

# The Political and Social Economy of Care in the Republic of Korea

*Ito Peng*

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## Acronyms

<b>ECC</b>	early childcare
<b>ECEC</b>	Early Childhood Care and Education
<b>ECE</b>	early childhood education
<b>ESP</b>	Employment Stabilization Program
<b>GDP</b>	gross domestic product
<b>ha</b>	hectares
<b>IACI</b>	Industrial Accident Compensation Insurance
<b>IMF</b>	International Monetary Fund
<b>JSDP</b>	Job Skills Development Program
<b>KCTA</b>	Korean Childcare Teachers' Association
<b>KIHASA</b>	Korean Institute of Health and Social Affairs
<b>KNSO</b>	Korean National Statistics Office
<b>KWDI</b>	Korean Women's Development Institute
<b>MOGEF</b>	Ministry of Gender Equality and Family
<b>MOHW</b>	Ministry of Health and Welfare
<b>NBLS</b>	National Basic Livelihood Security Programme
<b>NGO</b>	non-governmental organization
<b>NHI</b>	National Health Insurance
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>UBP</b>	Unemployment Benefit Program
<b>WIID</b>	World Income Inequality Database

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## Summary/Résumé/Resumen

### *Summary*

This paper applies the idea of the “care diamond”—a conceptual framework used to understand how care is produced and provided by the state, market, family and community—to the political and social economy of care in the Republic of Korea. It argues that the institutional arrangements that make up the care diamond in Korea have changed quite noticeably since the 1990s in response to the country’s evolving political, economic and social contexts. Using the case of family/work harmonization policy reforms, it discusses the reconfiguration of the care diamond and the significance of this for gender. The first section of the paper describes the social policy regime in Korea and how this relates to the idea of the care diamond; the second section highlights key findings from the time use survey analysis based on data from 1999 and 2004; and the last section discusses the political economy of policy change through an in-depth examination of the care regime configurations and social policy-making processes in Korea since the 1990s, and considers the implications for gender.

The Korean social policy regime has features of both strong familialism and male breadwinner orientation. In addition, as a newly industrialized country, Korea has to contend simultaneously with both industrialized and developing nation socioeconomic contexts. For example, a rapid decline in fertility and population ageing, a shift to the service sector and knowledge-based economy, and changes in norms about de-familialization, individualization and gender equality coexist with a sizeable informal labour market and an underdeveloped welfare state. However, the situation has altered since the 1990s as the government responds to changes in political and socioeconomic contexts. The welfare state has expanded significantly since 1997, and since 2003, has also seen a noticeable enlargement of social care. This paper focuses on one aspect of social care expansion: childcare and family/work harmonization policies.

The time use survey analysis based on data from 1999 and 2004 shows that despite increased state support for the burden of care placed on families, women continue to take on a large share of unpaid care work within households, and that the total value of this work represents a significant percentage of Korea’s gross domestic product (GDP). The analysis suggests that married women bear the largest burden of unpaid care work in Korea, and that much of this work is focused on childcare. Based on the survey data, Peng concludes that the gender division of labour remained relatively unchanged between 1999 and 2004, and that regardless of their employment status, women—particularly married women—took on a disproportionately large share of unpaid care work, in terms of both the amount of time they spent and their participation rate. The calculations suggest that in 2004 unpaid care work accounted for around 29 per cent of GDP, with women’s contribution amounting to 24 per cent and men’s 5 to 6 per cent.

The care diamond in Korea has traditionally been skewed toward the family and the market, with women undertaking a huge amount of unpaid care work, and the market providing reasonably secure jobs for men to support their families. Since the 1990s the Korean state has taken on a larger role in regulating, providing and financing social care services. It appears that the state’s participation in social welfare and care will expand farther. The market’s role in supplying and maintaining steady and secure employment for male breadwinners has weakened as a result of labour market reforms. It has instead repositioned itself as a supplier of social and care services, and a source of new, albeit precarious, service sector employment. Since a significant portion of this new service sector industry relates to care, both for children and the elderly, the market will likely take on an increasing role within the care diamond. The family remains an important site for social welfare and care, but has been relieved of some of its care and welfare responsibilities with the expanded participation of the state and market in social welfare. Finally, there is an increased expectation that non-governmental and voluntary organizations will play a larger part in providing social welfare and social care. The configuration of the Korean care diamond has thus shifted from a strong emphasis on the family and the market to a more balanced redistribution of care and welfare provision.

Social policy reforms have significantly contributed to the reconfiguration of the care diamond. These reforms, however, did not happen in a rational and systematic way. Rather, as the case of childcare and family/work harmonization policy reform illustrates, it came about as a result of intense contestation among various political actors within and outside of the government. An analysis of the childcare policy-making process thus shows that politics and ideas play an important role in shaping social policy and the welfare regime.

This paper demonstrates that the care regime in Korea has changed since the 1990s in response to shifts in the country's political and socioeconomic contexts. Recent social care expansion has contributed to a more balanced redistribution of care and welfare provision among the state, family, market and community. But it is still unclear whether these changes will result in greater gender equality in Korea. So far, there is no evidence to suggest that greater gender equality has been achieved.

Ito Peng is Professor at the Department of Sociology and School of Public Policy and Governance at the University of Toronto, Canada.

### **Résumé**

L'auteur applique à l'économie politique et sociale des soins en République de Corée l'idée du "carré des soins" – outil conceptuel utilisé pour comprendre comment les soins sont produits et dispensés par l'Etat, le marché, la famille et la communauté. Il explique que les mécanismes institutionnels qui composent ce carré en Corée ont changé de manière tout à fait perceptible depuis les années 90 suite à l'évolution politique, économique et sociale du pays. Prenant le cas des réformes des politiques de conciliation des responsabilités familiales et professionnelles, il montre comment le carré s'est reconfiguré et l'importance que revêt cette reconfiguration pour l'équité entre hommes et femmes. Dans la première section de son étude, il décrit le régime social coréen et ses rapports avec l'idée du carré des soins. Sa deuxième section met en lumière les principaux résultats de l'analyse des données recueillies entre 1999 et 2004 dans le cadre de l'enquête sur l'emploi du temps. Quant à la dernière section, elle traite de l'économie des changements de politique au travers d'un examen approfondi des configurations en matière de soins et des processus qui ont façonné les politiques sociales en Corée depuis les années 90, et s'interroge sur leurs conséquences pour les femmes.

Le régime social coréen est fortement teinté de familialisme tout en étant très axé sur l'homme, soutien de famille. De plus, en tant que nouveau pays industrialisé, la Corée se heurte aux problèmes socio-économiques à la fois d'un pays industrialisé et d'une nation en développement. Par exemple, le déclin rapide de la fécondité et le vieillissement de la population, le passage au secteur tertiaire et à une économie du savoir et l'évolution des normes sociales dans le sens d'un éclatement de la famille, de l'individualisation et de l'égalité des genres coexistent avec un important marché informel du travail et un Etat providence sous-développé. Cependant, la situation s'est modifiée depuis les années 90 car le gouvernement a modulé son action en fonction des changements survenus sur les plans politique et socio-économique. L'Etat providence a connu une expansion sensible depuis 1997 et, depuis 2003, la protection sociale s'est aussi étendue de façon notable. L'auteur se concentre sur un aspect de cette expansion: les politiques relatives à la garde des enfants et à la conciliation des responsabilités familiales et professionnelles.

L'analyse des données recueillies entre 1999 et 2004 pour l'enquête sur l'emploi du temps montre que, malgré un soutien accru de l'Etat aux familles auxquelles revient la charge des soins, les femmes continuent d'assumer une large part des soins non rémunérés dispensés dans les ménages et que la valeur totale de ce travail représente un pourcentage important du produit intérieur brut (PIB) de la Corée. L'analyse indique que le poids des soins non rémunérés repose dans une très large mesure en Corée sur les épaules des femmes mariées et qu'une grande partie de ce travail est consacrée aux enfants. Se fondant sur les données de l'enquête, Ito Peng conclut que la division du travail entre hommes et femmes est restée relativement inchangée entre 1999 et 2004 et que les femmes, qu'elles soient employées ou non, surtout les femmes mariées, assumaient

une part disproportionnée des soins non rémunérés, au regard à la fois du temps qu'elles y consacraient et de leur taux de participation. Selon les calculs, les travaux non rémunérés de soins et d'assistance représentaient en 2004 environ 29 pour cent du PIB, dont 24 pour cent pour les femmes et 5 à 6 pour cent pour les hommes.

Traditionnellement, le carré des soins en Corée penche en direction de la famille et du marché, les femmes dispensant le plus gros des soins non rémunérés et le marché apportant aux hommes une sécurité de l'emploi propre à leur permettre de subvenir aux besoins de leurs familles. Depuis les années 90, l'Etat coréen joue un rôle plus grand dans l'encadrement, la prestation et le financement des services de protection sociale. La part que prend l'Etat aux services sociaux et à la protection sociale semble être en passe de grandir encore. Du fait des réformes de l'emploi, le marché joue moins le rôle qu'il lui incombait naguère de fournir des emplois fixes aux hommes soutiens de famille et de maintenir la sécurité de l'emploi. Il s'est repositionné en fournisseur de services sociaux et de soins et comme source de nouveaux emplois, bien que précaires, dans le secteur des services. Comme les soins, tant des enfants que des personnes âgées, constituent une part importante de ce nouveau secteur des services, la place du marché dans le carré des soins va sans doute s'accroître. La famille reste un lieu important de l'assistance sociale et des soins mais a été déchargée de certaines de ses responsabilités dans ce domaine avec la part plus grande des services sociaux qu'assument l'Etat et le marché. Enfin, on attend davantage des organisations non gouvernementales et bénévoles dans le domaine social. La configuration du carré des soins s'est donc modifiée en Corée: à la place prédominante que tenaient la famille et le marché s'est substituée une redistribution plus équilibrée des soins et des services sociaux.

Les réformes des politiques sociales ont contribué de manière non négligeable à la reconfiguration du carré des soins. Cependant, elles n'ont pas été menées de manière rationnelle et systématique. Elles ont plutôt résulté, comme l'illustre la réforme des politiques relatives à la garde des enfants et à la conciliation des tâches familiales et professionnelles, d'une intense contestation entre divers acteurs politiques à l'intérieur et hors du gouvernement. Une analyse du processus qui a abouti à l'actuelle politique relative à la garde des enfants montre que la politique et les idées pèsent lourd dans l'élaboration de la politique sociale et le choix du régime social.

Cette étude montre que l'organisation des soins en Corée s'est modifiée depuis les années 90 en réponse à l'évolution politique et socio-économique du pays. L'expansion récente de la protection sociale a contribué à rééquilibrer la distribution des soins et des services sociaux entre l'Etat, la famille, le marché et la communauté. Mais on ignore encore si ces changements aboutiront à une plus grande égalité des genres en Corée. Aucun signe, jusqu'à présent, ne permet de croire que des progrès ont été faits dans ce sens.

Ito Peng est professeur au département de sociologie et à la School of Public Policy and Governance de l'Université de Toronto, Canada.

### **Resumen**

En este documento se aplica la idea del "diamante del cuidado" – marco conceptual utilizado para comprender la forma en que el estado, el mercado, la familia y la comunidad producen y suministran el cuidado – a la economía política y social del cuidado en la República de Corea. El argumento central que los elementos institucionales que conforman el diamante del cuidado en Corea han cambiado de forma bastante considerable desde la década de los noventa en respuesta a los cambios de los contextos político, económico y social del país. A la luz de las reformas de la política de armonización entre la familia y el trabajo, se examina la reconfiguración del diamante del cuidado y su importancia para el género. En la primera sección del documento se describe el régimen de política social de Corea y su relación con la idea del diamante del cuidado; en la segunda sección se resaltan las conclusiones clave del análisis de una encuesta sobre el uso del tiempo con base en datos de 1999 y 2004; en la tercera y última sección se discute la economía política del cambio de política a través de un análisis



concienzudo de las configuraciones del régimen de cuidado y los procesos de formulación de las políticas sociales en Corea desde los años noventa, para ponderar sus implicaciones de género.

El régimen de política social de Corea se caracteriza tanto por un fuerte “familismo” y como por una marcada orientación hacia el padre como sostén de la familia. Además, por tratarse de un país recientemente industrializado, Corea debe desenvolverse simultáneamente en dos contextos socioeconómicos: el de país desarrollado y el de nación en desarrollo. Por ejemplo, un rápido declive de la tasa de fecundidad y el envejecimiento demográfico, el cambio hacia una economía basada en los servicios y el conocimiento, aunados a la modificación de las normas sobre las “desfamiliarización”, la individualización y la igualdad de género son todos factores que coexisten en un mercado laboral no estructurado de considerable tamaño y un estado benefactor subdesarrollado. No obstante, la situación ha cambiado desde los años noventa con las respuestas del gobierno a los cambios suscitados en los contextos político y socioeconómico. El estado benefactor ha crecido considerablemente desde 1997, y desde 2003 se ha observado una ampliación significativa del cuidado social. Este documento se concentra en un aspecto de la expansión de ese cuidado: las políticas de atención a la infancia y de armonización entre la familia y el trabajo.

El análisis de la encuesta sobre el uso del tiempo basado en datos de 1999 y 2004 revela que, a pesar del mayor apoyo del estado a la carga del cuidado que asume la familia, la mujer continúa ocupándose de una buena parte del trabajo de cuidado no remunerado en el hogar, y que el valor total de este trabajo representa un porcentaje considerable del producto interno bruto (PIB). El análisis indica que las mujeres casadas asumen el grueso de la carga del trabajo de cuidado no remunerado en Corea, y que una porción considerable de este trabajo se concentra en el cuidado de los niños. Basándose en los datos de esta encuesta, Peng concluye que la división del trabajo entre los géneros permanece relativamente inmutable entre 1999 y 2004, y que independientemente de su situación de empleo, las mujeres—sobre todo las mujeres casadas—se hicieron cargo de una parte desproporcionadamente grande del trabajo de cuidado no remunerado, tanto en cuanto a cantidad de tiempo como a grado de participación. Los cálculos indican que en 2004, el trabajo de cuidado no remunerado representó cerca de 29 por ciento del PIB, con 24 por ciento de contribución por parte de las mujeres y entre 5 y 6 por ciento por parte de los hombres.

El diamante del cuidado en Corea se ha inclinado tradicionalmente hacia la familia y el mercado; en ese contexto, la mujer absorbe una enorme cantidad del trabajo de cuidado no remunerado, y el mercado ofrece trabajos razonablemente seguros a los hombres como sostén de la familia. Desde los años noventa, el estado coreano ha cumplido una función mayor en la regulación, el suministro y el financiamiento de los servicios de cuidado social. Parecería que la participación del estado en la previsión social y el cuidado continuará creciendo. El papel del mercado de proveer y mantener empleo estable y seguro para el padre como sostén de la familia se ha debilitado a raíz de las reformas del mercado laboral, tras las cuales se ha reposicionado como proveedor de servicios sociales y del cuidado, así como fuente de nuevos, si bien precarios, empleos en el sector de los servicios. Dado que una porción significativa de esta nueva industria del sector de los servicios tiene que ver con el cuidado, tanto de niños como de adultos mayores, es probable que el mercado pase a cumplir un papel cada vez más destacado en el diamante del cuidado. La familia sigue siendo un lugar importante para la previsión social y del cuidado, pero se le ha relevado de algunas de sus responsabilidades en materia de cuidado y previsión con el aumento de la participación del estado y el mercado en la previsión social. Finalmente, cada vez es mayor la expectativa de que las organizaciones no gubernamentales y de voluntarios pasen a cumplir un papel más destacado en la provisión de previsión y cuidado social. La configuración del diamante del cuidado de Corea se ha transformado desde entonces, al pasar de un marcado énfasis en la familia y el mercado hacia una redistribución más equilibrada de la provisión de cuidado y previsión.

Las reformas de la política social han contribuido mucho a la reconfiguración del diamante del cuidado. Sin embargo, estas reformas no se dieron de una forma racional y sistemática. En su lugar, como bien lo ilustra el caso de las reformas de las políticas de cuidado infantil y armonización entre la familia y el trabajo, resultó de una confrontación intensa entre diversos actores políticos dentro y fuera del gobierno. Un análisis del proceso de formulación de la política sobre el cuidado infantil revela que el proceso político y las ideas cumplen un papel importante en la conformación de la política social y el régimen de previsión.

Este documento demuestra que el régimen del cuidado en Corea ha cambiado desde los años noventa en respuesta a las transformaciones ocurridas en los contextos político y socioeconómico del país. La reciente expansión del cuidado social ha contribuido a una redistribución más equilibrada de la provisión del cuidado y la previsión entre el estado, la familia, el mercado y la comunidad. Pero persisten algunas dudas en cuanto a si estos cambios se traducirán en una mayor igualdad de género en el país. Hasta ahora, no existen pruebas de que ello haya ocurrido.

Ito Peng es Profesor del Departamento de Sociología y de la School of Public Policy and Governance de la Universidad de Toronto, Canadá.

## Introduction

This paper applies the idea of the “care diamond” (Razavi 2007)—a conceptual framework used to understand how societal care is produced and provided by the state, market, family and community—to the political and social economy of care in the Republic of Korea (hereafter Korea). It argues that the institutional arrangements making up the care diamond in Korea have changed quite noticeably since the 1990s in response to the country’s evolving political, economic and social contexts. Using the case of family/work harmonization policy reforms, it discusses the reconfiguration of the care diamond and what this means for gender. The paper is divided into three sections. The first section describes the social policy regime in Korea and how this relates to the idea of the care diamond. The second section highlights key findings from the time use survey analysis based on data from 1999 and 2004,<sup>1</sup> showing that despite increased state support for family care, women continue to take on a large share of unpaid care work within households, and that the total value of this work represents a significant percentage of Korea’s gross domestic product (GDP). Finally, the third section provides an in-depth examination of the changing dynamics of the care diamond in Korea since the 1990s and considers the implications for gender.

## 1. Social Policy Regime

Esping-Andersen’s familialistic welfare regime and Lewis’ male breadwinner model can both be fruitfully applied to Korea’s social policy regime (Esping-Andersen 1999; Lewis 1992). According to Esping-Andersen’s classification, the Korean social policy regime—as in Japan and the Southern Mediterranean countries of Italy and Spain—can be categorized as “familialistic”, that is, a welfare regime “that assigns a maximum of welfare obligations to the households” (Esping-Andersen 1999:45). Lewis’ framework, meanwhile, places it within the category of strong male breadwinner welfare regimes, with Germany, Ireland and Japan. Traditionally, the Korean social policy regime devolved individual welfare and care responsibilities upon households (thus particularly impacting women) by providing almost no alternatives to family care. Unlike social democratic welfare states, where public provisions of care services are available for children, the elderly and the disabled, and unlike liberal welfare states such as the United States and Canada, where private market-based personal-care services are available to middle and higher income households, in Korea the absence of both public and private market sources of care has rendered the family the only viable site of personal care. As a result, women have performed much of the care work within the family in an uncommodified form.

It is important to point out, however, that the fundamental logic of the Korean social policy regime is both deeply gendered and filial. Welfare obligations are imposed not only on daughters but on sons and other male offspring, such as grandsons, as well. Hence, the notion of the male breadwinner family in a Korean context needs to be overlaid with the concept of familialism—intergenerational obligations and interdependencies that are gender- and generation-specific. Even so, men are able to escape *providing* care by *facilitating* it through the provision of material support and by delegating women to the task of caring. Korea’s dualistic employment system privileges male workers through employment protection and welfare benefits; it is, therefore, an institutional structure developed to sustain men’s indirect and women’s direct familial care obligations.

This tight institutional interlock is changing, however. While maintaining a familialistic male breadwinner orientation, the Korean social policy regime, as in Japan, has been remodelling itself since the 1990s from what may be considered an extensive familialism premised on women’s uncommodified care work to a modified familialism through the partial commodification of

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<sup>1</sup> This section will be brief because a separate report on the time use survey in Korea is available through the UNRISD project on the Political and Social Economy of Care ([www.unrisd.org/80256B3C005BB128/\(httpProjectsForResearchHome-en\)/37BD128E275F1F8BC1257296003210EC?OpenDocument&panel=unpublished](http://www.unrisd.org/80256B3C005BB128/(httpProjectsForResearchHome-en)/37BD128E275F1F8BC1257296003210EC?OpenDocument&panel=unpublished)).

women's care work.<sup>2</sup> In short, the state's preference for assigning maximum welfare obligations to individual households is being modified by attempts to lessen women's care responsibilities through expansion of social care. The process of shifting some of women's care burdens, such as child and elderly care, out of the family has resulted in the commodification of some of women's hitherto uncommodified care work at home.

The paper now outlines the Korean social policy regime using Esping-Andersen and Lewis' welfare regime models, while adding a layer of complexity—late developer phenomenon—to explain the residualism and inconsistencies that so often confound the Korean welfare mix. It also illustrates key components of the Korean social policy regime and identifies recent changes.

### ***The Korean social policy regime: Familialism, male breadwinner and the late developer phenomenon***

Korea's familialistic male breadwinner welfare regime is displayed in the state's extensive reliance on the family for individual welfare and personal care—leading, as noted above, to women's uncommodified labour.<sup>3</sup> A familialistic welfare regime is residual in that many, if not most, welfare obligations are assigned to the family.<sup>4</sup> Until recently, Korean residualism took shape in minimal state support to the family, limited means-tested social welfare, and a strong bias in favour of male breadwinner household arrangements, supported by protective employment legislations and stratified social insurance systems that favoured and protected full-time male workers.

The recent change in the state's approach to the family is an improvement but is still a long way from overturning a fundamentally familialistic and patriarchal welfare orientation. Despite the increase in social spending since 1990, the proportion going to the family remains low. The percentage of total government expenditure on the family was 0.9 per cent in 2005, a noticeable increase from 0.16 per cent in 1990 and 0.33 per cent in 2000 (OECD 2008),<sup>5,6</sup> but is still far from that of Japan, Sweden and the United Kingdom, which were, respectively, 1.7 per cent, 5.7 per cent and 6.6 per cent in 2000, and 2.8 per cent, 5.7 per cent and 9.6 per cent in 2005 (OECD 2008).

From the perspective of the care diamond, the family continues to play a significant role in welfare provision in Korea. Until recently, the family provided the bulk of child and elderly care and was the main insurance against social risks. The family is still an important source of old age security for the elderly. The high, though declining, level of coresidency among the elderly and their adult children allows multigeneration family members to share housing and pool incomes and other material resources, and to exchange child and elderly care services. As shown in table 1, despite the substantial increase in the proportion of single generation and single person elderly households since 1990, about 30 per cent of all households with older people are three-generational. The importance of intergenerational economic support is underscored by the high level of material transfer from adult children (that is, sons) to their elderly parents. Again, despite the evident decline since the mid-1990s, a little over half of those over the age of 60 claim that they receive material support from their children (table 2). Furthermore, despite the sharp drop in the proportion of the elderly claiming financial support from their children as their main income source—from 72.4 per cent in 1981 to 44.3 per cent in 1994—the Korean figure is considerably higher than countries such as Denmark and the United

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<sup>2</sup> See Leitner (2003) for a discussion of different forms of familialism.

<sup>3</sup> This is evocative of other familialistic welfare regimes such as Japan and Southern Mediterranean countries, where the state's reliance on the family has led to a lack of family support programmes and personal social services.

<sup>4</sup> Unlike a liberal welfare regime, the residualism of a familialistic welfare regime stems from the state's welfare responses directed to family failures rather than market failures.

<sup>5</sup> The Organisation for Economic Co-operation and Development (OECD) defines social spending on family in terms of three types of public expenditures: (i) child-related cash transfers to families, including child allowances, income replacements for parental leave, income support for single-parent families and public child care support through payments to parents; (ii) financing and delivery of services for families with children, including child care and early education, residential facilities for young people and family services, and centre-based facilities and home help services for families; and (iii) financial support to families through tax system, including tax exemptions for families, child tax allowances, and child tax credits.

<sup>6</sup> Social expenditure on family and social welfare increased substantially after 2003, but no data are available.

States, where less than 1 per cent of elderly people claim financial support from their children as their main income source (Kwon 2001). Simply put, despite its declining importance, the family still performs an important role in old age security in Korea.

**Table 1: Composition of all households with older people (over 65), 1990–2000 (per cent)**

Household composition	Age groups in 2000 (years)				
	1990	2000	65–69	70–79	Over 80
One generation	16.9	28.7	35.5	27.5	12.8
Two generations	23.4	23.9	27.3	19.9	26.5
Three generations	49.6	30.8	23.2	33.3	45.1
Single person	8.9	16.2	13.7	18.9	15.0
Total	98.8	99.6	99.7	99.6	99.4

Source: Korea National Statistical Office (2004), cited in Choi (2006).

**Table 2: Changes in the relation between family and old-age support (per cent)**

Year	Live with children		Children provide material support	
	Yes	No	Yes	No
1994	n.a.	n.a.	62.1	37.6
1998	54.5	44.9	58.2	41.6
2002	42.7	56.7	53.3	46.3

Note: n.a. = not available. Source: Korea National Statistical Office (2004), quoted in Choi (2006).

The family in Korea also plays a vital role in human capital investment. Despite the sizeable, and increasing, public investment in education and health, Korean families continue to spend a significant amount of money in both areas. For example, the public expenditure on education as percentage of GDP rose from 4.6 per cent (8,524 billion won<sup>7</sup>) to 6.2 per cent (48,258 billion won) between 1990 and 2004; however, the private expenditure on education as a percentage of total household consumption for urban households also rose from 8.1 per cent to 11.5 per cent during the same period (Ministry of Education, Science and Technology 2004).<sup>8</sup> The household educational spending increased to 12 per cent in 2007, the highest since Korean National Statistics Office (KNSO) began compiling the data in 1984 (*Korea Times* 2008). Much of this rise is attributed to spending on private tutoring. Similarly, the proportion of spending going to private, extracurricular education increased from 36.3 per cent of the total household educational spending in 1990 to 77.2 per cent in 2004 (*The Hankyoreh* 2007). In the health care sector, the huge increase in the public share of the total health spending (35.7 per cent in 1995 to 53.0 per cent in 2005) is offset by a fairly high level household spending.<sup>9</sup> In fact, because of the high co-payment rate, even with the rapid expansion of public health spending, the private share of health spending in Korea is among the highest in the Organisation for Economic Co-operation and Development (OECD), after Greece (57 per cent) and the United States (55 per cent) (WHO 2007). In sum, while the public expenditure on social welfare and family support has increased in recent years, leading to a modified form of familialism, the family in Korea continues to play a major role in protecting individuals from social risks.

The late-developer phenomenon is another important context of Korea's social policy regime. The Korean welfare state's developmental context makes its social policy regime hard to place within Esping-Andersen's welfare typologies, as its emergent welfare system often makes the

<sup>7</sup> \$1 = approx. 950 won; €1 = approx. 1,250 won (January 2008).

<sup>8</sup> The figures for rural households declined from 10.5 per cent to 4.1 per cent between 1990 and 2004. This can be accounted for by the combination of increased state support for rural families and the changing demographic composition of rural families.

<sup>9</sup> During this time, the total health spending to GDP in Korea rose from 4.9 per cent to 6.0 per cent (OECD 2007a).

welfare mix inconsistent. For example, although the modern Korean social security system began with a strong emphasis on occupationally based social insurance and employment protection legislation—features that would make it an obvious candidate for Esping-Andersen's conservative welfare regime—both systems changed quite markedly after 1987. The occupationally based social insurance systems—health, pension, employment and workers' compensation insurances—had been gradually expanding since the 1970s, but the pace of expansion accelerated exponentially after the 1987 political democratization. Notwithstanding the universalization of health insurance in 1989 and pension insurance in 1999, other social insurance programmes were extended to most regular workers and employees.<sup>10</sup> After 1998, the employment insurance coverage was extended to cover almost all *waged workers* in all workplaces, including most non-regular workers.<sup>11</sup> Non-regular employees, the self-employed and unpaid family workers were included in Workers' Compensation Insurance (or Occupational Accident Insurance) coverage in 2000. Finally, in 2000, the National Basic Livelihood Security Programme (NBL) decoupled the welfare entitlement from individual labour market attachment, making low income the sole criterion for receiving social assistance—a radical ideational departure from the previous social assistance system. Such a trajectory marks a shift from a conservative residual welfare model to a more universalistic welfare model. By the end of the 1990s, the main purpose of social insurance had shifted from its original aim, that of serving as a limited system of social risk pooling for core workers in key industries and professional groups, to that of a tool for social risk pooling and income redistribution. Thus, even if the structure of Korean welfare regime appears stubbornly unaltered, its functional purposes have changed quite significantly.<sup>12</sup>

At the same time, despite the welfare expansion, the Korean welfare mix exhibits liberal and informal features. First, the state's total social spending remains low, despite the recent surge. This can arguably be attributed to Korea's developmental status: although the Korean government has made significant progress in doubling its total social spending from 3 per cent of GDP in 1990 to 6 per cent in 2000, it will take time to reach the OECD average. The new national blueprint for social and economic development, Vision 2030 (discussed later), proposes to raise Korea's social spending to the OECD average of 21 per cent by the year 2030 (MPB 2007). If successful, this would be an incredible developmental feat. Unlike many Western welfare states, Korea's modern welfare state only began to take form after 1960, and more seriously after 1987. Given its relatively short development history and its stage of economic development, it is understandable that Korea's social expenditure is low compared to other OECD countries.

Second, and related to the first point, even with the expansion of most social insurances, an individual's labour market status makes a difference in his/her social security. While this is true in other welfare regimes—in even the social democratic cluster of countries, recent pension reforms have eroded the basic citizenship pillar—the issue of labour market status is more pronounced in Korea simply because of its large non-standard employment sector<sup>13</sup> and its relatively early stage of welfare state development. For example, even though Workers' Compensation Insurance covers non-regular workers and the self-employed, the Employment Insurance coverage is limited to waged workers (that is, standard employees). Over 30 per cent of all workers in the Korean labour force are in the non-standard employment sector—self-

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<sup>10</sup> Health care and pension insurance in Korea are universal, in that they are compulsory social insurance schemes. But despite their universal characteristics, there are status and gender-based differences. Individuals are insured through their employment or through their family/spouse's insurance coverage. Given women's lower employment rate, many women are not directly covered, but are covered through spouses or fathers. The coverage rate for pensions is highly gendered because of women's low employment rate and the newness of the national pension scheme.

<sup>11</sup> The 1998 reform expanded the coverage of EIP to all waged workers in all firms, except the following: workers over the age of 65 and new employees over the age of 60; part-time workers working less than 18 hours per week, or 80 hours per month; government officials; employees covered by the Private School Teachers' Pension Act; and special postal workers.

<sup>12</sup> For a further discussion of changes in welfare regime structure and purposes, see Peng and Wong (2008).

<sup>13</sup> Non-standard employment sector refers to the sectors of employment such as self-employed, own account holders and unpaid family workers. This is different from non-regular employment sector, which is part of the salary and wage employment but is not full-time employment.

employed, unpaid family workers and own-account holders<sup>14</sup>—and the lack of an employment insurance coverage makes them economically vulnerable.<sup>15</sup> Even in 2003, only about 7.2 million out of a total 14.4 million workers (50 per cent) in Korea were covered by the Employment Insurance, the other half being without insurance coverage largely because of their status as self-employed and/or unpaid family workers. The gender breakdown of Employment Insurance coverage shows that 57.1 per cent of all male workers and 40 per cent of all female workers had coverage in 2003 (Kim et al. 2004).<sup>16</sup>

Thus, while formal social insurance programmes are in place, the large non-standard employment sector creates barriers to workers accessing these social insurances. In sum, Korean social policy regime exhibits characteristics of familialism and the late-developer phenomenon: its familialistic orientation causes gender bias and residualism, while its developmental status is shown by its high level of informality, early stage of welfare development, and its inconsistent and evolving welfare mix.

### ***Income equality and poverty outcomes***

However, Korea fares rather well on orthodox measures of economic inequality and poverty. For example, although Gini figures for Korea vary depending on the data sources,<sup>17</sup> there is general agreement that income inequality declined after 1960 and remained relatively low until the late 1990s. The World Income Inequality Database (WIID) calculations of Gini figures for Korea show a range of 0.29 to 0.42 for 1965, 0.30 to 0.36 for 1970; 0.36 to 0.41 for 1980; 0.32 to 0.33 for 1990; and 0.37 to 0.43 for 1998 (UNU-WIDER 2008). The KNSO's calculations based on the Family Income and Expenditure Survey shows Gini increasing from 0.31 in January 1996 to 0.33 in January 1999, and declining to 0.32 in April 2000. Kang's summary of historical trends of Korea's income distributions (table 3) shows a continuing reduction in income inequality from the 1960s to the late 1990s, then rising after the 1997 Asian economic crisis (Kang 2001).

**Table 3: Korea's income distribution, 1965–2000**

Year	Choo (1992)	Ahn (1992, 1995)	Whang & Lee (1996)	FIES (NSO)	Yoo (1998)
1965	0.3439	0.3365	n.a.	n.a.	n.a.
1970	0.3322	0.3125	n.a.	n.a.	n.a.
1975	0.3908 (1976)	0.3769	n.a.	n.a.	n.a.
1980	0.3891	0.3567	n.a.	0.3065	0.366
1985	0.3449	0.3803	0.384	0.3115	0.340 (1986)
1990	0.3226	0.4017	0.365 (1991)	0.2948	0.300
1995	n.a.	0.3845 (1994)	0.363 (1994)	0.2837	0.288 (1996)
2000	n.a.	n.a.	n.a.	0.3207	n.a.

**Note:** n.a. = data not available. **Source:** based on Kang 2001.

The level of poverty in Korea varies depending on the data source used, but has been low compared to other developing and developed countries. For example, the proportion of population living below \$2<sup>18</sup> per day in Korea was less than 2 per cent in 2005 (UNU-WIDER 2008). The estimates for population living in poverty range from the KNSO estimate of 5.9 per

<sup>14</sup> Own-account holders refer to self-employed without employees.

<sup>15</sup> See Heintz (2008) for a comparative perspective.

<sup>16</sup> These features make the Korean welfare regime somewhat akin to Latin American welfare regimes in having a strong feature of informality (Barrientos 2004). Unlike Latin American welfare regimes (such as Mexico), where informal sector workers are often excluded from health and pension insurance, Korean health and pension insurance is universal, and the Korean government has made efforts to broaden other social insurance schemes to include informal sector workers.

<sup>17</sup> Data on income equality in Korea are highly variable because of the incompleteness of many household income surveys. Many official and non-official data are based on household incomes of employees, or the urban working population, and may overestimate the level of income equality. WIID calculations vary widely because they try to use different household income data.

<sup>18</sup> All \$ figures refer to US dollars.

cent in January 1996, 8.5 per cent in January 1999, and 4.6 in April 2000 (Park 2002), to Yoo and Kim's (2002) estimate of 17 per cent.<sup>19</sup> The OECD calculation of total household poverty rate using 40 per cent of median income shows fluctuation from 5.0 per cent in 1991 to 4.6 per cent in 1996, rising to 8.1 per cent in 2000, with poverty rates for the elderly, single persons and female-headed households being much higher than the average; 38.8 per cent, 16.4 per cent and 14.6 per cent in 2000, respectively (OECD 2007b). Park's (2002) in-depth analysis suggests the poverty rate declined between 1982 (20.4 per cent) and 1996 (7.4 per cent). It then rose again after 1997, reaching 15.4 per cent in 1999, before falling down to 8.4 per cent in 2000. Four main causes of poverty in Korea, according to Park are lack of capacity to work due to age (either too old or too young), illness, disability and not having a father in the family.

The apparent income equality in Korea, however, needs to be taken with caution. First, it is clear that the positive socioeconomic outcome is not a result of effective income redistribution through social policy, but an outcome of a combination of long-term economic growth and the type of political economic institutional arrangement that, at least until recently, provided male breadwinners with basic employment security and family wages. Indeed, Hwang's analysis of income redistribution in Korea based on the National Survey of Family Income and Expenditure between 1991 and 2000 shows that even though direct income transfers such as social security benefits, including pension, increased dramatically between 1996 and 2000, making important contribution to equalizing income under a seriously unequal condition in the post-economic crisis period, neither direct nor indirect transfers were large enough to make much difference in income redistribution in Korea (Hwang 2004). In other words, despite the recent expansion, the role of Korean welfare state in income equalization still remains marginal. Rather, income equalization has been achieved through the state's effective management of economic development that has led to sustained economic growth, a secure employment system and a low wage gap among male workers, at least until very recently. Korea's protective employment and labour market policies were, therefore, important factors behind low levels of poverty and income disparity.

Second, inequality and poverty measures are based on aggregate income at the household level, thereby obscuring gender differences in income and the extent of women's poverty. As illustrated by OECD calculations, the poverty rate among female-headed households in 2000 was nearly twice that of the total household figure (OECD 2007b). Korea studies confirm that single-mother families are much more likely to live in poverty than are two-parent families or single-father families (MOGEF 2005; Park 1998). The main reason is the labour market gender inequality. Despite the decline since the 1990s, gender wage gap was still about 40 per cent in 2006 (Ministry of Labor 2008).<sup>20</sup>

### ***Rearticulation of labour market and social welfare policies***

A key feature of Korean labour market policies since the 1960s has been the employment protection. The labour law, until the recent reforms, restricted employers from hiring non-regular workers and laying off employees. In effect, as Woo (2007) points out, without having the kind of lifetime employment system found in countries like Japan, Korean labour law provided a de facto lifetime employment for male workers in standard full-time employment. The strong employment protection component of Korean labour law was the political trade-off for its highly repressive and anti-labour side that denied labour the right to form independent unions and engage in political activities (Woo 2007). This situation has changed after the political democratization in 1987 with increased political rights for labour on the one hand and the loosening of employment protection on the other. The process of labour market deregulation intensified after the 1997 Asian economic crisis, when the government, following International Monetary Fund (IMF) economic bailout conditions, overhauled the labour market.

<sup>19</sup> Yoo and Kim's calculation is based on total household poverty rate at 50 per cent of median income.

<sup>20</sup> Women's wages, working hours and turnover rate relative to men in 1995 and 2003 were as follows: wages—59.9 per cent (1995); 64.2 per cent (2003); working hours—97.2 per cent (1995); 97.0 per cent (2003); and turnover rate—130.0 per cent (1995); 138.1 per cent (2003) (Ministry of Labor, Monthly Wage Statistics Report, 2008).



Subsequently, the employment protection capacity of the labour law weakened significantly. The sharp rise in income inequality and poverty after the economic crisis was the combination of worker layoffs and forced retirements, and the replacement of regular employment with non-regular employment.<sup>21</sup>

The income inequality outcome of the post-1997 labour market restructuring was by no means gender-neutral. Indeed, women were significantly more adversely affected. The proportion of women in regular standard employment (as a percentage of all economically active women) declined from 25.5 per cent to 19.1 per cent between 1995 and 2000, while that of non-regular standard employment (temporary and daily employment) rose from 34.0 per cent to 42.4 per cent during the same period, suggesting that many women were laid off and/or withdrew from full-time work and opted for temporary and daily employment (KWDI 2008). Lee and Cho (2005) claim that many women dropped out of the labour market after 1997 because they were frustrated by employers' discriminatory behaviour. Their claim is supported by Lee et al.'s survey of employer behaviour in 2000, which found that the majority of employers held either gender stereotypical attitudes and/or aversion toward hiring women because of the possibility that they might stop work or take leave when they marry or have children (Lee et al. 2001). Cho (1999) also notes a significantly higher rate of involuntary unemployment among women as compared to men in 1998, suggesting that women workers were most likely the first to be let go after the economic crisis.

By 2003, the issue of income inequality was a central public policy issue in Korea. The Roh Moo-hyun government (2003–2008) responded to this by introducing Vision 2030, a long-term social and economic development policy strategy. Vision 2030 reframes the principle of Korean national development from "economy first; welfare later" to "economic growth with welfare". Its overarching goals are to raise per capita income to \$49,000 (from the 2006 level of \$14,000) and the total social expenditure to 21 per cent of GDP (from the 2007 level of 8.6 per cent) by 2030. The strategy is premised on the idea of increased public investment in human and social capital and the creation of positive returns between economic growth and social welfare development. The government support for labour market flexibility is counterbalanced by an expanded social security and social welfare system. Social welfare expansion (particularly in child and elderly care) is thus seen as the "growth engine" for economic development (Lee 2007).<sup>22</sup>

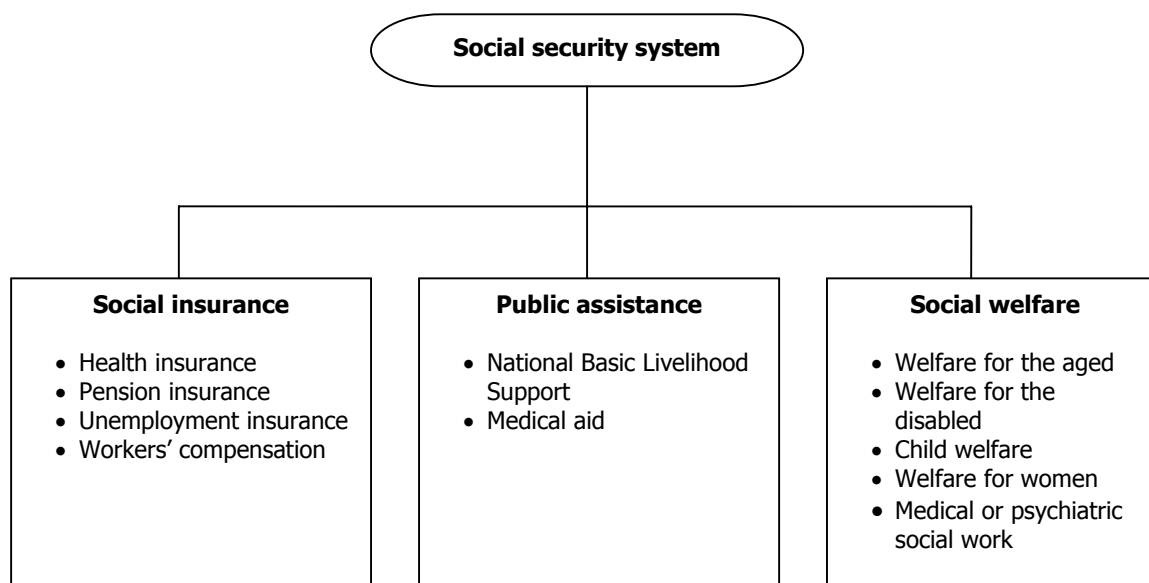
### ***Key components of the Korean social policy regime and recent reforms***

Figure 1 illustrates the key components of the Korean social policy regime, and the annex provides detailed information about the major social security programmes. As illustrated above, the recent reforms have led to a universalization of social insurance and an expansion of public assistance and social welfare. The Korean social security system appears to be delivering a reasonably wide range of income support and social services programmes, despite the low level of total public social expenditure. There is some indication of extensive population coverage for key social policy programmes, such as health care and education. The health and social welfare outcomes for Korea are also quite positive. For example, the population health data show increasing life expectancy at birth, at 75 years for males and 82 for females in 2006, a noticeable jump from the 1990 figures of 68 and 76 years, respectively; a low infant mortality rate (5 per 1,000 live births, in 2006); and a generally positive health status compared to other OECD countries (WHO 2008). In terms of education, school enrolment rates among Korean children and youth are extremely high. Moreover, student performance on combined reading, scientific and mathematical literacy scales show Korean students performing significantly better than other OECD countries (OECD 2006a).

<sup>21</sup> On the nature of non-regular employment in Korea, see Grub et al. (2007); Ahn (2006); Jung and Cheon (2006).

<sup>22</sup> Also from an interview with Lee Sook Jin, Korean Institute of Health and Social Affairs (KIHASA), 18 December 2007.

**Figure 1: The social security system in Korea**



In sum, the Korean social welfare regime has made significant strides over the last several decades through expansion and redesign. Since 1990, the social security system has expanded by: (i) universalizing key social insurance schemes—health and pension; (ii) extending insurance coverage in areas such as workers’ compensation and employment insurance; and (iii) adding new social insurance schemes, for example, Elderly Care Insurance in July 2008. Social assistance programmes, such as the National Basic Livelihood Support, have been restructured by dropping the labour market attachment criterion for social assistance eligibility. Finally, the social care sector has been extended through the expansion of child and elderly care, as will be discussed in section 3.

## **2. Significance of Unpaid Care within the Household to Total Care Provisioning**

The time use survey data from 1999 and 2004 (the only two data sets currently available) were analysed by the research team to determine the magnitude of unpaid care work carried out within the household, how this unpaid care work is distributed between men and women, and whether there has been any change in its size and nature over time in Korea. This section summarizes the key findings.

The analysis shows that by 2004, the expansion in social welfare and social care, particularly child care (discussed in section 3), had not created much change in the amount of unpaid care work undertaken by women in the household or in the distribution of unpaid care work between men and women. On the whole, men spent proportionally more (but not much more) time on paid employment and significantly less time on unpaid care work than women in both 1999 and 2004. Women spent a little less time on paid employment and significantly more time on unpaid care work. When added, men spent on average 19 per cent and 18 per cent of a day on paid employment in 1999 and 2004, respectively, while women spent 12 per cent and 11 per cent, respectively. The proportion of time men spent on housekeeping and care of persons were 2 per cent and 3 per cent in 1999 and 2004, as compared to women at 14 per cent and 13 per cent, respectively. In total, men spent 21 per cent of their time on paid and unpaid work in both years, while women spent 27 per cent and 24 per cent, respectively. Put another way, women spent more than 5 times the amount of time that men spent on unpaid care work, while at the

same time spending a little over 60 per cent of the time men spent on paid work. In sum, women not only took on more unpaid care work than men, but overall, they spend higher proportion of their time on work (paid and unpaid) than men.

A closer examination of the time use shows that in the years surveyed, married women bore the largest burden of unpaid care work in Korea. For example, married women's mean participation time and their participation rate in housekeeping were significantly higher when compared to married men and single women in both years (table 4). It seems that much of married women's unpaid care work in Korea is concentrated in childcare (table 5).<sup>23</sup> The research also found that while women's unpaid care work seemed to have declined slightly in 2004 for those who were employed, women, whether employed or not, took on a disproportionately larger burden of unpaid care work than men (Ahn 2008). These figures suggest, first, that the gender division of labour remained relatively unchanged between 1999 and 2004, and second, that regardless of their employment status, women, particularly married women, in Korea take on a disproportionately large share of unpaid care work, both in terms of the amount of time they spend and in their participation rate. The significance of women's unpaid care work to the national economy cannot be underestimated. The calculations of the value of unpaid care work in 2004 as a percentage of the GDP show that it could reach as high as 29 per cent of the GDP, with women contributing 24 per cent and men contributing 5 to 6 per cent.

**Table 4: Time on paid and unpaid care work by sex and marital status, 1999 and 2004 (per cent)**

			1999		2004	
			MPT <sup>a</sup>	PR <sup>b</sup>	MPT	PR
<b>Male</b>	Single	SNA <sup>c</sup> work	11	30	11	32
		Housekeeping	1	31	1	30
		Person care	0.5	5	1	6
	Married	SNA work	29	79	28	78
		Housekeeping	1	38	2	41
		Person care	1	21	1	24
	Divorced/widowed	SNA work	19	56	17	56
		Housekeeping	4	63	4	71
		Person care	1	14	1	14
<b>Female</b>	Single	SNA work	10	28	11	31
		Housekeeping	2	53	2	48
		Person care	0.3	8	0.3	7
	Married	SNA work	14	48	13	46
		Housekeeping	16	98	15	98
		Person care	4	60	5	59
	Divorced/widowed	SNA work	13	45	12	43
		Housekeeping	11	90	11	93
		Person care	1	25	1	23

**Notes:** <sup>a</sup> MPT = mean population time. <sup>b</sup> PR = participation rate. <sup>c</sup> SNA = System of National Accounts. **Source:** Ahn 2008.

<sup>23</sup> The demand for elderly care remains low, largely because the elderly population in Korea is proportionately lower (about 8 per cent in 2004) than in most OECD countries. This will probably change as the population is rapidly ageing as a result of the low fertility rate.

**Table 5: Time on child, spouse and parent care, by sex and marital status, 1999 and 2004**  
(minutes/per cent)

		Child care				Spouse care				Parent care			
		1999		2004		1999		2004		1999		2004	
		MPT <sup>a</sup>	PR <sup>b</sup>	MPT	PR	MPT	PR	MPT	PR	MPT	PR	MPT	PR
<b>Male</b>	Single	1	2	1	1	–	–	–	–	1	1	2	3
	Married	9	15	11	18	1	1	1	3	1	1	1	2
	Divorced/widowed	6	6	5	8	–	–	–	–	0.3	1	1	1
<b>Female</b>	Single	2	3	2	3	–	–	–	–	1	3	2	4
	Married	58	48	58	46	4	17	4	17	1	2	2	3
	Divorced/widowed	16	16	13	14	–	–	–	–	1	1	1	1

**Notes:** <sup>a</sup> MPT = mean population time. <sup>b</sup> PR = participation rate. **Source:** Ahn 2008.

In sum, the time use survey data show no evidence of women's share of unpaid care work within the households being lessened, or changes in gender division of labour, between 1999 and 2004. This may be accounted for by the timing of social care expansion and by time lag. Since some of the key areas of social care expansion, such as childcare services and benefits, happened after 2004, the current time use survey analysis may not be the best indicator of policy impacts on household care distribution. Indeed, as Vision 2030 becomes more fully implemented, there may be some real decline in the proportion of women's unpaid care work within the households; however, it is too early even to hazard a guess.

### 3. The Care Diamond

As shown in figure 2 below, since the 1990s the Korean state has taken on a larger role in regulating, providing and financing social care services, and with the implementation of Vision 2030, its participation in social welfare and care will expand farther. The market's role in supplying and maintaining steady and secure employment for male breadwinners has weakened as a result of labour market reforms; as a result, it has repositioned itself as a supplier of social and care services, and a source of new, albeit precarious, service sector employment. Since a significant portion of this new service sector industry relates to care, both for children and the elderly, the market will likely take on an increasing role within the care diamond. The family still remains an important site of social welfare and care but has been relieved of some of its care and welfare responsibilities with the expanded participation of state and market in social welfare. Finally, there is an expectation that non-governmental organizations (NGOs) and voluntary organizations will play a larger part in providing social welfare and social care. In sum, the configuration of the Korean care diamond has shifted from a strong emphasis on the family (in providing care) and the market (in providing stable industrial employment) to a more balanced redistribution of care and welfare provision.

This section will outline the changes in the care diamond since the 1990s and discuss how these changes have come about. It argues that the expansion of social welfare and social care in Korea is a product of multiple and often conflicting objectives held by multiple actors. Next, drawing on the 2004 time use survey data, the section demonstrates that the commodification of women's unpaid care work through the socialization of care in Korea has not led to greater gender equality. Finally, using the case of recent childcare policy reforms, it illustrates how conflicting objectives have resulted in uneven outcomes.

#### *Changing dimensions of the care diamond*

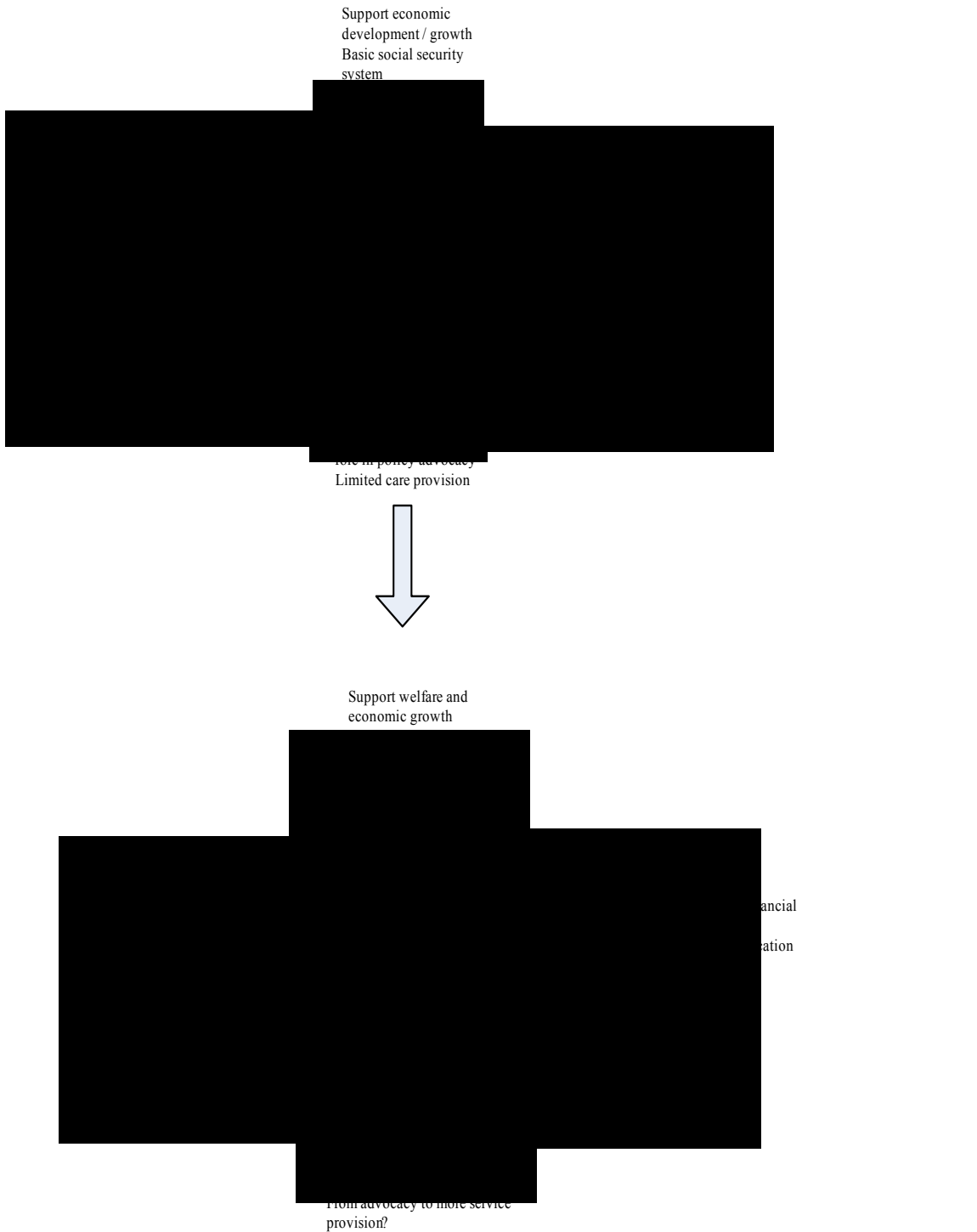
##### The state: A steady expansion

As noted above, the size of the state sphere has expanded noticeably. The state has assumed (and promises to continue to assume) more welfare responsibilities by legislating, financing and directly providing welfare, particularly child and elderly care, through the public, market and community sectors. For example, policies related to Early Childhood Education and Care (ECEC) have undergone some important revisions since 1990, resulting in not only its expansion and the reaffirmation of state commitment to equalize ECEC opportunities for all children, but also in more integration between early childhood education (a jurisdiction of the Ministry of Education, Science and Technology) and early childcare (a jurisdiction of Ministry of Gender Equality and Family/MOGEF, now Ministry of Health, Welfare and Family Affairs).<sup>24</sup>

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<sup>24</sup> Early childhood education (ECE) in Korea is primarily in the form of kindergartens and *hakwons* (private educational institutions specializing in English, music, arts, martial arts and so on) and caters to infants aged three to five years; early childcare (ECC) appears mainly as institutional and home-based childcare, and caters for children aged five and below. The main objective of ECE is education and school preparation, while that of ECC is care, though since the 1990s, the two objectives have begun to merge as many ECE and ECC institutions are providing both education and care. A current policy issue in Korea is the institutionalization of these two separate and often private systems into a public education system.

**Figure 2: Changing configuration of the care diamond**



Legislation concerning early childhood education in Korea began in 1982 with the Early Childhood Education Promotion Act, which led to a rapid growth in public and private kindergartens. The number of kindergartens increased from 2,958 (1,922 public; 1,036 private) in 1981 to 8,354 (4,602 public; 3,751 private) in 1990, and reached a peak in 1997 with a total of

9,005 (4,419 public; 4,583, private).<sup>25</sup> The kindergarten curriculum was standardized at the national level by the Education Law in 1992.

Paralleling the development in early childhood education is childcare legislation, introduced in 1991 under the Child Care Act. This legislation facilitated the development of both public and private childcare centres. The total number of childcare centres rose from 1,919 (360 public; 39 private; and 1,520 home and workplace childcare) in 1990 to 3,690 (503 public; 1,237 private; 1,950 home and workplace childcare) in 1991<sup>26</sup>, while the number of children enrolled in childcare centres increased from 48,000 (25,000 public; 1,500 private; 21,500 home and workplace daycares) to 89,441 (37,017 public; 36,099 private; and 16,325 home and workplace daycares) during the same period (MOGEF 2007).<sup>27</sup> After this, the numbers of childcare centres and children enrolled in these centres increased rapidly. By 2007, the total number of children enrolled in childcare centres had reached 1,062,415, over 22-fold increase since 1990; while the total number of childcare centres increased to 29,823, an increase of over 15-fold, during the same period (MOGEF 2007).

Private childcare centres do not necessarily mean private for-profit business.<sup>28</sup> In fact, a significant proportion of “private” childcare centres are run by not-for-profit organizations, such as religious-based NGOs and other registered non-profit corporations. Currently, of all childcare centres, only 5.6 per cent (1,670 out of 29,823) are truly public, the rest being private for-profit and non-profit centres. In terms of the number of children enrolled in childcare centres, only 11 per cent of all children enrolled (117,126 out of 1,062,415) are in public childcare centres. The distinguishing feature of the public childcare centres is that they are considered pure public institutions. Childcare workers in public childcare centres are thus considered public servants.

Both public and private childcare centres are regulated by the Child Care Act. They are government inspected, and must report to the Ministry of Gender Equality and Family (this jurisdiction was moved to Ministry of Health, Welfare and Family Affairs in 2009) to receive government subsidies. Childcare fees in Korea, for both private and public childcare centres, are regulated and standardized. Parents can choose either public or private childcare centre and pay preset childcare fees according to their income levels. The government then reimburses childcare centres for the cost of childcare on a per capita basis. Many parents prefer to send their children to public childcare centres, not because of the cost differential, but because they believe these centres provide better quality childcare. In short, the Korean government regulates and delivers childcare services either directly through public childcare centres or by contracting out services through private childcare centres.

State policies concerning ECEC changed decisively after 1997, when the Presidential Commission on Education Reform introduced *A Plan for Educational Reform to Establish a New Education System*. The plan proposed the establishment of a new public pre-school system for children aged three to five that will integrate early childhood education and early childcare. Pointing out that early childhood education is “the best educational investment” a country can make in “building a foundation of holistic development of human beings”, the Presidential Commission saw the integration of early childhood education and childcare as a way to lessen families’ financial burdens and to raise women’s social and economic participation (Presidential

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<sup>25</sup> There has been a small decline in the number of kindergartens and children enrolled in them since 1997, because of the decline both in the total number of children and the number of children in childcare centres.

<sup>26</sup> Such a huge increase in the number of child care centres may be hard to believe, but is indeed the case. Perhaps many private child care arrangements were already in place, but were not registered through the government certification and licensing system. The formalization of the national childcare legislation may have prompted the registration of private child care centres in national registry.

<sup>27</sup> Home day care is a home-based day care or playroom often provided by child minders in their own homes with small number of children as an alternative to large institutional childcare. Home childcare is also mandated to care only for children two years and under. Workplace day care is often institutional-based day care provided by employers for children of employees, located in the workplace or in company housing compounds.

<sup>28</sup> The childcare centres referred to here are those under the Child Care Act, which falls within the jurisdiction of the Ministry of Health and Welfare, not early child education institutions such as kindergartens and play groups.

Commission on Education Reform 1997, cited in Na and Moon 2003). The proposal also emphasized creating a level playing field by giving priority to children from disadvantaged and low-income families to access ECEC programmes, and to ensure at least free pre-school education for one year for all five-year-olds. This was followed by a plan to achieve a 100 per cent preschool enrolment rate for five-year-olds by 2005 (UNESCO 2006).

Unfortunately, the government was not able to achieve the target figure due to a combination of fiscal constraints and resistance from small-scale care service providers, *hakwons* and the Ministry of Health and Welfare (UNESCO 2003a, 2003b). According to the OECD database, the enrolment rate of children under the age of three in childcare centres was 19.9 per cent, and the combined enrolment rate of children in childcare centres and preschools was 59.5 per cent, 66.4 per cent, and 88.7 per cent for three-, four- and five-year-olds, respectively, in 2004 (OECD 2008b).<sup>29</sup>

The revisions of the Early Childhood Education Act in 2004 and Child Care Act in 2005 (renamed the Second Scheme for National Childcare Support Policy, or Saeromaji 2010, in 2006) led to the establishment of various interministerial and national and local ECEC-related committees, such as Childcare Policy Mediation Commissions (Office of the Prime Minister), Central Childcare Policy Commission (MOGEF), and Regional Childcare Policy Commission (Seoul, metropolitan cities, local districts and neighbourhood) to develop more effective ECEC programmes. The MOGEF also took over the coordination of the implementation of national childcare policy. Both the national and regional governments assumed more responsibilities for ECEC, including up-to-date childcare related funding and increased certification requirements for ECE teachers, childcare staff and facilities. The target for nation-wide free education for all five-year-olds was reset to 2010. Notwithstanding the nation-wide free education for all five-year olds, the Korean government estimates a significant increase in children's enrolment rate in ECEC institutions over the next 15 years as a result of public investment (table 6). National government budgets for ECE and childcare have increased markedly, with ECE budgets more than doubling, from 356 billion won in 2002 to 886 billion won in 2006, and childcare nearly quintupling, from 435 billion to 2,038 billion, in 2002 and 2006, respectively (see table 7 for national budget for ECEC programmes between 2005 and 2006). The total national budget for ECEC programmes thus increased from 0.12 per cent to 0.349 per cent of GDP.

The increase in state support for childcare is reflected in a decline in the ratio of parents' out-of-pocket payments and an increase in the number of families receiving financial assistance. For example, the ratio of parents' out-of-pocket payment in childcare declined to 46 per cent of total childcare cost in 2007 (Choi 2008). As shown in tables 8 and 9, the government introduced financial support for childcare and kindergarten on a sliding scale based on household income, in addition to the basic subsidy for children aged up to two years. A number of tax benefit programmes have been introduced to help families with pre-school children, including: (i) an annual income tax deduction of up to 1 million won per child for families with children under six years; (ii) a deduction of 2.5 million won from annual taxable income for families with two or more children under 20 years; (iii) an annual income tax deduction of up to 2 million won for education fees for families with children three to five years old attending kindergarten and childcare facilities; (iv) an annual income tax deduction for medical expenses for children in amounts exceeding 3 per cent of income; and (v) a tax exemption for up to 100,000 won per month of childbirth and childcare allowances paid by employers (Korea Institute of Child Care and Education 2008).

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<sup>29</sup> Differences between the OECD calculation and the Korean calculation are illustrated in table 6.



**Table 6: Estimated kindergarten and childcare centre enrolment, 2006–2020** (*per cent*)

Year	Kindergarten enrolment			Childcare centre enrolment					
	Age 3	Age 4	Age 5	Age 0	Age 1	Age 2	Age 3	Age 4	Age 5
2006	16.38	32.66	47.38	10.02	21.24	39.18	47.21	39.82	31.69
2010	20.02	38.92	48.15	17.65	29.28	45.41	57.94	51.85	38.10
2015	22.15	38.70	49.58	21.80	35.21	48.70	62.97	56.25	43.92
2020	22.86	37.10	49.84	24.76	39.59	51.15	65.26	58.60	47.61

**Note:** The figures above were estimated using time series techniques with the number of children under age five and the number of children enrolled in kindergartens childcare centres from 2002 to 2005. **Source:** Ministry of Education and Human Resources Development/Korean Educational Development Institute (2005, 2006).

**Table 7: Per capita budgets for early childhood education and child care, 2005–2006**

Fiscal year	Budgets for ECE			Budgets for childcare		
	Amount (A)	Number of children enrolled (B)	Per capita budget (A/B)	Amount (A)	Number of children enrolled (B)	Per capita budget (A/B)
2005	628,585,225	541,350	1,161	1,601,373,952	930,252	1,721
2006	886,011,000	545,842	1,623	2,038,102,360	1,006,842	2,024

**Sources:** Ministry of Education and Human Resources Development/Korean Educational Development Institute (2005, 2006); Statistical Yearbook of Education; Ministry of Gender Equality and Family (2005, 2006).

**Table 8: Financial support for childcare, 2007**

Age of the child	Childcare fee support for low-income families on a sliding scale	Childcare fee support for families with two or more children	Childcare fee support for farmers and fishermen	Free childcare for children with disability
Less than 1 year	Income level 1 and 2: 361,000 won Level 3: 288,800 won Level 4: 180,500 won Level 5: 72,200 won	50 per cent of childcare fees (181,000 won)	70 per cent of childcare fees (253,000 won)	
1 year	Income level 1 and 2: 317,000 won Level 3: 253,600 won Level 4: 158,500 won Level 5: 63,400 won	50 per cent of childcare fees (159,000 won)	70 per cent of childcare fees (222,000 won)	
2 years	Income level 1 & 2: 262,000 won Level 3: 209,600 won Level 4: 131,000 won Level 5: 36,000 won	50 per cent of childcare fees (131,000 won)	70 per cent of childcare fees	
3 years	Income level 1 and 2: 180,000 won Level 3: 144,000 won Level 4: 90,000 won Level 5: 36,000 won	50 per cent of childcare fees (90,000 won)	70 per cent of childcare fees (126,000 won)	361,000 won
4 years	Income level 1 and 2: 162,000 won Level 3: 129,600 won Level 4: 81,000 won Level 5: 32,400 won	50 per cent of childcare fees (81,000 won)	70 per cent of childcare fees (113,000 won)	
5 years	Free childcare: 162,000 won (for families of income level 1 through 5)		100 per cent of childcare fees (162,000 won) (for families with less than 5 ha of land)	

**Source:** Korea Institute of Child Care and Education 2008:10.

The renewed public support for childcare is also evident in the increase in the proportion of children receiving childcare subsidies. The proportion of up to five years old enrolled in childcare centres received childcare subsidies increased from 43.4 per cent in 2005 to 50.7 per cent in 2006 (Korean Educational Development Institute 2008). The government promises to extend the childcare allowance to 80 per cent of all families with children under the age of five by 2010 (Korea.net 2006b). To meet the growing childcare needs, 2.6 billion won were allotted in 2007 to provide low-cost babysitting services and night-time babysitting services for families with children between the ages of three and 12 months (*Chosun Daily* 2007).<sup>30</sup>

In addition to childcare, the 2001 Maternity Protection Act (a reform of maternity and parental leave legislations within the Labour Standard Act, Equal Employment Act and Employment Insurance Act) extended paid maternity leave from 60 to 90 days (at 100 per cent wage replacement), and introduced financial support for parents taking one-year parental leave.<sup>31</sup> In 2005 the maternity leave legislation was revised again, this time, shifting the financial burden of

<sup>30</sup> Choi (2008) argues that although the Kim Dae-jung government emphasized gender equality by improving women's right to work, it was under the Roh Moo-hyun administration that more concrete work/family reconciliation policies began to be implemented.

<sup>31</sup> Although fathers are encouraged to take parental leave, Korea has yet to introduce a formal "daddy leave" policy. Parental leave systems are transferable between the two parents.

wage replacement from the employer to the state and social insurance.<sup>32</sup> The government set aside approximately 10 billion won (\$10 million) in 2007 and 90 billion won (\$90 million) in 2008, targeting small and medium-sized enterprises (SMEs) (Korea.net 2005). To encourage parents to take parental leave, a monthly flat-rate wage replacement of 300,000 won (approximately \$250 in 2003) per month was added to the remaining nine months of parental leave in 2004. This rate was subsequently raised to 400,000 won (\$400) in 2006 and 500,000 won (\$500) in 2007. The wage replacement of 300,000 won in 2003 came to about 10 per cent of the average urban household income.<sup>33</sup> Finally, in 2006, the government extended the period of parental leave from one to three years for public servants (Korea.net 2006). Other programmes such as “no over-time on the 6th of every month” campaign<sup>34</sup> and “daddy quota”<sup>35</sup> scheme in parental leave have been also introduced since 2006 to ensure a more equitable sharing of care responsibility between men and women (Choi 2008).

Some attempts have been made to recast the male breadwinner model into a dual-earner model. The comprehensive women’s workforce development plan, 2006–2010, introduced by MOGEF in 2006, for example, seeks to activate women’s employment and to support their human capital development through legislative reforms, such as the Equal Employment Act and legislation to support enterprises owned by women. Affirmative action for women in the labour market was introduced in March 2006, specifically aiming to eliminate discrimination against women in hiring and promotion. It is currently applied to workplaces with 500 employees and more on a full-time basis (Choi 2008). Self-Reliance Support Programmes were instituted within the NBLS programme to help recipients of NBLS income support, particularly single mothers, obtain paid employment. In addition to free childcare, women are given job training, support for job placement and job search, vocational training and support for business start-ups. Data show that in addition to NBLS income support (provided to over 54 per cent of single-mother and over 50 per cent of single-father families), the government increased its budget for other programmes related to single-parent families by about 50 per cent between 2005 and 2006.

The latest expansion of the state role in social welfare in Korea was the introduction of Elderly Care insurance in July 2008. It covers the long-term care needs of people over the age of 65, and all age-related long-term care services to people under the age of 65 in both domiciliary and institutional settings. The insurance fee of 4.7 per cent of wage is added onto the existing health insurance contribution. Elderly Care Insurance provides care to approximately 3.5 per cent of all elderly; it will gradually expand its provision to two-thirds of all seniors (National Welfare Centre 2006). In sum, the recent trajectory of social welfare reforms in Korea—ECEC, family/work harmonization and elderly care—indicates an expansion of the state role in financing and regulating social welfare and care.

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<sup>32</sup> The change came as a result of high non-compliance rates by employers, particularly those in small firms, and of employer discrimination against hiring women. Employers’ resistance stemmed from their legal obligation to pay 60 of the 90 days of wage replacement during maternity leave (Chosun Ilbo 2003).

<sup>33</sup> In 2003, the average nominal monthly income for urban salaried and wage earners’ households with two or more people was 2,940,000 won (KNSO 2004).

<sup>34</sup> “Six” sounds very similar to pronunciation of “raising (children)” or “taking care of (children)” in Korean.

<sup>35</sup> Daddy quota is a parental leave policy specifically targeted to fathers, and is not transferable to mothers. It was designed to encourage fathers to take time off work to care for their young children.

**Table 9: Financial support for kindergarten, 2007**

Age of the child	Tuition support on a sliding scale	Tuition support for families with two or more children	Tuition support for children of farmers and fishermen	Free education for children with special needs
3 years	Income levels 1 and 2: Private: up to 180,000 won; National/public: up to 53,000 won Level 3: Private: up to 144,000 won National/public: up to 42,000 won Level 4: Private: up to 90,000 won National/public: up to 26,5000 won Level 5: Private: up to 36,000 won National/public: up to 10,600 won	Private: up to 90,000 won National/public: 53,000 won	Private: 126,000 won National/public: 39,000 won	
4 years	Income levels 1 and 2: Private: up to 162,000; National/public: up to 53,000 won Level 3: Private: up to 129,000 won National/public: up to 42,400 won Level 4: Private: up to 81,000 won National/public: up to 26,500 won Level 5: Private: up to 32,400 won National/public: up to 10,600 won	Private: up to 81,000 won National/public: 53,000 won	Private: 113,000 won National/public: 39,000 won	Private: up to 361,000 won National/public: 90,000 won
5 years	For families of income levels 1 through 5: Free education: 162,000 won Private: up to 162,000 won National/public: up to 53,000 won		For families with less than 5 ha of land: Private: 162,000 won National/public: 56,000 won	

**Source:** Korea Institute of Child Care and Education 2008:11.

#### The market: Repositioning within the care diamond

The labour market in Korea has been repositioning itself. Once the source of stable employment for male breadwinners, it is becoming the supplier of new social and care services, and a source of service sector employment for women. This change stems from a combination of post-economic crisis labour market restructuring and active welfare policy reforms introduced in sync with family/work harmonization and social care policies.

One of the most dramatic outcomes of the post-economic crisis labour market restructuring in Korea was the relaxation of the employment protection that had, on the one hand, sustained the

dual labour market; but on the other, ensured employment security and a family wage for male breadwinners.<sup>36</sup> The relaxation of employment protection thus implies the possibility of breaking down the dual labour market structure that discriminates against women and other workers outside the core labour force. At the same time, it may undermine the most important form of social security for Korean families, namely, the employment security of male breadwinners. A steady push toward labour market flexibilization actually began in the 1990s, with the unsuccessful labour legislation reform of 1996 by the conservative Kim Young-Sam government (1992–1997). The Labour Standard Act amendment of 1998 introduced immediately after the Asian economic crisis simply continued this process towards employment deregulation and labour market flexibilization.

The 1998 amendment nearly did away with the de facto lifetime employment system in exchange for increased political rights for labour and the expansion of social security and social welfare. It allowed “urgent managerial need” as a justifiable reason for layoff, permitted employers to hire more non-standard workers, and legalized temporary dispatch work through temporary employment agencies. The outcome was the undermining of employment security, without breaking down the dual labour market. Indeed, it may have deepened the dual labour market structure by shrinking the core labour market, and pushing an even greater proportion of workers to the periphery. The proportion of standard workers as percentage of all waged workers declined from 56.8 per cent in 1996 to 47.9 per cent in 2000, recovering slightly to 52.8 per cent in 2008 (KLI 2006). As illustrated in table 10, in 2005 only 25.0 per cent of female urban employment and 40.2 per cent of male urban employment in Korea could be considered core employment.

To compensate for the breakdown of the employment protection system, the government introduced a number of active welfare programmes, which included the expansion of social insurance, social welfare, and employment and job-focused support programmes (Korea—Office of the President 2000). As discussed earlier, both the Employment Insurance and Workers’ Compensation Insurance were extended to workers in SMEs, and later to non-standard workers such as contract and part-time workers. In the case of Workers’ Compensation Insurance, the coverage was extended to self-employed and family workers as well. The National Pension was extended to the urban self-employed in 1999—the last remaining group of people without a pension scheme—broadening the coverage to over nine million new members and universalizing the system.<sup>37</sup>

As the result of social security expansion the percentage of social spending to GDP rose from 3 per cent to 9 per cent between 1995 and 1999. The public expenditure for unemployment (unemployment benefits, not total employment support) rose by nearly 100-fold, from 10.46 billion won in 1996 to 1,030.3 billion won in 2003, while the expenditure on the active labour market (job creation, employment support, and so on) increased by about 30-fold, from 118.8 billion won in 1996 to 3,346.8 billion in 1999, before declining to 1,141.1 billion won in 2003 (OECD 2008).

<sup>36</sup> Dual labour market refers to a structural bifurcation of the labour market into core and periphery, with the core consisting of regular, full-time employment, often accompanied by union representation, family wages and generous company welfare; and the periphery consisting of non-regular and informal employment, often characterized by the lack of union representation, lower wages, precarious working conditions, limited social insurance coverage and limited access to company welfare benefits. In addition to the core-periphery and regular–non-regular employment divide, significant differences in wage and employment conditions exist between large and small and medium-sized enterprises. In Korea, the peripheral labour market tends to be made up of small and medium-sized companies and informal sectors where the majority of women workers are found.

<sup>37</sup> Although attempts have been made to universalize social insurance, some programmes are far from universal; while systems have been put in place, it will take time to achieve maturity. For example, the KIHASA calculation of National Pension individual beneficiaries among the population over 65 (not including widows’ pensions) shows 37.8 per cent beneficiary coverage for men and 4.5 per cent for women in 2007. It is estimated that these proportions will increase to 66.2 per cent for men and 14.1 per cent for women by 2020, and 84.5 per cent for men and 25.0 per cent for women by 2030. The main reason for the significantly lower National Pension beneficiary rate for women is the low pension enrolment rate among women until recently and the mandatory minimum 25-year maturity for pension benefits (KIHASA 2007, calculation by Suk-Myung Yun, Director of Pension Research Department, KIHASA, and interview with Suk-Myung Yung, 17 December 2007).

**Table 10: Share of employment, weekly hours, and hourly earnings by employment status, region and sex, Korea, 2005**

	Distribution of employment (per cent)		Hours per week		Hourly earnings (won)	
	M	F	M	F	M	F
<b>Urban employment</b>						
Regular employee	40.2	25.0	59	39	14,570	10,871
Small scale	1.5	1.4	43	31	9,589	7,942
Other enterprises	38.7	23.6	59	47	14,771	11,059
Temporary employee	15.1	28.6	33	24	7,140	6,048
Small scale	4.7	10.2	31	21	6,287	5,105
Other enterprises	10.4	18.4	34	25	7,529	6,580
Daily employee	8.2	10.1	25	14	6,709	4,332
Small scale	3.2	5.4	22	14	6,403	4,173
Other enterprises	5.0	4.7	23	16	6,908	4,515
Employer	9.9	3.5	52	54	n.a.	n.a.
Small scale	6.0	2.9	53	54	n.a.	n.a.
Other enterprises	3.9	0.6	50	52	n.a.	n.a.
Own account	16.9	12.6	50	45	n.a.	n.a.
Contributing family	0.9	9.1	44	57	n.a.	n.a.
<b>Rural employment</b>						
Regular employee	0.9	0.8	40	32	9,009	7,760
Temporary employee	0.4	0.8	25	20	5,507	4,874
Daily employee	0.3	0.8	22	13	6,481	3,399
Employer	0.3	0.1	57	59	n.a.	n.a.
Own account	6.4	3.1	43	39	n.a.	n.a.
Contributing family	0.5	5.5	42	43	n.a.	n.a.

**Note:** n.a. = not applicable. **Source:** Heintz 2008.

The government has invested a significant amount of money in childcare as discussed above. Most childcare services are provided by (and are expected to be provided by) private for-profit and non-profit sector providers. Similarly, the Elderly Care Insurance services are expected to be provided primarily by the market and community sectors, through private for-profit, non-profit, and community-based voluntary organizations.<sup>38</sup> The expansion of state welfare in Korea is therefore hardly market challenging; to the contrary, the new welfare mix is positively market enhancing. Rather than taking over the market function, social welfare policies under both Kim Dae-jung and Roh Moo-hyun governments have sought to facilitate and enhance the market role by investing in social welfare and care services that are largely delivered through the market. In response to concerns about low economic growth rate (about 4 per cent per year since 2002), low fertility and rapid ageing, and growing labour shortage, the successive governments since 1998 have been reframing social welfare expansion policies not only as family-friendly social policies, but as family-friendly economic policies, in essence, selling social services as potential “growth engines” for the new economy (Lee 2008).<sup>39</sup>

#### Family: A reduced care burden and an increased work expectation

Although yet to be reflected in the 2004 time use survey, the increase in the state support and commitment to social welfare and social care promises to relieve the family (that is, women) of

<sup>38</sup> Interview with Se-Kyong Park and Hyekyu Kang, KIHASA, 17 December 2007.

<sup>39</sup> Also interviews with Hyekyung Lee, Chairperson, Presidential Commission on Social Inclusion, 18 December 2007, and Bong Joo Lee, Professor, Seoul National University, 19 December 2007.

some of the care burden. This promise is, however, offset by an increased pressure on women to work. The breakdown of the traditional male breadwinner household model resulting from the erosion of employment security for men has created multiple pressures on the family and women.

First, the decline in family income immediately after 1997 pressured women to go out and work. For example, the average monthly income for urban wage earners' households dropped by about 7 per cent, from 2,287,300 won (about \$2,287) in 1997 to 2,133,100 won (\$2,133) in 1998. Even with the improved situation after 2000, norms of dual income households and expectations of women's life-long employment have taken hold (Na and Moon 2004). The percentage of people believing that women devote themselves only to housekeeping declined from 21.1 per cent in 1991 to 8.1 per cent in 2002. Those who believed that women should work only until they marry fell from 20.2 per cent to 5.2 per cent between 1991 and 2002; while those who believe that women should work throughout their lives increased from 13.7 per cent to 35.4 per cent (KNSO 2002). A recent survey by Korea Institute of Health and Social Affairs (KIHASA) showed that over 80 per cent of young men preferred to marry working women.<sup>40</sup>

Second, the employment insecurity for both men and women has created a climate of insecurity for young people. Studies suggest that the shift in public attitudes toward life-long employment has led to low fertility. A survey by the Presidential Committee on Ageing Society and Population Policy found that the most important reasons for young people deferring marriage—the main cause of the decline in fertility—were housing shortage and employment insecurity.<sup>41</sup> The total crude marriage rate in Korea declined from 388.6 per 1,000 in 1997 to 304.9 per 1,000 in 2003. During the same time, the marriage rate for first-time marriage fell from 345.6 to 253.3 for men and 343.2 to 247.6 for women. The average age at first marriage for men increased from 28.6 years in 1997 to 31.1 in 2007, while that of women rose from 25.7 to 28.1 (KNSO 2008).

The pressure on women to work is, however, complicated by pervasive discrimination against women in the labour market. Rather than breaking down the rigidity of dual labour market structure, labour market flexibilization led to a reduced number of regular full-time jobs and opened up the non-regular employment sector into which women are drawn.

Notwithstanding the adverse effects of post-economic crisis labour market restructuring on women, Kim and Voos (2007) note that the outflow of younger women and women in pink-collar jobs post-1997 has been offset by the simultaneous inflow of older and married women into the labour market (often in the low wage and non-regular employment sector). For example, the number of employed women in their 20s declined from 2.215 million in 2001 to 2.128 million in 2006, while that of women in their 40s and 50s increased from 3,423 million to 4,117 million (Korea Labor Institute 2008).<sup>42</sup> The KNSO survey shows that nearly 74 per cent of women non-regular wage workers in 2006 were married.

The change in employment patterns of women mirrors the more profound change noted above, namely, the shift from manufacturing to service sector industry since the 1990s. The number of people working in service sector industries increased from 10.7 million in 1991 to 16.4 million in 2004, whereas the number working in mining and manufacturing industries declined from 5.2 million to 4.3 million.

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<sup>40</sup> Interview with Seung-Ah Hong, Ministry of Gender Equality and Family, 14 December 2007.

<sup>41</sup> KIHASA has begun a project called Social Services Industries Welfare in 2006 in response to the Ministry of Health and Welfare and the Ministry of Labor's concerns about high unemployment rate. The project analyses the impacts of social service expansion in reducing unemployment and increasing women's employment rate (interviews with Se-Kyung Park and Hyekyu Kong, KIHASA, 17 December 2007. Also, interview with Joo-Hyun Park, Secretary General, and Chairman of Operating Committee, Presidential Committee on Ageing Society and Population Policy, 17 December 2007).

<sup>42</sup> This could be because more young women opt for higher education. The Ministry of Education's data show a sharp increase in the number of female students registered in higher educational institutions after 1997. Between 1996 and 1997, the number rose from 940,175 to 1,049,907. In 2005, 1,399,931 female students were registered in higher educational institutions (Ministry of Education and Human Resource Development/Korean Educational Development Institute 2005).

Non-standard employment is precarious because of lack of employment security, limited (though increasing) social insurance coverage and low wages. The OECD data suggest that the wage gap between temporary and regular workers in Korea is about 30 per cent, in the middle range of OECD European countries (Grubb et. al. 2007).<sup>43</sup> In addition to wage disparity, there are noticeable differences in the non-wage welfare benefits between regular and non-regular workers and between workers in large enterprises and SMEs. Since most non-standard workers are found in SMEs, and since most women who are non-standard workers work in smaller establishments, their access to welfare benefits is limited. Given the low wages and poor working conditions, the expansion of employment opportunities for women outside the household remains a poor substitute for the employment security afforded to male breadwinners under the old system.

In sum, while the recent social policy reforms promise to alleviate the family's care burden through the extension of social care and social welfare, this may not necessarily mean a reduction in the total amount of work assumed by the family, in particular, women. On the contrary, the increased expectation that women (particularly married women) will work suggests that the expansion of the state and market sectors in the care diamond may, in fact, mask a substitution effect within the family as women's uncommodified care work within the household is being supplemented by their commodified (care) labour in the labour market. This raises two important questions: first, to what extent will the replacement of women's uncommodified labour within the family with commodified labour in the market translate to gender equality; and second, to what extent will the expansion of the state and market provisions of care and other social services reduce the total amount of work assumed by women within the household and in the labour market?

As to the first question, the continuing peripheralization of women in Korea's dual labour market suggests that increased commodification of women's labour is unlikely to lead to women's full financial autonomy and economic independence from the family, particularly if they are married and/or have children. On the second question, even though it is premature to make conclusions about the impacts of policy changes on gender differences, the analysis provides little confidence that the distribution of unpaid care work between men and women within the household will change in the near future. Given that the state and market will never be able to provide all the care work, it is quite possible that women will continue to take on a larger total work burden than men.

### Community: New expectations

In the context of the new care diamond, the community sector is charged with a much greater role in organizing and providing social welfare and care. This change has come about as a result of the combination of increased state expectation of community participation in social development, and the progressive decentralization of social welfare and social care programmes since 2003.

Vision 2030 emphasizes the positive contribution of welfare to the country's social and economic development, and visualizes the community as an important vector of service delivery. This concept emerged from a process of policy rethinking within the Roh Moo-hyun government shortly after it took over. Faced with high unemployment, low economic growth, low fertility, rapid population ageing and increased global economic competition, the government was forced to recast the "productive welfare policy" paradigm it inherited from the Kim Dae-jung administration.

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<sup>43</sup> In Korea, the wage differential between regular and non-regular workers is complicated by the wage differential between companies based on company size and union membership. While non-regular workers are generally paid lower wages than regular workers, some regular workers in small and medium-sized firms may be paid lower wages than some non-regular workers in large companies. Similarly, while unionized non-regular workers may be paid lower wages than unionized regular workers, their wages are higher than non-unionized non-regular workers.



Two streams of thinking merged in the process of the policy rethink: a revised version of the productive welfare and the idea of social capital. In regards to the first, many economists argued that the productive welfare policy under the Kim Dae-jung administration was “inconsistent” and “old-fashioned” (Cho 2005:84). The government was therefore urged by policy bureaucrats from economic ministries, such as the Ministry of Planning and Budget (formally, the Economic Planning Board and the Ministry of Finance), Ministry of Labor, and Korean Development Institute, to adopt a more market-friendly productive welfare policy. Their views were supported by international organizations; for example, the OECD recommended further governance and financial reforms, along with income and social service support to new labour market entrants, such as women, youth and workers with dependent children. Policy recommendations from this group of like-minded economic policy experts included the following: a focus on job creation, particularly targeting the “knowledge-based economy” (that is, service sector and skilled workers); further expansion and refining of social safety nets, for example, by extending social insurance coverage to non-regular workers and creating more work incentives within the NBSL system; more labour market flexibility; and increased support for human capital development through education and training (Cho 2005; Sul et al. 2006).

The second perspective came from those concerned with the decline of social cohesion and social capital in Korea. In response to the growing income inequality, the President created the Presidential Committee on Ageing Society and Population Policy in 2004, and the Presidential Committee on Social Inclusion in 2005, charging them to develop and coordinate social policies across different ministries to deal with issues of fertility decline, population ageing and social inequality. The Presidential Committee on Social Inclusion was also charged with two huge and contentious tasks—reducing poverty and discrimination, both of which involved multisector policy cooperation and the application of multiple policy levers in areas like social welfare, labour market and employment, family, and gender equality, and required significant community participation.<sup>44</sup>

Studies have found that civil society organizations in Korea, while extremely effective in utilizing a “nationwide solidarity” strategy to push for policy change, failed to bring about environmental and sociocultural improvements in level of social trust and civic participation (Joo et al. 2006). International comparative studies of social capital showed that the level of social trust among Korean people was extremely low and highly particularized. Korean people’s trust in public institutions, such as national associations, government institutions, the judiciary and educational institutions, had declined since 1981. The level of civic participation in volunteer activities was low compared to other OECD countries and had continued to fall. In short, social trust in Korea was at one of the lowest levels in the OECD (Joo et al. 2006). Like Japan, the issue of social cohesion has a particular resonance in Korea because of the post-Second World War national narrative of Korea as a homogeneous and relatively equal and cohesive society. The findings and the idea of Korea’s declining social cohesion thus fell on receptive policy ears within the government, and prompted calls for policy interventions to resuscitate the deteriorating state of social capital. These included governance reforms, increased public investments to promote public participation in civic associations, more support for NGOs and investment in communications and community infrastructures that would facilitate civic engagement.

Vision 2030 came out of the Ministry of Planning and Budget, which, while dominated by economic bureaucrats, featured an interministerial group in the policy-making process. It therefore required some degree of consensus among different ministries, including Ministries of Health and Welfare, and Gender Equality and Family, which did not share the views on social policies held by the Ministry of Planning and Budgets. Vision 2030 thus incorporated two sets of ideas—the new version of productive welfare and social capital investment. Despite their apparently widely divergent policy ideas, the ministries’ views converged on a common point:

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<sup>44</sup> The Presidential Committee on Social Inclusion was institutionalized into Ministry of Planning and Budget in 2006.

the need for increased local and community role in social development. As Hyekyung Lee, Chairperson of the Presidential Committee on Social Inclusion, notes, the future direction of social services in Korea cannot be accomplished by simply raising social spending; it requires the increased participation of civil society. Pointing to Korea's history of dependence on overseas assistance since 1945, which led to the prohibition of non-government-supported charity work, and the undermining of the domestic charity and voluntary sector during the authoritarian period, Lee argues that social integration can be achieved through civil society engagement in social services (Lee 2007). Social investment therefore must take into account social development at community level.

Whereas Lee and other social policy advocates see civil society engagement in social welfare as an important mechanism for promoting civic participation and social integration, many economic bureaucrats see it in the light of economic productivity and efficiency. As one of the Vision's main institutional sponsors, Korean Development Institute, points out:

Vision 2030 stresses overall economic productivity. Its strategies include transforming the economic structure to improve service sector productivity, the future source of wealth; investing in research and development for technological innovations; investing in human capital to enhance labor productivity; investing in social welfare to guarantee stable livelihood as a way to heighten labor productivity; and boosting economic efficiency through proactive globalization (Suh 2007).

In either case, social capital emerged as a base for the national development strategy.

Along with the policy focus on social capital development, the decentralization of social welfare and services from the national to local/community level has enhanced the role of local governments and the community in the provision of social welfare and care. The Roh Moo-hyun government has been progressively downloading central government responsibilities onto local and regional governments through legislative reforms and fiscal transfers. A good example of this is the ECEC policy. As the central government increases its financial support to local governments,<sup>45</sup> local governments are expected to provide more ECEC spaces and centres for children. At the same time, the local government is mandated to expand its ECEC programmes, and to improve childcare and early childhood education system by implementing new accreditation and evaluation systems for childcare centres and kindergartens (Rhee 2007). The Republic of Korea Community and businesses are encouraged to participate in the emergent social service market, including childcare; local entrepreneurs, parents and businesses are encouraged to provide childcare services through legal mandates, financial incentives and support for creation of social enterprises.<sup>46</sup> More specifically, the Second Scheme of National Childcare Support Policy, established by the Presidential Committee on the Ageing and Future Society in 2006, has, in addition to introducing childcare subsidies for parents, imposed a new requirement on companies with more than 300 female employees or more than 500 employees, regardless of the gender composition of the employees, to provide childcare facilities in the workplace, thus raising the number of companies mandated to provide workplace childcare from 278 in 2005 to 824 in 2006. In exchange for providing workplace childcare, employers are given financial support to set up childcare spaces within the workplace.

The local and community responses to childcare expansion have so far been mixed. While some local governments are refusing to invest in social welfare and social care infrastructure because of the large capital commitment,<sup>47</sup> the number of home day-care centres, private home-based childcare services that cater for five to 20 children has increased rapidly. There is a concomitant emergence of parent co-op day care centres, a totally new kind of childcare institution. In the

<sup>45</sup> The central government increased its financial support for ECEC by raising its total funding contribution from 29.8 per cent of total national ECEC funding in 2002, to 33.6 per cent in 2006 (Korea Institute of Child Care and Education 2008).

<sup>46</sup> Social enterprise is defined as "a social purpose enterprise, using business tools and techniques to achieve explicitly social aims, that has many characteristics that are similar to an SME" (Noh 2005:1).

<sup>47</sup> Interview with Hyekyung Lee, Chairperson, Presidential Committee on Social Inclusion, 18 December 2008.

home day-care situation, women often use their homes to provide care for children in the local community, and receive financial support from the Ministry of Health and Welfare pro-rated to the number of children in their care. Between 2002 and 2007, the number of home day care centres increased from 7,939 to 12,360. Sixty-two parent childcare co-ops have been created since 2004 (Korea Institute of Child Care and Education 2008). Given the projection of a steady increase in the number of children enrolled in childcare over the next decades, and given the continuing increase in the government funding of ECEC, we anticipate a parallel increase in the number of community-based childcare providers.

In sum, although slow to react, the community sector is beginning to expand its role within the care diamond in Korea. Given the recent push on the community to take on a larger social welfare role, there may be a positive increase in the community's role in social care.

The government's expectation of an increased community role in social welfare and social care is a part of a productive welfare policy strategy introduced by the Kim Dae-Jung administration, elaborated upon and enlarged by the Roh Moo-hyun regime.

During the Kim Dae-Jung government, self-reliance programmes—job creation programmes for able-bodied public assistance recipients—were introduced within the NBLIS programme by the Ministry of Health and Welfare. At the time, the self-reliance programme was regarded as a welfare-to-work programme targeted to a small group of NBLIS recipients. These job creation programmes were often run by social enterprises—hybrid businesses that had characteristics of both non-profit organizations and for-profit enterprises, often created through public-private partnerships. These social enterprises often received financial support for capital and operating expenses from the government, as well as tax reduction and support for social insurance premiums. In return, they functioned as job creation centres, providing jobs and training for the unemployed.

In light of high unemployment and the low rate of increase in jobs, Roh Moo-hyun pledged in his 2006 New Year's announcement to create more jobs—primarily through the expansion of the social service sector—to deal with social polarization. This set the stage for the subsequent government effort to develop a social enterprise-based job creation scheme. The President's pledge was reiterated by a 2007 government pledge to create 800,000 jobs in the social service sector, and was followed by the Social Enterprise Promotion Law in the same year. The Social Enterprise Promotion Law formalized state support for social enterprises and opened the door for businesses to apply for certification as a social enterprise (Korea Foundation for Working Together 2008). Even before the enforcement of the Social Enterprise Promotion Law, however, the Ministry of Labor initiated a project to create social service jobs by providing grants to NGOs in 2003. This project, which began as the Ministry of Labor's social service job creation project with an annual budget of 7.3 billion won in 2003, had evolved into a multi-ministerial collaboration involving 11 government ministries with a total budget of approximately 1.3 trillion won by 2007 (Ministry of Labor 2008). The role of the community and NGOs in providing social services and care is underscored by the Ministry of Labor's rationale for supporting social service job creation:

Creating social service jobs has boosted our economy's growth potential as it has helped the not economically active population, including housewives and the aged, to be brought into the economically active population. In particular, providing social services, such as child caring, housekeeping and patient caring, have liberated women from domestic work, which in turn, has increased employment. The project to create social service jobs has not only created jobs for vulnerable groups of workers...[but] has also played the role of providing social services which are in short supply, thereby largely contributing to supplying social services for low-income lower middle classes who want to get such services but have little purchasing power. The project has a great significance in that it has opened up new horizons by creating jobs in the social service sector, which is often called the third sector beyond the private and public sectors and need to expand its share of employment, through cooperation between NGOs and the government. (Ministry of Labor 2008).

### ***Multiple actors and conflicting objectives: The case of childcare policy***

While it is clear that the care mix in Korea has become more complex as a result of the increased state role in regulating, financing and directly providing social welfare and care, and as a result of simultaneous changes in the market, family and community sectors, the dynamics of the changes have not always been either coherent or self-evident. Indeed, a closer examination of the political economic dynamics of social policy reforms shows that these changes have resulted from active policy contestations among multiple actors with often conflicting objectives. This section examines the political economic processes involved in recent childcare policy reform to illustrate the complexity of the social policy reform process. The reasons for choosing childcare policy reform are, first, it is central to the Roh Moo-hyun government's family/work harmonization policy and an excellent example of the recasting of the earlier productive welfare policy paradigm of the Kim Dae-jung administration; and second, as a policy sector, it is small enough to allow in-depth examination.

Childcare policy reform is central to the Roh Moo-hyun administration's Vision 2030 Plan cited above. It addresses key policy issues – high unemployment, low economic growth, low fertility, rapid population ageing and increasing globalization – and it embodies the principle of social and economic development through social and human capital investment. Simply put, the childcare policy reform serves as an excellent barometer of policy change during the five years of the Roh Moo-hyun administration.

The Roh Moo-hyun government came into power in 2003 with much public expectation and a large political challenge. In defiance of the conservative Grand National Party's attempt to make a comeback at the end of the Kim Dae-Jung's term, Korean voters opted for another outsider, Roh Moo-hyun, who promised to improve the governance structure and deepen civil society participation in political and policy processes – what he called “participatory democracy”.<sup>48</sup> The transition to the Roh Moo-hyun administration was, however, far from smooth. After the euphoria of post-crisis economic recovery (1999–2002), the country woke up to the reality of the end of rapid economic growth. The economic growth rate dropped to 3.1 per cent in 2003, the lowest since 1998, and remained low at around 4 per cent for the next five years. The public frustration at the apparent lack of improvement in economic condition was compounded by the growing awareness of economic inequality and poverty despite the welfare state expansion. Earlier public support for the government's pro-welfare policies was gradually replaced by criticism of the government's inability to manage economic recovery. Media attention shifted to the Roh Moo-hyun administration's lack of understanding of the economy and political diplomacy. Public support for the president declined as public anxiety over high unemployment and low economic growth continued. The Roh Moo-hyun administration was thus faced with a need to move beyond the Kim Dae-jung model of productive welfare policy. In an attempt to develop more coordinated and specific policies to address the issues of economy and social inequality, the President created the Presidential Committee on Social Inclusion. On issue the committee focused on was childcare.<sup>49</sup>

Childcare was an attractive social policy agenda because it addressed a number of important policy concerns shared by the interministerial group members, including low fertility, population ageing, gender equality, job creation and support for service sector industry. More to the point, if carried out well, childcare policy reform could satisfy the public demand for economic growth and social welfare. While all the members in the interministerial group agreed on the expansion of childcare, opinions on how to achieve it differed widely. The Ministry of Gender Equality and Family supported a proposal to introduce universal public childcare made by Korean Women's Development Institute (KWDI), the policy research think tank affiliated to MOGEF, and the Ministry of Health and Welfare (MOHW).<sup>50</sup> The KWDI's research had found

<sup>48</sup> This concept of embedding civil society into policy processes became part of the regime's “participatory welfare”.

<sup>49</sup> At the same time, other committees, such as the Presidential Committee on Ageing Society and Population Policy, were engaged in childcare policy discussions.

<sup>50</sup> Interview with Seung-Ah Hong, Fellow, Family Policy Research Centre, Korean Women's Development Institute, 14 December 2007. Hong was also involved in the KWDI research on childcare as a researcher during childcare policy reform in 2005 and 2006.

significant public dissatisfaction with the existing childcare policy. Most mothers they surveyed felt that the amount of government childcare subsidies was too low, and there were not enough public childcare centres, the option that mothers preferred. The KWDI's care paradigm was also informed by social democratic exemplars like Sweden and Denmark. Their idea of a family care regime thus implied socialization of care, through publicly provided childcare. They argued that it would be more cost-effective for the government to provide public childcare services rather than using subsidies because of the low transactional cost, especially as the infrastructure for such services already existed.<sup>51</sup>

The KWDI, MOGEF and MOHW held numerous meetings over childcare strategy but failed to come up with a unified position on the issue of subsidies versus public provision of childcare. While MOGEF was supportive of universal public childcare, its most logical policy ally within the government bureaucracy, MOHW, was divided. Within the interministerial group, a huge difference also existed between the "economic ministries" such as Ministry of Planning and Budget (MPB) and Ministry of Labor, on the one side, and the "social ministries" of MOGEF and MOHW on the other. MPB was proposing a total deregulation of childcare, preferring the state to use subsidies and tax benefits as incentives to stimulate market demands and to increase market competition; they argued that individual needs for childcare services could be most efficiently met by the market. While not entirely convinced of the merit of public provision of childcare services, MOHW was not comfortable with the MPB's idea of total deregulation, worried that the quality of care might be sacrificed. The Ministry of Labor, meanwhile, saw the burgeoning childcare market as an excellent opportunity to advance its interests in job creation and employment facilitation for women.

The debate on childcare policy reform also raged outside the interministerial group as well. Most NGOs and researchers supported the idea of publicly provided childcare services, and surveys showed that most mothers preferred the public childcare system. However, nearly 95 per cent of the childcare providers were from the private sector; thus, the Private Childcare Providers' Association presented the largest opposition to KWDI's universal public childcare proposal. Pointing to the lack of efficiency and flexibility in the public childcare system, they put the full force of stakeholder pressure to bear on the government, asking it to not make childcare services public. The Korean Childcare Teachers' Association (KCTA), the majority of whose membership worked in private sector childcare centres, was divided on the issue. In its view, the universal public childcare policy presented both opportunities and constraints. Making childcare centres public would imply formalization of their employment status as public service workers, which meant employment security, union representation, higher wages and better working conditions; but it would most likely entail stricter certification requirements. In the end the KCTA opted to avert risks by accepting the private provision of childcare.

The interministerial processes over childcare policy reform took over a year and a half. During this time, the committee's policy proposal was given to the vice-ministers of all the relevant ministries, discussed within each ministry, and debated within the committee before an agreement was reached and presented to the President. The President then organized an all-ministers committee meeting, inviting academics and policy experts in the childcare sector, along with members of civil society, to discuss the plan.

Childcare policy had received much political and policy attention at this point because the total fertility rate in Korea had dropped to 1.08 in 2005, a historic low, and there was collective anxiety about the future of the Korean population.<sup>52</sup> The government faced increasing social and political problems – not just a slowing economy and high unemployment, but also income inequality, alleged government corruption and the lowest-ever fertility. The proposal for universal public childcare became increasingly less sellable in the face of priority policy demands such as job creation and fiscal control. The Ministry of Health and Welfare lost some

<sup>51</sup> Interview with Seung-Ah Hong, 14 December 2007.

<sup>52</sup> Interview with Joo-Hyun Park, Secretary General, and Chairman of Operating Committee, Presidential Committee on Ageing Society and Population Policy, 17 December 2007.

of its earlier vested interests in childcare when much of the family and childcare portfolio was shifted to the Ministry of Gender Equality and Family in 2005. Further, the MOHW by this time had shifted much of its attention to pension reform and the Elderly Care Insurance proposal, fiscally much larger sectors than childcare. MOHW thus agreed with Ministry of Planning and Budget's position to stay on the existing policy course, increasing childcare subsidies rather than pushing for universal public childcare. In the end, the reform resulted in a significant fiscal commitment to childcare through subsidies to parents and to businesses to establish workplace childcare, while leaving intact the structure of private sector-dominated provision.

Childcare policy reform in Korea expanded through the financial broadening of subsidies to parents, and concerted multiple sector efforts to develop the childcare market. The process was far from harmonious; it involved over a year and a half of contentious political debate within and outside the government as multiple actors struggled to push forward diverse policy agendas.

#### **4. Conclusion**

This paper has examined the political and social economy of care in Korea since the 1990s. Changes in the configuration of the care diamond suggest a marked increase in state, market and community roles in care as a result of labour market restructuring and social policy reforms. The increased public support for care in Korea, however, should not be interpreted as simply an expression of the state's intention to relieve women of family care obligations. A more careful analysis suggests a combination of both progressive and pragmatic economic motivations behind the social policy reforms. Simply put, social care reforms since the 1990s, especially those introduced after 1997, have responded to feminist and pro-welfare advocate demands for welfare expansion and greater gender equality, as well as to economic developmentalist demands for an active labour market strategy. In the latter case, the government made social investments, seeking to mobilize women's human capital and labour power in the context of a rapidly ageing population and growing labour shortages. For many feminists who supported the Kim Dae-jung and Roh Moo-hyun governments, the expansion of social care was part of a larger and more complex set of policies necessary to achieve gender equality. Their demands for gender equality and social welfare expansion were supported by parallel policy changes in the area of family/work harmonization policies, such as parental leave legislation, childcare and elderly care, and increased support for lone parent families. At the same time, these progressive changes were complicated by neoliberal labour market reforms, including the deregulation of protective employment legislations that pushed a large proportion of women and men workers into non-standard and precarious employment. From the state's point of view, however, commodifying the uncommodified care work was important in achieving two objectives: freeing women to enter the labour market to participate in other commodified labour and creating new economic growth engines through the socialization of child and elderly care.

This study of the commodification of care work in Korea raises three important issues. First, it underscores the importance of the state's social policy role in determining and defining the nature of women's work. Without the child and elderly care policy reforms and the reforms in cognate areas such as family support, employment legislations related to maternity and parental leaves, work hours and temporary employment, the bulk of family care work would remain as uncommodified labour within the household. Social policy reforms thus provided institutional and legal conditions to externalize women's care work and facilitate commodification of their labour through participation in the labour market. However, by providing institutional and legal bases for families to externalize care, the policy reforms have created and affirmed a new normative ground for women to commodify labour. It is important, therefore, not to read the commodification of women's unpaid care work as the reduction of women's work. Rather, as the case of Korea shows, it implies a shift in the location and financial accounting (however imperfect) of women's work.

Second, as shown in this paper, in Korea, the commodification of women's labour is very much a response to, and understood as, an effective way for the state to address a number of socioeconomic issues, including helping families deal with poverty and labour market insecurities, dealing with low fertility (a means to encourage childbirth), and more effectively allocating human resources in a rapidly ageing society (providing a more effective system of elderly care).

Third, it raises the question of the significance of commodification of women's labour for gender equality – can it lead to reduced reliance on marriage/kin/family and enhanced power? Can the economy generate sufficient decently paid and protected employment, so that women can easily commodify their labour? So far, the evidence suggests that the commodification of women's labour in Korea has been happening in the absence of improvements in employment conditions. Indeed, recent labour market restructuring has resulted in increased employment insecurity and a worsening of employment conditions, a situation that suggests that commodification of their labour may cause more harm than good for women.

## Annex: Summary of the Korean social policy regime

### Structure

Information in this annex is presented based on the following structure.

	Health	Pension	Employment insurance	Workers' compensation/ IACI <sup>a</sup>	Public assistance and social welfare	Education
Expenditure						
Recent reforms						
Programme/benefits						
Insurance premiums, costs and financing						
Population covered						

**Note:** <sup>a</sup> IACI = Industrial Accident Compensation Insurance.

### Health

#### Expenditure

- Total expenditure as per cent of GDP:
  - 1990: 4.3
  - 2000: 4.8
  - 2005: 6.0
- Total public expenditure as per cent of GDP:
  - 2003: 2.9
- Public expenditure as per cent of total expenditure on health:
  - 1990: 36.6
  - 2000: 46.8
  - 2005: 53.0
- Public expenditure:
  - 1990: 3,127.0 billion won
  - 2003: 21,095.5 billion won<sup>53</sup>

#### Recent reforms

- 1988: Expansion of health insurance and health assistance programme to workers in workplaces with more than five employees, and self-employed in rural areas
- 1988: Expansion of Industrial Accident Insurance
- 1989: Extension of health insurance and health assistance programme to urban self-employed (universalization of health insurance)
- 1999: Unification of national health insurance – unification of separate health insurance carriers under a single body, the Health Insurance Review Agency
- 2000: Separation of medical service and drug dispensing – medical services and drug dispensing separated
- 2007: Introduction of Elderly Care Insurance – began in July 2008

#### Programme/benefits

- National Health Insurance (NHI) System:
  - diagnosis, pharmaceutical or health care materials, surgery, other treatments, hospitalization and nursing
  - childbirth, drugs, and essential preventive services

<sup>53</sup> Source: OECD, Health Data 2007, accessed 07 April 2008.



- Health check-ups:
  - The insured and their dependents can receive benefits including in-patient and out-patient care, dental services, oriental medicines, prescriptions, and the detection of preventable diseases and their treatment. The insured and their dependents 40 years or over are entitled to free health check-ups every two years
  - Compensation for co-payment exceeding 1.2 million won in 30 days (at 50 per cent compensation)
  - 80 per cent of the expenses of medical appliances, for example, canes, wheelchairs and hearing aids<sup>54</sup>
- Elderly Care Insurance:
  - necessary long-term care for people over the age of 65
  - covers home-based and institutional care
  - implemented in July 2008

### Insurance premiums, costs, and financing

- Compulsory insurance premium through a payroll tax for workers (a total of 5.08 per cent of employee salary in 2006; shared equally between employees and employers)
- Compulsory insurance contribution to the NHI for the self-employed based on the calculation of income (plus National government subsidy of 50 per cent)
- NHI revenue sources:
  - 81 per cent: premium contribution
  - 12 per cent: general tax
  - 4 per cent: surcharge on tobacco
  - 3 per cent: other
- Co-payments:
  - in-patient: 10–20 per cent of total treatment cost
  - out-patient: 30–50 per cent depending on types of treatments and services<sup>55</sup>
  - additional insurance premium to be added onto the health insurance

### Population covered

- Total number of people covered in 2006:
  - 47,409,600 (96.3 per cent of total population)
  - 28,445,033 employees plus dependents (59.9 per cent of NHI coverage)
  - 18,964,567 self-employed plus dependents (40.1 per cent of NHI coverage)
  - 1,828,627 low income people (covered by Medical Aid programme)<sup>56</sup>
  - estimated to cover only about 2 per cent of all the elderly initially

## **Pension**

### Expenditure

- Total public expenditure as per cent of GDP (2003):<sup>57</sup> 1.5
- Total public expenditure on old age pension:
  - 1990: 1,165.8 billion won
  - 2003: 8,622.7 billion won
- Total public expenditure on survivors' pension:
  - 1990: 298.2 billion won
  - 2003: 1,596.6 billion won

<sup>54</sup> Source: National Health Insurance Corporation, [www.nhic.or.kr/eng/](http://www.nhic.or.kr/eng/), accessed on 7 April 2008.

<sup>55</sup> Source: National Health Insurance Corporation, [www.nhic.or.kr/eng/](http://www.nhic.or.kr/eng/), accessed on 7 April 2008.

<sup>56</sup> Source: National Health Insurance Corporation, [www.nhic.or.kr/eng/](http://www.nhic.or.kr/eng/), accessed on 7 April 2008.

<sup>57</sup> Source: OECD (2007b).

### Recent reforms

- 1988: National Pension – first legislated in 1973, but not implemented till 1988. Covers workers in workplaces of over 10 people
- 1989: Introduction of legal retirement payment system
- 1992: National Pension extended to workers in workplaces with over five people
- 1995: Inclusion of people in rural areas into the National Pension
- 1997: Retirement insurance introduced
- 1998: Integration of regional and company pensions
- 1999: Compulsory participation to National Pension for all people between the ages of 18 and 60 in workplaces with over 10 employees (70 per cent of economically active population covered)
- 1999: Urban self-employed pensions included in the National Pension
- 2003: National Pension made compulsory to all workers in workplaces of more than one person
- 2003: Revision of National Pension – reorganization of national pension and retirement pay
- 2007: Revision of National Pension

### Programme/benefits

- Three types of public pension schemes:
  - National Pension
  - Government Employees Pension
  - Private School Teachers Pension
- Each pension scheme covers:
  - Retirement pension
  - Widows pension
  - Disability pension
- There has been a series of attempt to broaden the coverage of and maintaining the fiscal sustainability of the national pension scheme by reducing the replacement rate from 60 per cent to 50 per cent of the wages, and increasing the contribution rate from 9 per cent to 12.9 per cent, but this was rejected by the Parliament in 2007
- Means-tested old age benefit will be introduced in 2008 and will cover about 60 per cent of the elderly population. The benefit will be only about 5 per cent of the average wage
- 2005 reform allowed employers to replace a lump sum retirement allowance with company pension system

### Insurance premiums, costs, and financing

- Different public pension programmes are financed independently of each other
- Contribution rate for National Pension is currently 9 per cent. Those enrolled in National Pension through workplace share the premium contribution equally with employers (4.5 per cent employee; 4.5 per cent employer contribution), while those who are self-employed and those not registered with workplace pension insurance must contribute full 9 per cent of their income
- All public pension programmes are defined-benefit programmes financed mainly through pay-as-you-go system

### Population covered

- Number of pensioners (2005):  
Total: 18,347,000 (80.4 per cent of all employed persons 18 years and over)

- National Pension: 17,124,000
- Government Employees Pension: 986,000
- Private School Teachers Pension: 237,000
- Number of pension beneficiaries (2001): National Pension: 955,803 (12.3 per cent of pensioners)
- Government Employees Pension: 160,721 (17.5 per cent of pensioners)
- Private School Teachers Pension: 14,639 (6.7 per cent pensioners)<sup>58</sup>

### ***Employment Insurance***

#### **Expenditure**

- Total public expenditure on unemployment insurance as per cent of total government spending:
  - 2000: 0.3
  - 2003: 0.5
- Total public expenditure on unemployment insurance:
  - 2000: 470.8 billion won
  - 2003: 1,030.0 billion won
- Total public expenditure on active labour market as per cent of total government spending:
  - 1990: 0.2
  - 2000: 1.8
  - 2003: 0.5
- Total public expenditure on active labour market:
  - 1990: 58.6 billion won
  - 2000: 2,440.1 billion won
  - 2003: 1,141.1 billion won

#### **Recent reforms**

- 1990: Active labour market policies
- 1990: Environment Pollution Dispute Settlement Law
- 1995: Employment Insurance Program introduced
- 1998: Employment Insurance Reform
- 2000: extension of Employment Insurance
- 2004: extension of Employment Insurance
- 2001: Maternity Protection Law

#### **Programme/benefits**

- Active labour market policies primarily focused on encouraging employers to hire the elderly and the disabled, and providing employment support for the elderly and the disabled
- Compensations to the victims of environment pollution, particularly those related to the Onsan Disease case since the mid-1970s
- Unemployment insurance coverage to workers in establishments with 30 or more workers (in 1996, this represented approximately 35.5 per cent of all waged and salaried workers)

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<sup>58</sup> Source: Ministry of Health, Welfare, and Family Affairs (2008).

- Extension of employment insurance coverage to workers in establishments with 10 or more workers, and then revised down again to establishments with one or more employees in the same year
- Extension of employment insurance coverage to workers in all establishments, and non-standard workers
- Extension of employment insurance coverage to daily workers
- Extension of maternity leave period from 60 to 90 days

#### Insurance premiums, costs, and financing

- Separate premium rate for Unemployment Benefit Program (UBP), Employment Stabilization Program (ESP) and Job Skills Development Program (JSDP)
- UBP – 2004: 0.9 per cent of wage (0.45 per cent employee; 0.45 per cent employer contribution)
- ESP – 2004: 0.15 per cent of wage contributed by the employer
- JSDP – 2004: ranges from 0.1 per cent to 0.5 per cent of wage contributed by the employer, depending on size of the employment

#### Population covered

- Workplaces covered by Employment Insurance (EI):
  - 1995: 38,953
  - 1998: 400,000
  - 2004: 1,002,638
- Number of people covered under EI:
  - 1995: 4.204 million
  - 2004: 7.577 million
- 2004:
  - 68.9 per cent of all workplaces covered had five or less employees
  - 15.3 per cent had five to nine employees
- 2004:
  - 28.1 per cent of all insured worked in the service sector
  - 36.1 per cent of all insured worked in the manufacturing sector
- EI coverage ratio:
  - 1995: 32.6 per cent of all workers
  - 2004: 50.9 per cent of all workers
- Number of women taking maternity leave:
  - 2002: 22,711 (50 per cent of all eligible women)
  - 2004: 38,541 (85 per cent)
- Number of people taking parental leave:
  - 2002: 3,763 (16.7 per cent of recipients of maternity leave)
  - 2004: 9,303 (24 per cent)<sup>59</sup>

#### ***Workers' compensation/Industrial Accident Compensation Insurance (IACI)***

##### Expenditure

- Total public expenditure on workers' compensation as per cent of total government expenditure:
  - 1990: 1.5
  - 2003: 1.6

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<sup>59</sup> Source: Keum et al. 2005.

- Total public expenditure on workers' compensation:
  - 1990: 562.5 billion won
  - 2003: 3,648.5 billion won

#### Recent reforms

- 1987: IACI reform extension
- 1991: IACI reform extension
- 1992: IACI reform extension
- 1996: IACI reform extension
- 1998: IACI reform extension
- 2000: IACI reform extension

#### Programme/benefits

- Extension of IACI to:
  - 20 industries with five or more employees
  - mining, forestry, fisheries, wholesale and retail, and real estate industries with 10 or more employees
  - the above industries with five or more employees
  - education services, health and social welfare services
  - finance, insurance, and dispatch workers
  - all self-employed

#### Insurance premiums, costs, and financing

- Employer bears 100 per cent of premium payment. The amount of premium determined annually for each business type

#### Population covered

- IACI covers all employees, including non-standard and non-regular workers. In March 2009, there were a total of 24,062,000 people employed

### ***Public assistance and social welfare***

#### Expenditure

- Total public expenditure on family:
  - 1990: 59.9 billion won
  - 2003: 867.2 billion won
- Total public expenditure on other social policies:
  - 1990: 335.3 billion won
  - 2003: 3,255.8 billion won

#### Recent reforms

- 1987: Expansion of educational support for children of people receiving public assistance and those living in subdivisions and designated areas to attend secondary and vocational high schools
- 1991: Child Care Act – establishment of child care institutions
- 1993: Employment Support Allowance (one-time cash benefit) to people completing job training programmes
- 1997: Extension of educational support to children of all public assistance recipients up to secondary and vocational high schools
- 1998: Introduction of active welfare

- 2000: National Basic Livelihood Security Act established, and implemented in 2000
- 2005: National Child Care Act – expansion of child care institutions, public subsidies for child care for families with preschool age children

### Programme/benefits

- Medical assistance (medical aid programme)
  - basic livelihood security recipient
  - medical care for poor foreign workers: provide subsidies to medical institutions that have been giving free medical treatment to the needy
- National Basic Livelihood Support Programme
  - public assistance for individuals and households with income less than minimum income threshold as calculated by the Ministry of Health and Welfare
- For the aged
  - free, low-price and private facilities. Only seniors in the low-income bracket are allowed into free or low-price facilities
- Support plan for the disabled
  - self-support, education aid, appliances aid and non-budgetary measures such as tax deduction and public facilities fee discounts
  - Ten-Year Plan for Senile Dementia: building nursing facilities, hospital and research institutions for dementia, and implementing pilot projects of remote clinics
  - The Aged Employment Services Centre, the Aged Workplace and the Aged Employment Promotion: 572 communal workplaces
  - The Aged Employment Promotion Act encouraged companies to employ 3 per cent or more of its employees from the senior population aged 55 or more
- Child and Family: Child Welfare Act:
  - employment programmes such as technical and vocational training, consultation and social adjustment for adult orphans since 1976
  - institutional care: where the government provides financial assistance and counselling services on psychological, educational, and vocational training issues. Maternity care also offered to unmarried single mothers so that they can give birth to a baby in a healthy and safe environment

### Insurance premiums, costs, and financing

- Medical assistance: General taxation; means-tested
- National Basic Livelihood Support Programme: General taxation; means-tested
- For the aged: General taxation; means-tested
- Support plan for the disabled: General taxation; means-tested
- Child and Family: Child Welfare Act: General taxation; means-tested

### Population covered

- Medical aid: 1,420,539 (year end eligible person). In 2002; 691.018 households and 1.352.858 persons (BLSR)
- National Basic Livelihood Support: Total number of beneficiaries in December 2007 was 1.55 million (3.2% of total population)
- Only seniors in the low-income bracket are allowed into free or low-price facilities
- In 2002, 140,000 people with disability allowances and 119,000 with medical aid and expenses  
Total number: 1,294,254.

216 residential and 747 non-residential institutions. Persons in institutions: 19,515.  
Total number of disabled: 1,294,254

## **Education**

### Expenditure

- Public expenditure as per cent of GDP:
  - 2004: 6.2
- Public expenditure as per cent of total government expenditure:
  - 2004: 15.5

### Recent reforms

- 1982: Early Childhood Education Promotion Act – establishment of public and private kindergartens
- 1992: Education Laws 146, 147 – national standardization of kindergarten curriculum
- 2004: Early Childhood Education Act – removal of ECE from within the Primary and Secondary Education Law; integrated care and education service for three to five year olds as presented in the 1997 reform

### Programme/benefits

- Early childhood education – mainly kindergarten education for children aged four and five
- Primary education
- Secondary education (middle and high school)
- University

### Insurance premiums, costs, and financing

- Early childhood education: Combination of public and private kindergartens. Public kindergarten free, but the cost of private kindergartens are borne by the family, and partially subsidized by the state. The most recent ECEC legislation proposes free early childhood education for all children five years of age.
- Primary education: Free, compulsory
- Secondary education: Free, compulsory for middle school, but students bear the price for high school
- University: Combination of public and private universities, but students bear the price

### Population covered

- Early childhood education: combined ECEC enrolment rate of children: 59.5 per cent (3 year olds), 66.4 per cent (4 year olds), and 88.7 per cent (5 year-olds), respectively in 2004
- Primary education: 99.9 per cent enrolment rate
- Secondary education: 99.6 per cent enrolment rate for middle school; 87 per cent for high school
- University: 49.8 per cent enrolment rate for university.  
Total number of students: 7,727,717  
Female graduates: 81.1 per cent  
Labour force participation post-graduation: 50.3 per cent

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