UNRISD
UNITED NATIONS RESEARCH INSTITUTE FOR SOCIAL DEVELOPMENT

The Reform of the Civil Service Pension Programme in Korea: Changes and Continuity

Huck-ju Kwon[1]
Seoul National University

July 2009

prepared for the UNRISD project on

Financing Social Policy: Pension Funds and Economic Development

DRAFT WORKING DOCUMENT

Do not cite without the author's approval

[1] I would like to express my thanks to Katja Hujo for her comments. Usual caveats are applied.

The **United Nations Research Institute for Social Development** (**UNRISD**) is an autonomous agency engaging in multidisciplinary research on the social dimensions of contemporary development issues. Its work is guided by the conviction that, for effective development policies to be formulated, an understanding of the social and political context is crucial. The Institute attempts to provide governments, development agencies, grassroots organizations and scholars with a better understanding of how development policies, and processes of economic and social change, affect different social groups. Working through an extensive network of national research centres, UNRISD aims to promote original research and strengthen research capacity in developing countries.

Research programmes include: Civil Society and Social Movements; Democracy, Governance and Well-Being; Gender and Development; Identities, Conflict and Cohesion; Markets, Business and Regulation; and Social Policy and Development.

A list of the Institute's free and priced publications can be obtained by contacting the Reference Centre.

UNRISD, Palais des Nations
1211 Geneva 10, Switzerland

Tel: (41 22) 9173020
Fax: (41 22) 9170650
E-mail: info@unrisd.org
Web: http://www.unrisd.org

Abstract

This paper examines the Civil Service Pension Programme reform in the Republic of Korea in terms of policy processes and programme changes. The Civil Service Pension Programme has been developed within the framework of the developmental state, which has played the leading role in Korea's economic development. Since Korea has undergone structural changes not only in terms of democratization but also in terms of the structural transformation of the economy and demographics, there has been increasing pressure on the reform of the welfare system in general and, in particular, of the Civil Service Pension Programme. The primary aim of this paper is to examine the policy processes behind the Civil Service Pension Programme reform in Korea and, secondly, to determine whether the proposed reform will bring about fundamental changes in the nature of the Civil Service Pension Programme to the overall public pension system in Korea. This paper argues that while the recent reform of the Civil Service Pension Programme will consolidate the financing for the programme, the public pension system will remain by and large the same as before. Nevertheless, this paper maintains that the emerging pattern of the policy process shows a significant change in policy making, as a wide range of stakeholders were able to represent their interest and engage in policy debate through the Committee for the Reform of the Civil Service Pension Programme, resulting in policy compromise with consensus.

1. Introduction

The welfare system in the Republic of Korea (hereafter Korea) has evolved over the past forty years from a bare structure with a minimal number of programmes into a number of fairly comprehensive systems. During this time, Korea acquired distinctive social policy characteristics, such as 'welfare developmentalism', a policy orientation placing economic development in a high priority in the arrangement of social policy. Based on such policy rationale, Korea's social policy can be summarized as a developmental welfare state. The Civil Service Pension Programme is one of the typical programmes for such a purpose because it was set to mobilize the civil service to the cause of economic development. It was introduced in 1960 and provided pensions for more than 229,000 retired civil servants in 2007 (Ministry of Public Administration and Security 2008)[2].

As Korea has undergone structural changes, not only in terms of democratization, but also in the social and economic spheres, the welfare system has been increasingly pressured to change.. In particular, since the older generations in Korea have been rapidly ageing for the last two decades, financing the existing pension programmes has been challenging. While the 2007 reform of the country's main public pension programme, the National Pension Programme, was carried out to reduce the replacement rate from 60 to 40 percent gradually, the National Assembly is currently reviewing the proposal of the Civil Service Pension Programme reform submitted by the government. The proposal is based on a report by the Committee for the Reform of the Civil Service Pension Programme—an independent ministerial advisory committee composed of policy experts and stakeholders. The report contains the Committee's policy recommendation to the Korean government, following a two and a half year deliberation.

This paper has two aims. It will examine the policy process behind the reform of the Civil Service Pension Programme in Korea and it will answer whether the proposed reform will bring about fundamental changes in the nature of the Civil Service Pension Programme to the overall public pension system in Korea. We will tackle this question with a two pronged approach: focusing not only on the Civil Service Pension Programme, but also on the public pension system in which it operates, as well as the pattern of the policy process in which political decisions have been made.

In many countries, civil service pension programmes have been the backbone of the institutional configuration of government bureaucracy. Their history traces back to France in 1790, when the professional bureaucracy was first developed in Europe. As described by Max Weber, full-time work and life-time job are core features of the professional bureaucracy (Weber 1968). Civil service pension programmes are one of the policy instruments for managing personnel in the bureaucratic system, and the Korean civil service pension programme is one of the typical examples. Further, in many developing countries, such as Korea, civil service pensions were introduced within the framework of the developmental state. In some countries, such policy framework seized to be employed, while in others it was very successful in achieving economic development. An example of the latter, in Korea the Civil Service Pension Programme played its part in a crucial way throughout the last four and a half decades. As Korea is set to reform the Civil Service Pensions Programme, a careful analysis of its process and outcome provides important policy implications to other developing countries not only in terms of financing public pensions, but also in terms of policy making in that policy makers and the public in many developing countries also contemplate the role of the state in the coming period.

There is a large body of literature emphasizing the critical role of bureaucrats as nuts and bolts of the

[2] There are two other public pension programmes for specific public sector workers: the Private School Teachers Pension Programme and the Military Personnel's Pension Programme. They have the same structure as the Civil Service Pension Programme. Since it is expected that they will follow the Civil Service Pension Programme in terms of reform, we choose to focus only on the latter.

developmental state in Korean economic development (Haggard 1988; Kwon 1999; White 1988; Woo, 1991). Here, we define the developmental state as a state that plays a strategic role in economic development with a bureaucracy that is given sufficient scope to take initiatives and operate effectively (Johnson 1999). Economic development is prioritized over other spheres of public policy and the national economy as a whole has priority over the comparative advantage of particular industries. This is a minimalist definition, compared to the conventional one, which also carries with it a heavy load of economic, political and social implications. Although the developmental state has shown an affinity to authoritarian politics, we do not assume that the developmental state is intrinsically opposed to democracy, just as the leading commentators have never denied the possibility of democratic politics within the developmental state (Johnson 1999; White 1998). The underlying reason for which the developmental state can pursue economic development as the overall policy goal without being subject to sectoral interest is because bureaucrats are insulated from the various social interests and pressures (Haggard 1988).

With respect to the Korean experience, strong discipline was maintained in the government. It is also true that there was a strong ethos for modernization among bureaucrats (Yoo 1966). Nevertheless, it was the Civil Service Pension Programme, the country's first public pension programme introduced in 1960, that gave a clear incentive for bureaucrats to have a long term commitment to service and to the economic development of the country in general (Kwon 2006). Designed to provide generous pensions to retired civil service officers, the Civil Service Pension Programme established a twenty-year minimum service requirement. Additionally, in order to reiterate commitment to economic development, the real value of the pensions can only be maintained if the country is economically successful.

The programme's financial situation was stable for the first thirty five years, since the programme operated initially on the basis of a funded system. When it started to provide full-pensions in the 1980s, the financial conditions were still solid. From the late 1990s however, the programme ran into financial difficulties. Revenue from contributions of current employees in civil service and government contributions as an employer could not meet the amount of pension expenditure. Consequently, the government changed the law in 2000 so that it could provide extra financing filling the gap between revenue and expenditure. While this was a demonstration of government support guaranteeing the programme, it gave rise to strong criticism towards the programme's financial structure and, consequently, to calls for its reform.

From 2005 onwards, however, the demand for reform took a different shape. It questioned the rationale of the programme itself, as policy experts began to ask why there should be a separate pension programme for the civil service. Some policy experts argued that civil service pensions should be integrated into the National Pension Programme in which ordinary Korean citizens participate (Kim 2005). In recent policy debates, criticisms toward the Civil Service Pension Programme have been much stronger and have led to a demand for the structural reform of the public pension programmes in general. Further, the then Minster of Health and Welfare of the government, Yoo Shi-min, a political heavy hitter in the Rho Moo-hyun government (2003-2008), argued that the Civil Service Pension Programme was not only unsustainable but also unjustifiable. It was unsustainable because the government could not provide all the necessary financing for the Civil Service Pension Programme in the indefinite future and it was unjustifiable because it privileged bureaucrats compared to other citizens who belonged to the National Pension Programme.

The same issue arose during the debate in the late 1980s, when the National Pension Programme was eventually introduced. At the time, there was no public pension programme for the public at large whereas the Civil Service Pension Programme had been in place since 1960. Social grievances emerged about such inequity. During the presidential election in 1987, which took place for the first time after the democratization[3], the governing candidate, Rho Tae-woo, promised the National

[3] The Constitution was reformed in 1987 so that the President would be elected through popular vote

Pension Programme to be introduced in response to the issue. After winning the election in 1987, the Rho Tae-woo government introduced the National Pension Programme. In the end, the equity issue disappeared as different public pension programmes were set for different categories of people.

Why did the issue of equity arise again? More importantly, why did the health and welfare minister openly criticize the government's inaction about the reform of the Civil Service Pension Programme? To answer these questions, it is necessary not only to analyse the structure of the Civil Service Pension Programme but also to look into the decision making process. It is important to note that there has been a strong demand for a more open and deliberative process. While the Civil Service Pension Programme epitomizes the institutional feature of the developmental state, its decision making is characterized by the tightly organized and hierarchical manner in which the top decision makers play key roles (White 1988; Woo-Cumings 1999). Opposition parties, non-governmental policy experts and the public at large were not actively involved in the decision making process. In fact, there were political conjunctures in which different policy stakeholders negotiated diverse interest and opinions and made policy compromises. During the economic crisis of 1997-8, the Kim Dae-jung government was able to forge a social consensus for the reform of the labour market through the tripartite committee on labour, business and government. Nevertheless, such a mode of policy making was short-lived. Afterwards, Korean politics faced the same difficulty of reaching social compromises in policy issues where different social interests conflicted sharply, such as in health care reform (Kwon and Chen 2007). This raised serious doubt as to whether the Korean government could make effective policy decisions on controversial issues with strong authority while incorporating different voices.

The reform of the Civil Service Pension Programme provides a testing case on the issue. In 2006, the Korean government set up the Committee for the Development of the Civil Service Pension Programme (the Civil Service Pension Committee hereafter) to draft a reform plan. The committee was composed of different policy stakeholders of the Civil Service Pension Programme, who took opposing positions toward the reform. As mentioned previously, we examine two dimensions of the reform, its characteristics and the policy process. Consequently, one of the answers we will attempt to answer is whether the experience of this reform points to a new mode of decision making in Korea

In examining the policy process of reform, this paper focuses on three aspects of decision making. First, we address the involvement of political stakeholders in the reform debate, focusing on the participatory scope of different social actor and the depth of their involvement in policy making. Decision making of the Korean government used to be characterized by the narrowness of participation, since only a small number of government bureaucrats are involved in the decision making process while the remaining social actors remain excluded. Nonetheless, it appears that diverse stakeholders became increasingly involved in the process. In examining whether it represented a significant change in terms of the range of participation of different policy stakeholders, we need to consider the extent of involvement, because broader participation can only make limited impact without necessary depth of involvement.

In our second focus, the paper analyzes the political process in which the compromise made between stakeholders can potentially lead to an effective policy output. While political compromises are made, there still exists the possibility that they can later be derailed, either because they are caught in an institutional bottle-neck or because some actors do not honour their promises. Examining the case of the Civil Service Pension reform will show us whether the new pattern of decision making will have effective impact on policy changes.

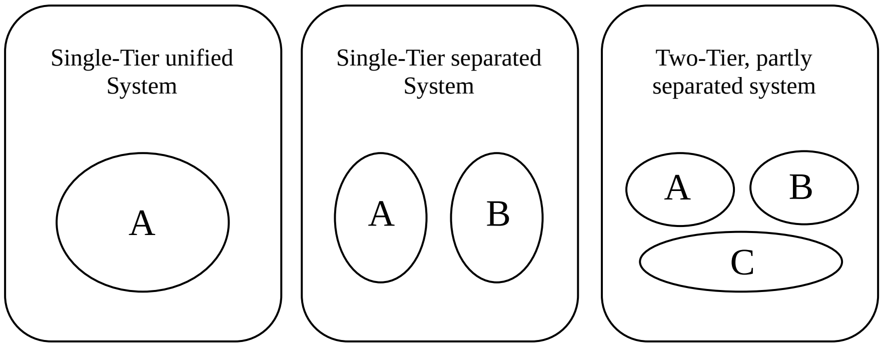
---

instead of the Electoral College.

2. The Structure of the Public Pension System

In order to analyse the reform of the Civil Service Pension Programme within the context of the overall public pension system, it is necessary to elaborate an analytical framework that can incorporate the multi-polar and multi-tier systems of the pension structure. Public pension programmes can have three ideal-typical systems, as presented in Figure 1.[4] The first one is a single-tier unified system, in which the public pension programme covers all citizens no matter whether they are employees in the private sector or civil servants. The second one is the single-tier separated system, in which the ordinary citizens and members of the civil service join in separate pension programmes, the latter not necessarily having the same configurations in terms of the level of contributions and pensions. The third one is a two-tier, partly separated system in which all citizens are covered by a national basic pension programme, while employees in the private sector and members of the civil service have separate second-tier pension programmes.

Figure 1
Three Ideal-Types of Public Pension Systems



A: National Pension Programme for all Citizens; B: The Civil Service Pension Programme; C: National Basic Pension Programme

Source: (Kwon and Kwak 2006)

The present Korean public pension system belongs to the second type of ideal-typical systems and is also seen in countries such as France and Germany. While the Civil Service Pension Programme is for members of the civil service, the National Pension Programme is the pension programme for the public at large. Participants pay 9 per cent of their income to the National Pension Programme (employees and employers each pay half while self-employed pay full 9 per cent.) After twenty years of minimum contributions and at the age of 6o, the participants receive full old-age pensions. Starting in 2008, the National Pension Programme began to provide full pensions after twenty years in operation. Since it only provided full pensions to those with a twenty-year contribution record, it accumulated a huge amount of the fund equivalent to the government annual budget. Once it starts to pay out pensions, the size of the fund will become smaller (under the current system, it is projected that the fund will be dried out in 2060) (Lee 2007).

The National Pension Programme[5] was first considered for introduction in the early 1970s, but

[4] In Figure 1, private pension schemes are not included. If they are included, there will be another tier on the top of the system in Figure 1. As private pension schemes are normally operated in the market system with many competing insurers, one may put a number of small circles on the top of each system.

[5] The National Pension Programme is designed to have redistributive effect among different groups of income. The initial formula of the National Pension Programme at the time of introduction was the following:

implementation was postponed due to the oil crisis in 1973 and was eventually introduced in 1988. Due to the insurance arrangement, the National Pension Programme began with wage-earning employees, and by 1994 it covered 27 per cent of the working population (Kwon 1999). In 1999, the government expanded the programme to farmers, self-employed, and those with short-term contracts although they had the option of not joining the programme. However, from 2003 onwards, anyone earning an income must participate in the programme. Those who work in public corporations, legally speaking not the civil service, will have to join in the National Pension Programme. Currently, the National Pension Programme has a huge financial reserve, since it just started to disburse full pensions in 2008 because of the requirement for twenty-year contributions. In 2007, the National Assembly passed a government bill, reducing the level of pensions under the National Pension Programme. As to be discussed in the following section of the paper, there is an argument that calls for the integration of the two pension schemes in the Korean debate, which will eventually bring the pension system in Korea to the first ideal-type pension programme. With respect to the third type of Figure 1, the pension systems in the UK and Sweden can be categorised in the third type system.

In the second ideal-type, pension programmes for the civil service take a prominent position for two reasons: it is different from the public pensions for the public in general and the system thereby privileges the members of the civil service often. Though not necessarily true in every case, the civil service pension programmes tend to be more generous than that of ordinary citizens in this type. Often the level of the pensions is higher in civil service pension programmes than in the national pension programme for citizens at large. It is often set to produce a higher internal return rate (the total amount of pensions / total amount of contributions) for the members of the civil service.

Public pension systems of the second ideal-type came to exist for political and administrative reasons. Those in power sought to secure the loyalty of the bureaucracy with generous pension programmes. For example, in 1790 France, when the civil service pension programme was first introduced, its aim was to secure the loyalty of the bureaucracy but considering the professional bureaucracy as a modern governing structure, it also aimed to enhance the effectiveness and efficiency of the government. During the 1790s, in Prussia, the civil service pension programme was the core component of the bureaucracy (Meny 1990:303). After being defeated by Napoleon, Prussia wanted to build an effective bureaucracy in order to transform the country with a modern administration. With the promise of a pension, bureaucrats could commit themselves to the state without worrying about their income security after retirement. When the modern state came to form its basic structure in the 1800s, the state could maintain its autonomy with the professional bureaucracy in the face of emerging social classes such as the bourgeoisie, the working class, and the old land-owners.

Using the three ideal types of public pension systems as an analytical framework, this paper examines policy proposals for the reform of the Civil Service Pension Programme in Korea, as well as the debate surrounding the issue. In the remainder of this paper, we trace back the history of the Civil Service Pension Programme within the context of the developmental state, examining how it acquired its characteristics. The paper will then analyze the reform’s policy process and its estimated effects.

3. The Developmental state and the Civil Service Pension Programme in Korea

The Civil Service Pension Programme in Korea was first introduced in 1960 by the Chang Myun government (1960-1961) just before embarking on the ambitious five year economic development plan. This state-led development plan was also recommended by the Nathan mission of the US as well as the UN, based on the rationale that a development process led by the state would be more effective

---

Pension (monthly) = 0.2 x (A + 0.75W) + 0.05 x n

where A: average monthly wage of all members of the NPP

W: individual’s own life time average of monthly wages

n : the number of years of contribution more than 20 years.

than left to unorganized voluntary force. Such state-led plans were put into operation in many developing countries in the 1960s. In order to implement the plan, the Chang government tried to attract young university graduates to the government. The Civil Service Pension Programme was one of the policy instruments in this effort. However, the Chang government did not have time to carry out the plan due to its sudden demise by the military coup d'état led by Park Chung-hee in 1961.

Though specific details changed, the Park government did maintain the previous government's basic rationale of economic development policy, and embarked on the First Five Year Economic Development Plan in 1962. The Park government continued to carry out economic development policy with successive economic plans while the policy emphasis shifted from import substitution industrialisation to export-led development in the mid-1960s. In the 1970s, economic policy deepened, as it aimed towards the vertical integration consumer goods and chemical and machinery industries. In this period, the economy recorded impressive growth with a simultaneous reduction in poverty (see Table 1). In the process of economic development, the state and its bureaucracy played a pivotal role, capturing well the notion of the developmental state (Adelman, 1997; Kohli, 2004; Woo, 1991). The government worked in a highly coherent manner from the top to the bottom, as the state machine was under the President's direct control, using the Office of the Blue House and the Korean Central Intelligence Agency as instruments.

Table 1 Major economic indicators in Korea

	1961	1966	1972	1981	1987	1993
GNP per capita (dollars)	90	125	306	1,741	3,218	7,513
Poverty rate (households)		40.9	23.4	9.8		7.6
Growth rate	1.6	6.8	2.5[a]	4.5[a]	10.0[a]	5.1[a]
Unemployment rate [b]	17[c]	15	10	10	5	4
	(7)	(6)	(4)	(4)	(3)	(3)

Note: The absolute poverty line was 121,000 *won* per month (at 1981 prices) for a five-person household. Source: Kwon, 1998: 34. (years poverty figure: 1965, 1970, 1980, and 1991)
[a] deflated rate, Source: OECD 2009; [b] Includes both the unemployed and those working less than 18 hours per week. Figures in parentheses indicate full-time unemployment. [c]1963 figure. Source: Adelman 1997:535.

In the highly organized and disciplined structure of the developmental state, there lies a merit-based bureaucratic system that is a driving force for development. Aside from its organization, the bureaucracy's openness to all social classes offers an additional strength. Young talent is recruited from the entire population, as opposed to from a particular social class with political influence, provided they are successful in the entrance examinations. Given that the education system was open to most young people, those from poorer backgrounds could—if they worked hard—compete academically with those who were better off because of the absence of social barriers. According to Yoo's survey in 1966, 47.5 per cent of higher ranking officials came from small peasant families while 15.5 per cent had fathers who were in the public sector (Yoo 1966). Low-rank officials were also recruited through examinations, not by local connections or the practice of favouritism.

In terms of remuneration, the civil service was not highly paid compared to employees in the private sector. Even the level of pay for the bureaucrats became lower on average than in the private sector once the Korean economy started to record impressive growth from the late 1960s and 70s. According to the survey conducted by the government in 1981, the level of pay for low rank officials was about 70 per cent of the pay for their counterparts in private sector, while the top rank official only got one third of their counterparts in the private sector (Ro 1981).

How was then the morale and discipline of the bureaucracy maintained with low levels of remuneration? The immediate answer would be the strong commitment of the bureaucrats to national

development (Ro 1981). Additionally, there were other economic incentives for the bureaucrats to commit to their jobs. Unlike their counterparts in the private sector, their jobs were secured almost for their entire working career unless they committed serious wrongdoings. In fact, in the early 1960s there were limited higher salary jobs in the private sector, although new opportunities emerged once economic growth took off in the mid-1960s. On top of job security, bureaucrats had civil service pensions replaced their income after retirement, while ordinary citizens waited until 1988, when the National Pension Programme was introduced.

In a way, the Korean government borrowed money from the future to ensure bureaucrats' commitment through long-term job security and civil service pensions. With the defence expenditure accounting for 30-40 per cent of the government budget after the Korean War, and another 20 per cent repayment for the loan and interest, the government did not have much room for high remuneration of the bureaucrats (Ro 1981). However, the government could secure bureaucrats' commitment with job security and civil service pensions, both of which did not require immediate fiscal spending. In other words, starting in the 1960s, administrations made pension promises to the civil service while giving a low level of salary, while future administrations would need to bear the expenditure of the pension programme when it matured.

In 1962, the Park government removed the clause regarding the age at which pensions could be received, set previously at 60 years old. Because of this change, officials who contributed for 20 years to the civil service pension programme could receive pensions after retirement even before they reached the age of 60. In other words, theoretically, if one started to work for the civil service at the age of 25 and retired from the service at the age of 45, he/she would be eligible for full pensions. This sounds unreasonable from the current point of view. However, considering that the life expectancy in Korea was around 55-57 years in the 1960s and 1970s as in Table 2, the previously set age of 60 when one could start receiving their pension would be equally unreasonable to most civil servants at that time. In short, the government wanted to ensure civil service employees that they would receive their pensions after retirement. The pensionable age was only reintroduced in 1995 and was set at 60, but it will be fully operating in 2021 because pensionable age was scheduled to increase incremental manner.

Table 2 Life Expectancy in Korea (1965-2005)

Year	1965	1970	1975	1980	1985	1990	1995	2000	2005
Life expectancy	55.2	57.6	62.6	64.8	67.2	69.8	72.2	74.6	76.8

Source: National Statistical Office 2006.

The amount of pensions was also generous, since the pensions were based on the salary of the last year of employment. The aim of this measure was to give incentives for civil servants to work towards a promotion and consequently higher salaries in the last years of their careers. Since contributions are made in relation to the level of current salary, which must be lower than that of the last year's salary, the pension fund could not be sustained once the pensions were paid out to retired civil servants. This formula was changed in 1995. The new formula was used the average of the salaries received in the last three years of service in order to determine the pension amount, as in Figure 1. According to the formula, those who worked for 33 years (the maximum number of years under which one can receive a pension), would get 76 per cent of the average salary of the final three years. It is fair to say that the replacement rate is high, compared to the National Pension Programme in which average earners would get 60 per cent replacement rate in 2007 (this will be 40 per cent in 2020 by the reform in 2007).

Figure 2: Pension Formula of the Civil Service Pensions

Pension = (AW x 0.5) + (AW x 0.02n)
Where AW is the average of the level of the last three years' salaries
n is the number of years of service of more than twenty years

Nevertheless, the Civil Service Pension Programme did not have financial difficulties until late 1990. This is hardly surprising because the programme required the members of the civil service to contribute at least twenty years before they could claim pensions. Even after the retired civil servants began to claim pensions, the number of pensioners remained small. The pension-dependency ratio, that is, the proportion of pensioners to current working population of the civil servants, remained less than five per cent until 1994 as in Table 3. For instance, in 1990, there were around 25,000 retired civil servants and their survivors receiving pensions: this accounts for a dependency ratio of 3.0 per cent.

Table 3 Number of Pensioners of the Civil Service Pension Programme

	Civil Service	Pensioners[1]	Pension- Dependency ratio[2]
1982	667,754	3,742	0.6
1985	696,951	9,078	1.3
1990	843,262	25,396	3.0
1995	957,882	56,343	5.8
1998	952,154	89,332	9.3
1999	913,891	128,940	14.0
2000	909,155	150,463	16.5
2005	986,339	218,006	21.9
2007	1,021,771	229,157	24.8

[1] Including survivors; [2] pension-dependency ratio = (pensioners/contributors) x 100
Source: Civil Service Pension Corporation 2007.

The reasons why the pension-dependency ratio was low were manifold. First, as in Table 2, the life expectancy of the cohort who joined in the civil service in the 1960s was not long. Longevity after retirement must have been short, although the life expectancy of civil servants is normally longer than the average citizens. Consequently the number of pensioners did not increase rapidly. Secondly, there were many retired civil servants who did not meet the requirement of the minimum twenty years contributions. Less than half of the retired civil servants met the requirement of 20 years contribution. For example, in 1994 there were 36,875 civil servants retiring, but only 35.7 per cent were eligible for full pensions. If this requirement was not met, then they received a lump-sum payment[6]. Thirdly, among those eligible for pensions only 30 per cent of them chose pensions, since they could choose the lump-sum payment. Those who chose the lump-sum payment instead of pensions might have been in need of liquidity rather than pensions. Otherwise they might believe that the real value of their pensions in the future would not have been bigger than that of the lump-sum payment at present given life-expectancy at the time.

Nevertheless, these reasons died out as the social structure in Korea changed, following the impressive economic development in the 1970s and 80s. Life expectancy increased fast, going beyond 70 years old; those who met the minimum requirement increased; and more and more retirees began to choose pensions. As Table 3 shows, in 1995 the pension-dependency ratio increased to 5.8. In that

[6] Lump-sum payment for those with less than five years service = pensionable salary of the last month in service x 1.2.
Lump-sum payment for those with more than five years service = pensionable salary of the last month in service x the years in service x 1.5 + (pensionable salary of the last month in service x the years in service more than five years x 0.01).

year, the government carried out a change in pension formula so that pensions would be based on an average of the level of salaries of the final three years.

However, the sudden increase in the number of pensioners in 1999 was not due to those long-term structural changes. As the Korean economy was struck by the Asian economic crisis in 1997-8, structural reforms were carried out in the economy. Many private businesses went bankrupt while others reduced their employees, performing large-scale lay-offs. This was the case not only in the private sector but also in the public sector. In 1998 and 1999 the government carried out the early retirement programme in the civil service as part of a wider policy of reducing the number of public sector employees (see Table 4). It was also an effort to create vacancies for the young graduates who feared to be unemployed on a massive scale. In particular, the government carried out a compulsory retirement programme in public schools to force senior teachers to retire during this period.

Table 4 the number of early retirement in the civil service

Year	1996	1997	1998	1999	2000	2001	2002
Early retirement	3,482	2,875	14,816	35,409	20,342	5,387	3,231

Source: Civil Service Pension Corporation (2005:108)

During the Asian economic crisis of 1997-8, the IMF recommended the Korean government to privatize its public pension programmes. This recommendation was not accepted and the Korean government kept the National Pension Programme and the Civil Service Pension Programme within the public domain, as the Kim government intended to strengthen the welfare system while undertaking labour market reform during the economic crisis (Kwon, 2003). Instead, the government reformed the National Pension Programme in 1998 by reducing the replacement rate to 60 per cent for average earners and by expanding the programme to the self-employed. Because of this reform, the Civil Service Pension Programme, which did not undergo a major reform, became relatively more generous compared to the National Pension Programme.

4. The Reforms of the Civil Service Pension

Pension Reform in 2000

The sudden increase in the number of pensioners in the late 1990s led to a sharp rise in pension expenditure as Figure 2 shows. It exceeded the revenue in 1998, which led to the deficit in the overall finance of the Civil Service Pension Programme. In response, the government decided to reform the Civil Service Pension Programme. The main agenda was threefold: first, to increase the level of contributions; second, to set the age for receiving pensions at 60, which was to be reached in 2021 with a period of incremental increase; and, lastly, to change the basis of pensionable salary from the last year to the last three years. Although these changes were already explained earlier in this paper, it is worth noting that the level of contribution would increase from 7.5 per cent to 8.5 per cent of the main salary (excluding other payments such as payments for job specific risk). In other words, the mainstay of the reform was to increase the revenue of the pension fund through increased contributions. Nevertheless, it was not enough to put the financing of the Civil Service Pension Programme on sustainable ground. The government decided to finance the deficit that would arise in the future. It was an ultimate guarantee for the pension programme, although it had been implicitly assumed. With this change, the Civil Service Pension Programme ceased to be a funded system in which the accumulated fund was supposed to provide pensions.

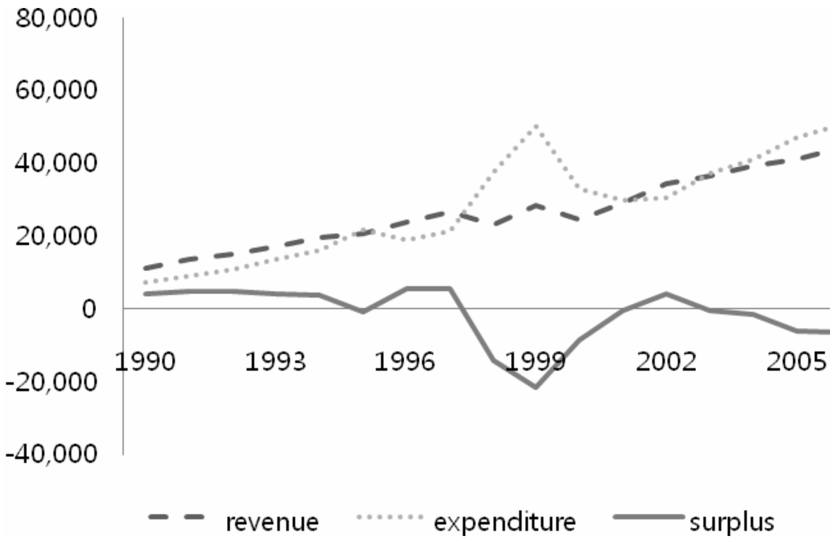
In light of this reform, the government had an unambiguous plan for the reform: the consolidation of the pension finance and the re-introduction of a minimum age for pensions. Civil service trade unions,

which did not gain full legal status as a union yet, were against an increase in the contributions, while policy experts and civil society organizations were not in favour of the government underwriting the pension programme. In other words, objections to the reform were put forward in different directions. Despite these oppositions, the government went through the reform process without much difficulty. This is because the stakeholders did not develop effective strategies although participation from different stakeholders in policy making had been on the rise since the economic crisis of 1997. While the government maintained its traditional strength in terms of agenda setting and decision making, the influence of other policy stakeholders such as civil servant trade unions, policy experts, and civil society organizations was limited, even though they came to play a part in decision making. The government was also not prepared to be fully engaged with these other policy stakeholders in the process of policy compromise.

For instance, the proposal for the reform drafted by the Korea Development Institute was discussed within the government. They were the only actors with significant influence who were deeply involved in the shape of the reform. For other actors, the government convened a public hearing in which the reform proposal was presented; the stakeholders saw it as a formality for the government to proceed with the reform. The civil service union, which had not fully gained status as a trade union, was not effective in voicing their objections to the reform, and although other stakeholders such as pensioners, voiced their opposition, their voices were too weak to change the course of reform.

In a nutshell, the Civil Service Pension Programme reform in 2000 was carried out in a manner in which the government dominated the decision making process. Although Korea experimented with the tripartite policy making process during the economic crisis in 1997-8, the process had not been institutionalized so that social deliberation could be carried out later on. In terms of the extent of participation, it is fair to say that participation was selective in the sense that government officials and a small number of policy experts were involved. Consequently, the reform bill was submitted to the National Assembly and passed in December 2000.

Figure 3: Financial Situation of the Civil Service Pension Programme



Source: Kim and Kim 2002.

Pension Reform in 2008

Theoretically, with the passing of the reform bill in 2000, Civil Service Pension Programme's finances should have been on sustainable ground as long as the government's overall fiscal conditions were

sound, as the government subvention would fill the programme's deficit when one occurred. After the reform of 2000, the financial situation of the Civil Service Pension Programme did improve even before government subvention, as shown in Figure 2, due to the increase in the level of contributions. In practice, however, this solution was only temporary and the deficit came to manifest itself again from 2003 onwards. There was also increasing criticism from the public about such subvention for the programme. It was only a matter of time until a call for reform would come about but there was lack of momentum for policy change. Nevertheless, a policy window was wide open for policy entrepreneurs who could pursue another reform of the Civil Service Pension Programme (Kingdon 1984).

In 2005, the Minister of Health and Welfare triggered the debate on the Civil Service Pension Programme's reform. The Minister intended to reform the National Pension Programme in order to make it financially sustainable, since it was expected that the accumulated pension fund would be depleted in 2045 (Lee 2007). For him, it would be much easier to carry out such a reform in tandem with a reform of the Civil Service Pension Programme. In contrast, it was not a high priority in the agenda of the Ministry of Public Administration and Local Government. In such circumstances where multiple ministries were involved with different positions, the senior policy makers from different ministries normally had meetings to find acceptable solutions in order to form a voice in unison on the matter. In this case, the Minister of Health and Welfare publicly criticized the Ministry of Public Administration and Local Government's position on the Civil Service Pension Programme and emphasized the urgent need for reform.An open disagreement between ministers would have been a rare incident, but it now took place, as the Minister of Public Administration and Local Government became upset about another minister's encroachment of his own portfolio (Dong A Daily 2006). From the viewpoint of agenda setting, there was a clear contrast to the previous experience under the developmental state. The issue of reform was raised by 'outsiders,' instead of by the ministry responsible for the Civil Service Pension, that is the Ministry of Public Administration and Local Governments. More importantly, the open disagreement on the issue between the government ministers showed that the way in which government decisions were made had changed significantly.

In contrast to the 2000 reform, other stakeholders joined in the debate. Some policy experts argued that the Civil Service Pension Programme should be reformed in line with the National Pension Programme. Others suggested that the programme should be abolished because it was unfair that there was a separate public pension programme for the civil service that is more generous than the National Pension Programme (Kim 2005). They argued that if the civil service pension programme existed, the level of contributions and benefits should be the same as the National Pension Programme. Aside from policy experts, the major daily Korean newspapers such as *Joongang Daily* and *Chosun Daily* carried editorials to urge the government to reform the Civil Service Pension Programme. According to them, the Civil Service Pension Programme was one of the legacies of the developmental state, which should now be shaken off.

Under pressure, the newly appointed Minister of Public Administration and Local Governments established a committee for the reform of the Civil Service Pension Programme in July 2006. The Committee comprised 21 members, ranging from government senior officials from different ministries to university professors, civil service union members and pensioners under the programme. Initially, civil service trade union members invited to the Committee only represented the minor unions, since some major unions did not accept the invitation. Major unions such as the Korean Government Employees' Unions (KGEU) were not invited because they did not have formal status as trade unions. The Committee began to discuss four basic options initially prepared by the Korea Development Institute, outcome of the study commissioned by the Ministry of Public Administration and Local Government. The Committee had 11 plenary meetings and 16 sub-committee meetings over the period from July 2006 to April 2007. During this period, the major civil service unions staged a number of public demonstrations against the reform while some policy experts demanded radical reform.

In April 2007, the Committee presented its report to the Minister of Public Administration and Local Government. It proposed a reform plan offering different solutions to the current civil servants and the future recruits respectively. For those already in the service, the level of contributions would increase by 15 per cent for the first five years, and then increase by another 13 per cent for the second five years. Benefits would be cut as well through the change of indexation: from income to consumer price index. Those who would join the service after the reform would contribute the same level and receive the same level of pensions as the National Pension Programme. The proposal also contained an increase in the level of lump-sum severance payment, which was 30-40 per cent of the private sector, to the same level as in the private sector. For the new members, a Thrift Saving Plan would be introduced, to which the government and civil service members would each pay 2.5 per cent of their salary.

The proposal was opposed by all stakeholders related to the Civil Service Pension Programme. Objections, however, were based on different kinds of rationale and therefore pointed in opposite directions. First, the major civil service unions were against the proposal. They did not want to reform the programme because this would increase the level of contributions. Secondly, some policy experts outside the government and opinion leaders did not support the programme because the proposal did not reduce the overall level of pensions (if severance lump-sum payment were to be included) significantly. Thirdly the Ministry of Finance and Economy did not accept the proposal because it did not reduce the deficit thereby making the level of government subvention to the programme the same. This is because the increased level of severance payments for the civil service members would cost the public more money than the savings made by the reduction in pensions. Amid such strong objections, the Minister did not accept the report and asked the Committee to reconvene for reconsideration.

The Committee started the second term in July 2007. It had a number of meetings during which sub-committees considered various options. Because of coming presidential elections in the end of 2007, there was uncertainty about the reform directions and no significant progress was made. In 2008, as a new government was sworn in after the presidential election, there was great expectation that there would be a whole range of changes in policy orientation including the reform of the Civil Service Pension Programme. In June 2008, the newly named Minister of Public Administration and Security of the Lee Myungbak government (2008-present) appointed new members of the reform Committee including six members of major civil service unions. The underlying reason for including trade union members who previously opposed the reform was to make a compromise with unions at the committee stage rather than through direct political confrontation with them after the Committee made decisions. By this time, the civil service trade union, the Korean Government Employees' Unions (KGEU), obtained legal status. Together with the KGEU, the Korean Teachers and Education Workers Unions decided to join the Committee. The unions decided to do so because they saw that the reform of the civil service pension programme was unavoidable. Given such a situation, it was better to participate in the committee and make their case during the drafting the reform proposal.

The first major issue on the agenda for reform was the question as to whether the Civil Service Pension Programme would be kept separate or should be integrated into the National Pension Programme. The crux of the matter was whether the Civil Service Pension Programme was an essential part of the civil service, in which case there must be a separate pension programme for the civil service. It also led to the question as to whether the nature of jobs in the civil service were different from those in the private sector. Some economists in the committee saw no difference between public and private sectors jobs and did not agree that there should be a separate public pension programme for the civil service other than the National Pension Programme. In contrast, some committee members including experts in public administration and civil service unions argued that the civil service pension should be maintained in order to compensate for economic and political restrictions imposed on civil service members such as limited rights to union activities (Kwon & Kwak 2006). It is also argue that the level of remuneration of the civil service is lower than their counter part in the private sector (Kim 2004). Some officials beyond certain ranks are not allowed to

have a job for minimum three years after the retirement in the industries where his previous work is related. In a nutshell, they saw that the Civil Service Pension was a crucial policy instrument to manage the civil service.

In a wider context, a section of society believed that the civil service pension programme was one of the legacies of the developmental state. Another significant section of society saw that the state should continue to play a strategic role in the future but in a different way. This debate mirrored the general debate on the state and market taking place in other societies (Yoon 2006). After a long debate, however, there emerged a consensus in the Committee that Civil Service Pension should be kept separate from the National Pension Programme.

Underlying this consensus was also a factor related to the institutional path dependency of the public pension system in Korea. While the Civil Service Pension Programme became fully matured within more than fifty-five years after implementation creating a financial deficit, the National Pension Programme had just begun to provide full pensions in 2008, accumulating a huge amount of funds. Because of such a difference in the institutional path, it would be technically very difficult, if not impossible, to merge the two programmes.

The second issue was how to stabilize the financing of the pension programme. In order to discuss technical issues, the Committee established a sub-committee which consisted of pension experts and trade union members. It decided to raise the rate of contributions by 8.6 per cent immediately after the bill was passed, and to 27 per cent for the first five years. This was twice as high as the recommended rate by the Committee in their first published report. Since the trade union members in the sub-committee were willing to accept the increase in contribution, it was easily agreed upon. Such concession from the unions came from their position that the level of the pensions for the current working members should be maintained. They were very adamant about this. Trade unions were also willing to accept consumer price indexation instead of income indexation if this argument was accepted. Pension formula turned out to be the toughest issue to agree upon. In particular, there was a clear gap between pension experts and trade unions with regard to the multiplier in the formula. Unions wanted to set the multiplier at the level of 1.9 while some policy experts wanted it at the level of 1.8.

Figure 4: Proposed Pension Formulas of the Civil Service Pensions

Pension = AW x 1.9 or Pension = AW x 1.8 Where AW is the average of the level of salaries for the whole period

The sub-committee was not able to make a unanimous agreement on the issue in the end while other issues, such as the incremental shift to consumer price index in terms of indexation, the reduction of the survivors' benefit from 70 per cent to 60 per cent of the full pensions and the introduction of the upper limit of the level of full pensions were agreed. The plenary session of the Committee, held in September 2008, reviewed the proposal by the sub-committee and decided to set the multiplier at the level of 1.9 while the minority insisted that it was too high. They proposed that it should be 1.8. The Committee submitted its second report to the Minister of Public Administration and Security together with the minority opinion.

All in all, the Committee decided to propose a reform that would not change the basic structure of the public pension system in the sense that the Civil Service Pension Programme would function parallel to the National Pension Programme. If the reform proposal is accepted in the National Assembly, the Korean public pension system will become a single-tier separated type (see Figure 1). (At the time of this writing, the bill is with the Standing Committee of Public Administration and Security in the National Assembly). Reform measures are mainly about parametric changes, and changes will be introduced in an incremental manner. The reform process shows there was a critical change in terms

of decision making. Compared to the 2000 reform, in which the government dominated the policy process, a wide range of stakeholders were able to participate in the debate, particularly representing at the Committee for the Reform of the Civil Service Pension Programme. The debate had a significant degree of depth as all stakeholders had a chance to make their voices heard and their arguments were based on detailed analysis. In the end, the newly emerged policy making pattern for the civil service pension programme reform was far different from past reforms under the developmental state.

Effects of the Reform of the Civil Service Pension Programme

The reform proposed by the Committee will have important impacts if it passes the National Assembly. In this section, we will examine the effects at the three different levels: individuals, financing of the Civil Service Pension Programme, and the public pension system. This section will also discuss the wider social impact of the pension reform.

First, in terms of individuals participating in the Civil Service Pension Programme, the programme will reduce the level of pensions while increasing contributions. However, effects will differ depending on individuals' length of career in the service at the time of the reform. If we take three individuals earning average salary, each having entered the service at a different time, we can see the different impacts of the reform on the estimate of total pensions, contributions and internal return rates. As shown in Table 4, a civil servant with twenty years of service in 2009 and another ten years in the future before retirement will be the least affected by the reform although his/her total contributions to the pension programme will increase by 10.07 per cent, while the estimated pensions will be reduced by 6.38 per cent. These changes will in turn reduce the internal return rate by 15.01 per cent. A person joining the service after the reform is implemented will be affected the most. His/her total contributions will increase by 26.03 per cent while the estimated total pensions will be reduced by 25.13 per cent. In the end, the internal return rate will go down by 40.53 per cent (Public Employees Pension Service, 2008). Such differences between individuals are due to the number of years of service after the reform. The longer one has been in the service, the less he/she will be affected, because the foregone period will be counted under the previous formula. Some reform measures will also be introduced incrementally, which makes impacts on incumbents smaller than those on new recruits.

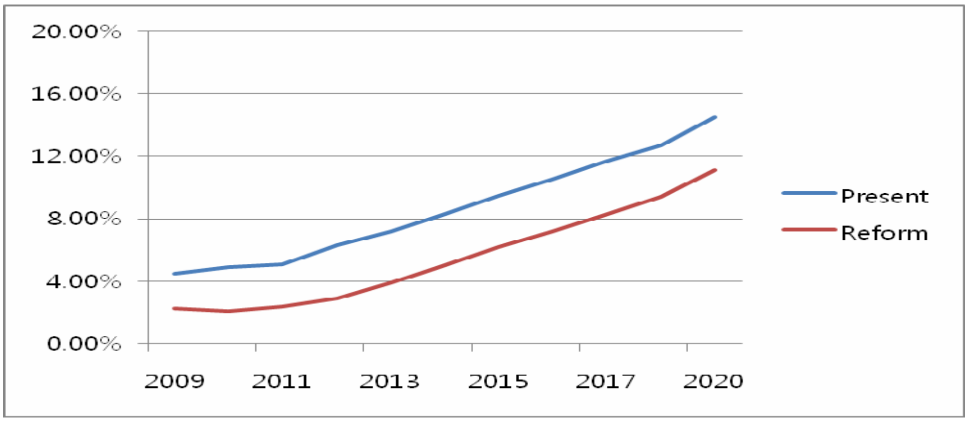
Table 4: Estimated effects of reform on individuals

Years of Appointment	1989	1999	2009
Total contributions	10.07	19.56	26.03
Total pensions	-6.38	-8.32	-25.13
Internal return rate	-15.01	-23.43	-40.53

Source: Public Employees Pension Service 2008.

Secondly, the financing system of the Civil Service Pension Programme will be improved with reductions in pensions and increases in contributions. Figure 4 compares estimated pension deficits under the current system with that post-reform in relative terms to the civil service wage bill. Pension deficit in 2009 before government subsidies, that is, the gap between revenue from contributions and expenditure on pensions is expected to be 4.5 per cent of the total wage bill for the civil servants. With the reform, the deficit will be reduced to 2.3 per cent, which is a 49 per cent reduction in deficit. For the next five years, estimated reduction in deficit will be in the range of 45 to 50 per cent (Public Employees Pension Service 2008). In terms of the size of the deficit in relation to GDP, it will stay around 0.2 per cent of GDP for the first three years, eventually reaching to 0.6 per cent in 2020. The government will need to provide this amount of financing to the Civil Service Pension Programme on top of their financial contribution as an employer.

Figure 5: Estimated pension deficits after the reform*



* in proportion to the government expenditure on the civil service salary
Source: Civil Service Pension Corporation 2008.

In short, the projected effects of the reform show that the pension finance will be improved, but it will still be necessary for the government to provide subsidies to the Civil Service Pension Programme. In other words, the reform cannot avert the pension deficit but can instead lessen the problem. Although the projection is based on a range of social and economic assumptions, it is consistent with the rationale of the reform, that is, parametric changes without structural reform.

In this projection, it is worth mentioning two points in interpreting estimated effects. First, the present pension expenditure consists of obligations which were accumulated in the 1960s, 70s and 80s when the country endeavoured economic development. As previous governments borrowed in order to guarantee pension promises, the present government needs to provide extra financing, promised by previous governments. Nevertheless, such reasoning will not have the same validity for those who joined in the civil service in the 1990s because their level of pay increased up to the level of that of the private sector.

Thirdly, the Civil Service Pension reform will trigger the reform of other public pension programmes such as private school teachers and military personnel. Considering these programmes are sister programmes of the Civil Service Pension, they can be seen as a part of the reform of the latter. In terms of the overall system of public pensions, the reform will not alter the main characteristics of the system: it will remain a single-tier separate pension system, in which the National Pension Programme and the Civil Service Pension Programme will remain the main pension programmes.

In terms of impacts on the wider context of society, the reform will bring about a new debate on the pattern of pay and work in the civil service, which will in turn have a significant impact on the labour market in general. With this reform, the pension formula will be based on the income of the whole career in the civil service instead of the final three years. At the same time, the age of pension entitlement will increase to age 65, albeit incrementally. These changes will bring about the debate on the so-called peak-wage system, which refers to the system in which the level of pay of civil service members should decrease after they pass the peak point of productivity. This implies that some of those who work in the civil service in their later years towards retirement may receive lower level of pay than their junior counterparts. The introduction of such a system has not been fully considered partly because pensions in the Civil Service Pension Programme are calculated based on the final three years of pay. The peak-wage system would reduce not only the pay but also the pensions. Once

the peak-wage system is introduced, it will open a new debate, which will not only affect people in the civil service but also in the labour market.

5. Concluding Remarks

This paper has examined the reform process of the Civil Service Pension Programme in Korea, which has acquired its main characteristics within the framework of the developmental state. While the state played a strategic role in Korea's economic development, the Civil Service Pension Programme was one of the institutional cores in the bureaucratic structure of the state.

Although the pension reform introduced in 2008 will bring about significant changes, it is essentially about parametric changes. The main structure of the public pension system remains the same as the National Pension Programme and the Civil Service Pension Programme will be maintained separately. The reform is set to increase the level of contributions and reduce the level of pensions in order to consolidate the financing of the programme. The government will still be required to provide financing in order to fill the deficit, although it will be smaller than expected under the current system. The overall structure of the public pension system in Korea will be the same. In short, despite the reform, the public pension system remains the same in terms of its structure as the single-tier separate system.

Despite the continuity, there has been a clear change in the policy process of the reform. In particular, the new decision making pattern was more deliberative and moved toward consensus building. It was a clear contrast to the policy process with respect to the reform of the Civil Service Pension Programme in 2000. Although the Committee for the Reform of the Civil Service Pension Programme was established by the government as an advisory committee, different social actors were able to represent their interest in the discussion and make a proposal, compromising their difference. This was not the first time in which an institutional setting was built for social compromise. For example the tripartite committee at the time of the Asian economic crisis was established to forge a social consensus for economic reform. However, it turned out to be short-lived. Once the high wave of the economic crisis disappeared, the tripartite committee could not work toward more detailed policy decisions. At the time, it was doubtful whether such social institutions would be functional during normal situations in Korean politics. The breakdown of mutual trust between the government and medical doctors with respect to the health care reform in 2002 was another case for pessimism (Kwon & Chen 2007). In this context, the policy process regarding the Civil Service Pension Reform provides counter-evidence that social consensus can be made in a deliberative way.

One of the paradoxes we have witnessed in the experience of the reform is that a new pattern of policy making is emerging, although one of the legacies of the developmental state, the Civil Service Pension Programme, will be retained albeit with significant changes, making the financing more viable. This leads us to ask a more important question about the future form of the developmental state. A few years ago, White (1998) floated the idea of the democratic developmental state in which the state plays a strategic role for economic development while politics is carried out according to the principle of democracy. It will be interesting to follow the Korean case to observe the possible emergence of the democratic developmental state. It will also provide pertinent implications to other developing countries, since the recent global economic crisis makes it clear that policy paradigms based on the idea of demarcation of the state and market could not give useful policy guidelines. Rather, the state should play a steering role in economic interactions, while the creativeness and vibrancy of the market should be maintained. Additionally, public policy should be made in a democratic manner, differing from the approach undertaken by the traditional developmental state.

References

Adelman, Irma. 1997. “Social development in Korea, 1953-1993.” In Dong-Se Cha, Kwang Suk Kim, and Dwight H. Perkins (eds.), *The Korean economy 1945-1995: performance and vision for the 21st century*. Korea Development Institute, Seoul.

Civil Service Pension Corporation. 2007. *Civil Service Pension Yearbook*. Civil Service Pension Yearbook, Seoul.

Civil Service Pension Corporation. 2008. *GEPS Financial Operations and Actuarial Projection*. Civil Service Pension Yearbook, Seoul.

Haggard, Stephan. 1988. “The politics of industrialization in East Asia and Taiwan.” In Helen Hughes (ed.), *Achieving industrialization in East Asia*. Cambridge University Press, Cambridge.

Johnson, Chalmers. 1999. “The developmental state: Odyssey of a concept.” In M. Woo-Cumings (ed.), *The Developmental State*. Cornell University Press, Ithaca.

Kang, Kwang-ha, Younghoon Lee, and Sang Oh Choi. (eds.). 2008. *The Policy Decision Making System during the Rapid Economic Growth in Korea: Economic Planning Board and Inter-Ministerial Committees*. Korea Development Institute, Seoul.

Kim, J., & Kim, J. (2002). *Long-Term Projection on the Finance of the Civil Service Pension Programme*. Civil Service Pension Corporation, Seoul.

Kim, S. (2005, 11 November 2005). “We need urgently to reform the Civil Service Pension Programme.*” Joongang Daily*.

Kim, T. 2004. “Analysis of Equity of the Civil Service Pension Programme in relation to the National Pension Programme.” *The Review of the Korean Public Administration,* Vol. 38 No. 6. (in Korean).

Kingdon, John W. 1984. *Agendas, alternatives, and public policies*. Little, Brown & Co., Boston.

Kohli, Atul. 2004. *State-Directed Development: Political Power and Industrialization in the Global Periphery*. Cambridge University Press, New York.

Kwon, Huck-ju. 1999. *The Welfare State in Korea: The Politics of Legitimation*. Macmillan, London.

Kwon, Huck-ju. 2003. “Advocacy coalitions and the politics of welfare in Korea after the economic crisis.” *Policy & Politics,* Vol. 31, No. 1, pp. 69-83.

Kwon, Huck-ju. 2006. “Reform of the Civil Service Pension Scheme and Policy Issues.” *Korea Policy Studies Review,* Vol. 15, No. 4, pp. 189-213.

Kwon, Huck-ju, and Fen-ling Chen. 2008. “Governing Universal Health Insurance in Korea and Taiwan.” *International Journal of Social Welfare*, Vol. 17, No. 4, pp. 355-364.

Kwon, Huck-ju and Hyo-kyung Kwak. 2006. “Reform of the Civil Service Pension Programme and Policy Issues.” *Korean Policy Studies Review*, Vol. 15, No. 4, pp. 189-213 (in Korean).

Lee, Jae Hee. 2007. “A Study on National Pension Reform in Korea: focusing on the introduction of individual account and decentralized decisions on asset portfolio.” *Journal of Regulation Studies*, Vol. 16, No. 1, pp. 67-116 (in Korean).

Mény, Yves and Andrew Knapp. 1990. *Government and Politics in Western Europe: Britain, France, Italy, West Germany and USA*. Oxford University Press, Oxford.

Ministry of Public Administration and Security. 2008. Source Materials of the Civil Service Pension Programme. Ministry of Public Administration and Security, Seoul.

Public Employees Pension Service. 2008. *GEPS Financial Operations and Actuarial Projection*. Public Employees Pension Service,Seoul. (in Korean).

Ro, C. (1981). The Remuneration System of the Civil Service and Its Morale. *Review of the Korean Association of Public Administration, 15*, 43-58.

Weber, Max. 1968. *Economy and Society*. New York.

White, Gordon. 1998. “Constructing a Democratic Developmental State.” In Mark Robinson and Gordon White (eds.), *The Democratic Developmental State: Politics and Institutional Design*. Oxford University Press, Oxford.

White, Gordon (ed.). 1988. *Developmental States in East Asia*. St Martin's, New York.

Woo-Cumings, Meredith (1999). *The Development State*. Cornell University Press, Ithaca.

Woo, Jung-en. 1991. *Race to the Swift: State and Finance in Korean Industrialization*. Columbia

University Press, New York.
Yoo, H. (1966). Social background of the Korean high-rank officials. *Administrative Review, 4*(2), 243-266 (in Korean).
Yoon, S. (2006). Forum of the Reform of the Public Pension Programmes for Special Job Categories. *Health and Welfare Forum, 9,* 1-6.