-Shin also sought permission to speak at the Legislation and Judicial Committee to apologize for his lack of knowledge on procedures to revise or abolish relevant statutes. He then urged the committee to give special consideration to the proposed act, saying that though initiated by the National Congress, it had won the support of the Grand National Party and become a joint effort of the two parties seeking a monumental improvement in the social safety net.

With the agreement between the governing and opposition parties nearly concluded in the committee, the proposed act was accorded unusually swift treatment, passing the Subcommittee in the morning of the following day, August 12, and then the Legislation and Judicial Committee, and the Plenary Session of the National Assembly in the afternoon of the same day.

As reviewed above, as a result of the campaign of petitions led by the PSPD, the Welfare of the Aged Act and the National Assistance Act were revised in 1996–97 with the concomitant confirmation of the authority of the National Assembly. Meanwhile, with the enactment of the National Basic Livelihood Security Act, which came only after a string of turbulent developments, such as legislative slip-ups by Assembly members, the battle and then collaboration between the governing and opposition parties, and the ruling party's compromise with the administration, a system was established setting minimum livelihood security as a right rather than a benefit of the people.

B. Main Points and the Status of Implementation of the National Basic Livelihood Security Act

The changes from the old National Assistance Act (Cheon 1992) to the newly enacted National Basic Livelihood Security Act are wide-ranging (see Table IV). The most important point, however, was that the minimum livelihood security came to be recognized as a universal right. Functionally, the minimum cost of living security is in principle provided by monetary benefits based on the uniform criteria of "the amount of recognized income," regardless of the age of the beneficiary. People who are capable of working receive help for self-support with conditional incentives to work.

The situation of implementation shows that the standard cash benefits (for a family of four, monthly amount) increased 2.5-fold from 330,000 won in 1997 to 842,000 won in 2001, and that almost proportionately, the livelihood assistance and security budget expanded from 900 billion won to 2.7 trillion won. The total number of beneficiaries has declined after peaking at 1.92 million in 1999, apparently as a result of the end of temporary relief for the unemployed. However, as explained

TABLE IV
COMPARISON BETWEEN THE NATIONAL ASSISTANCE ACT AND
THE NATIONAL BASIC LIVELIHOOD SECURITY ACT

	National Assistance Act, 1982 (Revised in 1997)	National Basic Livelihood Security Act, 1999 (Enacted in July 2000)
Legal terms	Protection by the state <ul style="list-style-type: none"> • People to be protected, protective institutions, livelihood protection, etc. 	Rights of low-income people <ul style="list-style-type: none"> • Beneficiaries, social security institutions, livelihood benefits, etc.
Recipient classification	Demographic recipient classification <ul style="list-style-type: none"> • Home-care protection: children younger than 18, elderly aged 65 or over, those incapable of working • Self-care protection: Those with the ability to work who are capable of economic activities 	Recipient classification abolished <ul style="list-style-type: none"> • Those capable of working are classified as “conditional recipients” (aside from age criteria, physical and mental abilities as well as household conditions such as support, nursing and nurturing are taken into account)
Selection of recipients	Those whose income and assets are less than the levels decided by the Minister of Health and Welfare <ul style="list-style-type: none"> • 1999: income 230,000 won (per person a month); assets 29 million won (per household) 	Those with certified income less than the minimum cost of living (enforced in 2003) Certified income = sum of assessed income and income equivalent of assets for individual households <ul style="list-style-type: none"> • Those with assessed income and assets whose total is less than the minimum cost of living (valid until 2002): see the note below
Benefits	Livelihood assistance <ul style="list-style-type: none"> • For home-care protection only • Home-care protection: all medical expenses • Self-care protection: 80% of medical expenses Educational assistance <ul style="list-style-type: none"> • All schooling costs for junior high, high school students Funeral, maternity assistance	Livelihood benefits <ul style="list-style-type: none"> • Provided to all eligible recipients, with conditions linked to self-care projects for those capable of working Creation of housing benefits ^a <ul style="list-style-type: none"> • Benefits for stable housing, such as rent and maintenance/repair expenses Creation of emergency benefits <ul style="list-style-type: none"> • Preferential benefit scheme created for emergencies No change in medical aid, educational, maternity and funeral assistance

TABLE IV (Continued)

	National Assistance Act, 1982 (Revised in 1997)	National Basic Livelihood Security Act, 1999 (Enacted in July 2000)
Self-care support plans		Establishment of self-care support plans for individual households of those capable of working <ul style="list-style-type: none"> • Determination of self-care plans based on ability to work, household characteristics, self-care desire, etc. • Promotion of ultimate self-care of beneficiaries through systematic provision of services necessary for self-care

Source: Chang Ho-Ik (2000, p. 54).

Note: As of 2001, the minimum income is set at 956,000 won (household of four) and minimum assets are set at 34 million won (household of three or four) (*Chosun ilbo*, December 14, 2001).

^a Under the August 1997 revision of the National Assistance Act, housing benefits are included in “money and goods necessary for residence.”

later, some people have attributed the decline to problems in the implementation of the act.

The implementation situation shed light on a variety of problems. By age, nearly half of the beneficiaries are either nineteen years old or younger (25 per cent) or sixty-five or older account (24 per cent). The high proportion of young beneficiaries is connected to the social problem of “under-age heads of household” due to the family disruptions caused by unemployment of parents, corporate bankruptcies and other reasons. On the other hand, the high proportion of elderly beneficiaries is directly related to the regional economic gaps between the metropolitan and major regional cities and provinces (see Table V). Seoul and other major cities have lower ratios of elderly population and livelihood security beneficiaries as well as a higher degree of fiscal independence, while Cheolla-nam-do and other rural provinces face the opposite situation.

Has the government finished its “homework” of raising the level of livelihood assistance to satisfy the minimum cost of living ordered by the Constitutional Court? According to Kim Mi-Geon et al. (1999), the government conducted its fifth measurement of the minimum cost of living and the survey of poverty conditions, the first in four years, more extensively than the four previous ones (1974, 1978, 1988, and 1994). Measurements using the total physical quantities method showed that the minimum cost of living for a family of four in a small city was 901,000 won, or equivalent to 49.0 per cent of the average household expenditure of 1.84 million won. By subjective judgment, the measured amount is slightly short of 1,089,000 won that would allow a family of four to “get by” but exceeds the 789,000 won that would keep it “barely afloat.”

TABLE V
BASIC LIVELIHOOD RECIPIENTS BY AREA

Area ^a	Population in 2000 ^b			Basic Livelihood Recipients, 2001			Recipients Ratio		Financial Self-Reliance of Local Government ^c (%)
	Total (1,000 Persons) (A)	Over 65 (1,000 Persons) (B)	Aging Ratio (%) (B/A)	Total (1,000 Persons) (C)	Over 65 (1,000 Persons) (D)	(%) (D/C)	Total (%) (C/A)	Over 65 (%) (D/B)	
Metropolitan area	19,448	1,221	6.3	427.5	100.0	23.4	2.20	8.19	74.3
Seoul	9,141	535	5.9	168.8	38.4	22.8	1.85	7.18	83.6
Inchen	2,244	137	6.1	63.2	15.1	24.0	2.82	11.09	63.0
Kyeonggi-do	8,063	549	6.8	195.5	46.4	23.7	2.42	8.44	66.2
Local large cities	9,065	564	6.2	291.6	52.2	17.9	3.22	9.26	60.5
Pusan	3,404	225	6.6	108.1	22.7	21.0	3.18	10.05	62.0
Daegu	2,277	147	6.5	71.6	12.3	17.2	3.14	8.38	60.1
Kwangju	1,225	75	6.2	53.4	7.1	13.4	4.36	9.46	52.9
Daejeon	1,247	75	6.0	41.0	7.0	17.0	3.29	9.34	60.7
Ulsan	911	41	4.5	17.5	3.0	17.5	1.92	7.51	66.6
Rural areas	13,656	1,617	11.8	700.5	211.0	30.1	5.13	13.05	27.1
Kangwon-do	1,368	147	10.7	58.4	18.0	31.0	4.27	12.34	26.7
Chungcheon-buk-do	1,341	142	10.6	55.5	15.7	28.3	4.14	11.07	32.4
Chungcheon-nam-do	1,693	222	13.1	87.0	25.3	29.1	5.14	11.40	26.3
Cheolla-buk-do	1,736	212	12.2	115.1	32.2	27.9	6.63	15.20	24.6
Cheolla-nam-do	1,836	271	14.7	140.4	46.2	32.9	7.65	17.07	17.3
Kyeongsang-buk-do	2,505	314	12.5	128.1	39.8	31.0	5.11	12.66	28.0
Kyeongsang-nam-do	2,714	267	9.9	97.0	28.9	29.7	3.57	10.79	34.5
Cheju-do	463	43	9.3	19.0	4.9	25.5	4.10	11.30	30.8
Total	42,169	3,372	8.0	1420.0	363.1	25.6	3.37	10.77	49.8

Sources: Korea National Statistical Office, *Regional Statistics Yearbook, 2002* (Seoul, 2002); Korea Institute of Health and Welfare, *Health and Welfare Indicators in Korea, 2000* (Seoul, 2000).

^a The administrative demarcation of Korea normally comprises the Seoul Metropolitan Government, six direct control cities (including Incheon) and nine provinces (including Kyeonggi-do). In this table, however, for the sake of convenience, the country is divided into the three “metropolitan areas” of Seoul, Incheon, and Kyeonggi-do, five “local large cities” (direct control cities other than Incheon), and eight “rural areas” (provinces other than Kyeonggi-do).

^b Foreigners are excluded. The 2000 survey results are used due to constraints on the population data by age in newer surveys.

^c Financial self-reliance ratio = independent revenue/general account revenue (%).

The financial self-reliance ratios for the “metropolitan areas,” “local large cities,” and “rural areas” are calculated on the basis of the sum of revenues for all component local governments.

Checking the survey data against actual benefits paid, 444,000 won in 1999 was obviously too low, while the 729,000 won provided in 2000 was about 90 per cent of the subjective “barely-afloat” level in the previous year. In 2002, the benefit standard was increased by 3.5 per cent, taking inflation into account. Given the 4.4 per cent rise in consumer prices and the 6.4 per cent rise in prices of daily necessities, however, some claim the 2002 increase was actually a markdown.²² One disabled woman with a high degree of disability bought a case to the Constitutional Court, arguing that the uniform increase in disability allowances was far from covering the minimum cost of living. Sadly, however, the plaintiff died in March 2003 at the age of thirty-six.²³

Regarding the various problems in the implementation (Park, Kim, and Kim 2000; Park Myeong-Sa 2001; Rhee Chang-Ho 2001; Hyeon 2002), Ryu (2001) also points out that the biggest source of confusion was the definition of people responsible for support, an issue seen as problematic in the course of the deliberations in the Legislation and Judicial Committee. Since it is deemed that no one is responsible for people living in a separate household under the Resident Registration System, conservatives have decried the new act as one that facilitates the “dismantling of families,” while welfare advocates complain that there are quite a few cases where eligible people have been disqualified because of the changes made to the asset criteria. The drastic changes in the system have overloaded welfare service officials. Regardless of the changes in the eligibility criteria, it is said that there has been no noticeable change regarding who receives livelihood support in rural areas, where people are familiar with the living conditions of their neighbors.

The government is trying to use computer networks to prevent the occurrence of “moral hazards” or “the welfare disease.” Some of the problems involved in the definition of eligible beneficiaries are transitional ones associated with the systemic overhaul. However, in the first place, problems involving appropriate benefit levels and the choice of who receives them are ones that almost always beleaguer livelihood support policies.

III. THE KOREAN-MODEL WELFARE STATE AND FACTORS BEHIND ITS FORMATION

In the latter half of the 1990s, Korea shifted to a universalistic public assistance system (Koh 2001; Kim Yeong-Beom 2001; Song 2001a) and also integrated the medical insurance and universal pension coverage. This section considers what sort

²² People’s Solidarity for Participatory Democracy, Social Welfare Committee, “Comment on the Fixed Minimum Cost of Living,” held on November 30, 2001, http://peoplepower21.org/issue/issue/news_coments.php?news_num=1640 (accessed October 8, 2003); Son (2001); etc.

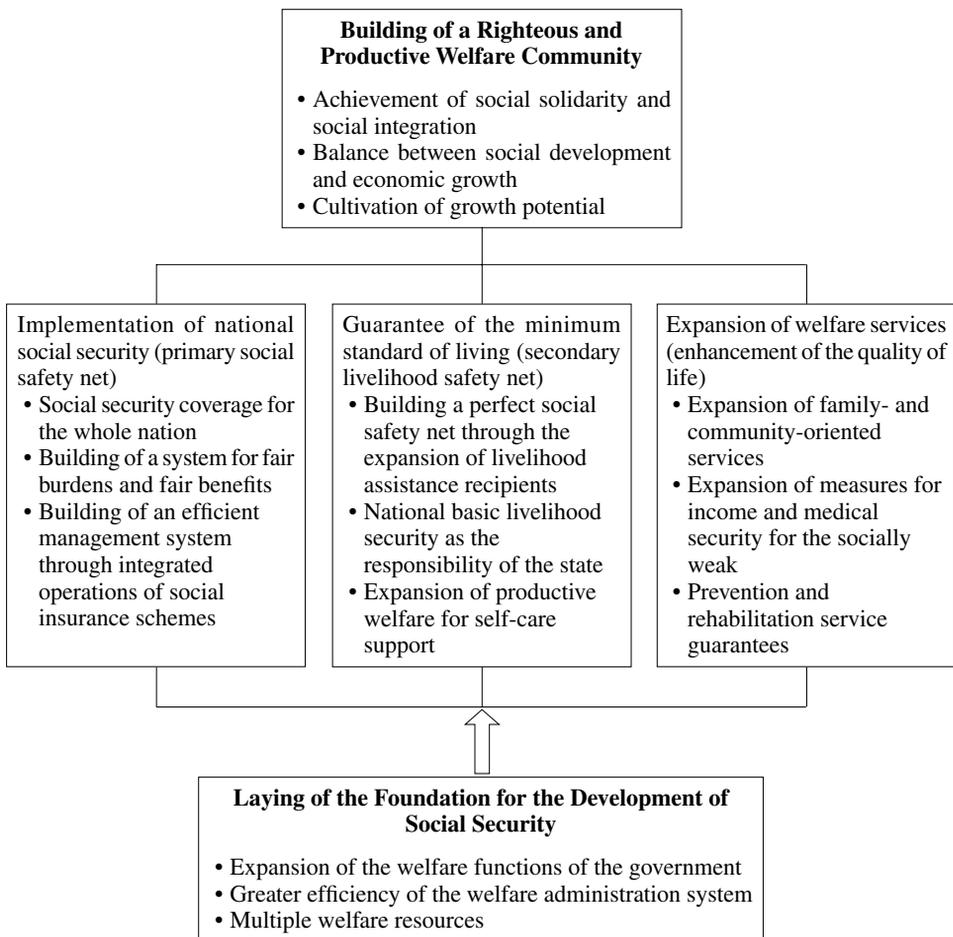
²³ In addition to the website of the PSPD, see the “Korea Christian Life Community,” <http://www.kclc.or.kr> (accessed November 18, 2003).

of “picture of a welfare state” the social security system as the people’s right envisages as well as the implications of the series of the reform measures for the (emerging) welfare state theory (Usami 2003; Sato 2002; Goodman and Ito 1996).

Firstly, the first Long-Term Welfare Development Plan (1998–2003) mapped out under Article 20 of the Framework Act for Social Welfare, describes the intended “Balanced Welfare State” through the “harmonization of economic growth and welfare” as the “Righteous and Productive Welfare Community.”

The Welfare Community is built upon three pillars (see Figure 1). On the first social safety net, the integration of the four principal social insurance schemes is

Fig. 1. Vision for Twenty-first Century National Welfare



Source: Kim Seong-II (1998, p. 401).

worth noting in enhancing universality. Needless to say, the orientation toward universality is most obvious in the objective of the “national basic livelihood security as the responsibility of the state” of the second social safety net. The livelihood security system currently has a major role to play. However, the introduction of employment insurance and the attainment of universal pension coverage should reduce its role in the future. The third pillar is the improvement of “welfare services.” The idea of expanding welfare services “led by local communities” raises expectations about the initiatives of their own, but at the same time tends to reflect the regional gaps in fiscal strength more directly in the levels of welfare services. Also, since welfare services are premised on the family system, it is interesting to see how they adapt to the realities of Korean society where the divorce rate is highest among Asian countries.²⁴

The “balanced welfare state” as described above assumed the harmonization of welfare with economic liberalism, as symbolized by the idea of “productive welfare” (Kim Dae-Jung), and the idea of “participatory welfare” (Roh Moo-Hyun) inherited this policy. While limitations of space prevent the author from discussing this issue in detail, the following points can at least be pointed out.

Firstly, while the aim is to establish a universal social security system focusing on public assistance, it is unlikely, at least for the time being, that Korea will set its sights on a “high degree of welfare backed by a high level of burden” based on the model of some Scandinavian countries. The idea of “productive welfare” may have been influenced by the “Third Way” (Kamimura 2004), but the government, particularly in the wake of the IMF crisis, had to pay greater attention to workfare²⁵ and efficiency (Byeon 2001). Secondly, on the other hand, while it is true that a universal social security system was introduced in tandem with dismissals of workers for the purpose of corporate restructuring (OECD 2000, 2002), it is not that these personnel cuts were designed to be a part of the social security system reform that had its origin in the 1994 constitutional lawsuit. If it not been for the IMF crisis, Korea could have realized a universal social security system without the dismissal of workers. Incidentally, economic structural reforms went into full swing

²⁴ The incidence of divorce per 1,000 people rose sharply from 0.4 in 1979 to 1.0 in 1987, 2.0 in 1997, and 2.8 in 2001 (Ministry of Health and Welfare). For the public pension scheme, the post-divorce division of benefits was introduced.

²⁵ Analysis of the causes of poverty in Korea shows that poverty problems stem primarily from old age, diseases and illness, and fatherless families. However, the second-tier causes of poverty include the lack of education and the shortage and/or lack of job experiences and skills, and this is why vocational training comes into the limelight for the relief of joblessness (Park Chang-Yong 2002). In the campaigning for the December 2002 presidential election, all three candidates pledged a measure of support in such areas as medical care, housing and education for people not qualified to receive livelihood security benefits, and also promised to expand “self-support assistance projects” and income deductions for this category of people (People’s Solidarity for Participatory Democracy, “*Bokji donghyang*” [Trend of welfare], December 7, 2002, pp. 6–7).

during the negotiations with the IMF, but the departure from the *chaebol*-led economy had been advocated by the Kim Dae-Jung administration even before the IMF crisis.²⁶ Although this may be an isolated example, President Kim Jeong-Tae of Kookmin Bank, in the process of the bank's rehabilitation, resolutely carried out reform measures, including the introduction of foreign capital, with the determination to break away from the Japanese-style seniority system and adopt "transparent" losses under international accounting standards over "opaque" profits (Park Tae-Gyeon 2003). In general, Korean society is filled with a spirit of independence, at least to a far greater extent than in Japan.

This spirit of independence can be discerned in the realm surrounding the social security system reform. In the process from the IMF-unemployment crisis to the confirmation of the universality of the right to life, consciousness on human rights spread to cover problems related to refugees from the Democratic People's Republic of Korea, comfort women during Japan's colonial rule and foreign residents in Korea, and the deepening of this consciousness further extended to address a variety of issues in policy on women, including the establishment in 1994 of the Special Committee on Gender Equality in the National Assembly (made into a standing committee in 2002), the establishment of the Ministry of Gender Equality (in 2002), and the creation of a system to support female candidates in elections through the revision of the Political Parties Act. However, a proposal to revise a Civil Act clause banning marriages between people with the same *bon* (ancestral origin) into a clause to simply prohibit intermarriages between near relatives encountered strong opposition from conservative forces.

Up until this point, this paper has not adequately covered Korea's politics, society, economy, and labor market in particular (Choi 1999; Hahm and Plein 1997; Kim Sun-Hyuk 2000; Lett 1998; Saxer 2002), but we will attempt now to close in on the formation of the (emerging) welfare state in Korea.

First, there were economic and social factors behind it. The social changes, such as the rapid aging of the population (the ratio of the elderly to the total population rose from 4.9 per cent in 1990 to 8.0 per cent in 2000), along with industrialization and urbanization, brought to the fore the tardy responses in terms of welfare to these changes, including pensions (1988) and employment insurance (1995). However, regarding the applicability of the "industrialization hypothesis" (H. L. Wilensky), a causal relationship of the graying population pushing up costs could only have existed if a system were already in place. When the system was not fully operational, the aging of the population would only increase the necessity of a proper system and policies. In Korea, the constitutional lawsuit highlighted the

²⁶ The "Third Way" advocated a mixed economy for Britain, while the basic economic restructuring policy of the "Third Way of Kim Dae-Jung" focused on the rectification of the overemphasis on *chaebols* (big business groups) (Office of the President 1999).

plight of the destitute elderly, and provided momentum for citizens' movements synchronized with the reinvigorated debate in the National Assembly, ultimately leading to major welfare policy reforms.²⁷

Secondly, there was not necessarily a clear image of the "welfare state" to serve as the dominant benchmark in Korea's efforts to become an industrial state in the second period. In light of developments in the country up until the 1980s, it appeared to have found itself in between the conservative model and the residual mode, just as Japan had, or retained aspects of both models (Kim Yeong-Beom 2001). It has often been argued that this middle model became more likely in Japan and other Asian countries in more recent years because their welfare systems were formed as a part of governmental economic development policies (Goodman, White, and Kwon 1998 and Norman 1999, "nationalism"; Tominaga 2001, "bureaucrat-led" and "latecomer industrial state model").²⁸

However, the government-led model does not explain the major shift in social security in the third period in Korea. In examining the opposite developments in Western and Asian countries in recent years, Kamimura (2004) presented a total of four types, with the welfare state type (institutional type versus residual type) as the ordinate and the civil society type (the individual Hegel model versus the organized Guizot model) as the transverse. Based on this, Kamimura explained the developments in Korea as a shift from the "residual type + Hegel model" to the "solidarity" model of the "institutional type + Guizot model." His descriptions of the phenomena are accurate, and what needs to be addressed in the future may be the "multiple correlation" between the welfare state types and civil society types. In this connection, Hiroi and Komamura (2003, chap. 1) presented a typification of social security systems in Asia, with economies as the vertical axis and the diversity of politics, cultures, and institutions as the horizontal axis. Finding very few commonalities among Asian countries outside of traditional values such as the family system, they expressed caution about the typification of the "Asian-model welfare state."

Thirdly, in relation to civil societies and welfare entities, the phenomenon of destatization in the process of building a welfare "state" cannot be overlooked. The reform of welfare service corporations and the participation of nongovernmental organizations (NGOs) and other private-sector entities in "community chest" activities are primarily intended to help alleviate the heavy burden on state finances, but also suggest that the ultimate player in welfare is not the state but people's solidarity. In fact, there have been discernible efforts by governments to introduce

²⁷ According to Soeda (1985, p. 163), in Japan, the Asahi case (1965) was preceded by the government's plan to raise the level of livelihood assistance benefits. Movements to support lawsuits led by particular political parties did not necessarily help devise a new livelihood security system meeting the needs of the times.

²⁸ In developing countries in particular, because of government policies, workers in formal sectors such as the government sector and sectors with top development priorities tend to receive preferential treatment, and this particular factor tends to amplify inequities (Midgley 1984).

an element of mutual support among citizens into the social security system.

Fourthly, however, it is also essential to make a comparative study of component ratios of government expenditures as a common gauge of actual policy implementation. This is something that should be addressed in the near future. To add another word or two, reflecting the series of major reforms, Korea's social security budget topped 10 per cent of total annual government outlays for the first time in 2001. The medical insurance scheme is already operating in the red, the National Pension Fund is expected to pay out more than it receives in contributions in 2020, and the introduction of corporate pensions is set for 2004.

Finally, a number of authors have expressed the view that the use of the term "Korean-style welfare state" creates a negative impression in Korea because it makes people think of "Korean-style democracy" from the era of the *yushin* (renovation) authoritarian regime (1973–79). Byeon (2001), who is at the forefront of welfare policy implementation, offers a view similar to this paper's hypothesis on the "bottom-up" developments toward a welfare state in Korea in the 1990s. On the other hand, there also those who have argued that a division should be made between before and after the 1980s, when the process of democratization began and that the third period presented by this paper may be typified into stages based on the main players. What is discussed in this paper may be nothing more than a "shift in the paradigm of social security policy in Korea," but the following five points need to be ascertained: (1) the series of welfare system reforms represented a major shift, both ideologically and institutionally, from social security as benefits to social security as a right of the people; (2) the starting point of that shift could be found already in the constitutional lawsuit (1994) and the Framework Act on Social Security (1995); (3) the leading actors in the reform were not established organizations such as trade unions but rather citizens' groups; (4) the stage and instruments for change were legislation by National Assembly members of the two major political parties; and (5) against all these backgrounds, the IMF crisis and the birth of the Kim Dae-Jung administration gave the final push for reform.

As described above, the author believes what we saw in Korea was a daring change of paradigm toward a "bottom-up" universal social security policy. However, this paper falls short of describing the whole picture of the "Korean-model welfare state/society." On top of the insurance and pension systems and welfare services, an analysis of social security costs and funding and a comparison of Korean systems with those of other countries remain as tasks for the future.

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