

# **Political and Social Economy of Care: South Korea**

**Draft**

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Draft paper: please do not cite without permission.  
Presented at the Canadian Political Science Association Congress, 6 June 2008.  
Vancouver, B.C. Canada

## Introduction

In this paper I apply the idea of the ‘Care Diamond’, a conceptual framework used to understand how care is produced and provided through the state, market, family and community, to examine political and social economy of care in the Republic of Korea (here on Korea) (Razavi, 2007)<sup>1</sup>. I argue that the institutional arrangements making up the care diamond in Korea have changed quite noticeably since the 1990s in response to the changes in the country’s political, economic, and social contexts. In this paper, I take the case of family-work harmonization policy reforms to discuss how these changes have led to a reconfiguration of the care diamond in that country, and what this in turn means for gender. The paper is divided into three main sections. The first section will describe social policy regime in Korea, pointing out the familialistic and developmental features of Korea’s welfare regime. The section 2 discusses the concept of care diamond being used in this paper. I argue that the concept of care diamond is a more effective approach to analysing the recent welfare state changes that has been taking place in Korea. This is because much of the recent welfare state restructuring in that country is affected by changes in socio-demographic factors, such as declining fertility and rapid ageing, and changes in gender and family relations, which has led to a closer interlock between social and economic policies. These factors thus require a shift in analytical focus from the interactions between the state and the market to a broader view of policy interactions between the state, market, family/household, and community. Finally, in the section 3, I provide an in-depth examination of the changing dynamics of care diamond in Korea since the 1990s, and discuss its implications for gender.

### 1. Social Policy Regime

If we follow Esping-Andersen’s welfare regime classification, Korean social policy regime, like that of 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). Traditionally, Korean social policy regime obliged care responsibilities to the households (e.g. women) by providing almost no alternatives to family care. Unlike the Social Democratic welfare states where public provisions of care services are available for

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<sup>1</sup> This paper is part of United Nations Research Institute for Social Development’s (UNRISD) international comparative research project on Political and Social Economy of Care, for which I serve as the lead for South Korea. For more information on this project, please visit, [http://www.unrisd.org/unrisd/website/projects.nsf/\(httpProjectsForProgrammeArea-en\)/37BD128E275F1F8BC1257296003210EC?OpenDocument](http://www.unrisd.org/unrisd/website/projects.nsf/(httpProjectsForProgrammeArea-en)/37BD128E275F1F8BC1257296003210EC?OpenDocument)

children, the elderly, and the disabled, and also unlike some of the Liberal welfare states such as the US and Canada, where private market for personal care services are available to middle and higher income households, in Korea the absence of both the public or the private market sources of care has rendered the family the only viable site of personal care. Women in Korea therefore performed much of the care work within the family in the form of un-commodified, or what Esping-Andersen (1999) refers to as “pre-commodified” labour. However, this is changing. While maintaining its basic familialistic orientation, the Korean social policy regime, like that of its closest East Asian comparator, Japan, has been gradually remodelling itself since the 1990s, from what may be considered as an *extensive familialism* premised extensively on women’s un-commodified care work to a *modified familialism* through the partial commodification of women’s care work. Through the remodelling, the state’s basic preference for assigning maximum welfare obligations to the households is now modified by attempts to lessen women’s care responsibilities through the expansion of social care. The process of shifting some of women’s care burden, such as child and elderly care, out of the family to public, community, and market sectors has resulted in the commodification of some of women’s hitherto un-commodified or pre-commodified care work at home.

In this section, I will first outline Korean social policy regime using Esping-Andersen’s welfare regime typology. I argue that Korean social policy regime can probably best understood in terms of familialism and developmentalism.<sup>2</sup> These two contexts explain the kind of residualism and inconsistencies found in Korean welfare mix. I then illustrate the key components of the Korean social policy regime, identifying some of the changes in the recent years.

### *Korean social policy regime – Familialism and Developmentalism*

Korean social policy regime is perhaps best described in terms of familialism and developmentalism. Korea’s familialistic welfare regime is evident from the state’s extensive reliance on the family for individual welfare and personal care provision – leading to women’s un-commodified labour. This feature is similar to other familialistic welfare regimes such as Japan and the Southern Mediterranean countries, where the state’s reliance on the family has rendered in the evident lack of family support programmes and personal social services. A familialistic welfare regime is therefore residual in that

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<sup>2</sup> Here, by developmentalism I do not imply the developmental state approach to social policy; rather, I mean that the Korean welfare state is a late developer compared to other OECD countries, and therefore is still in the process of being developed.

much of welfare obligations are assigned to the family.<sup>3</sup> The residual nature of the familialistic welfare regime, however, differs from that of liberal welfare regime in that whereas in the latter, the state's welfare responses are limited to market failures, in the former, they are limited to family failures. Until recently, Korean social policy regime's residualism was evident in the very minimal state support to the family, the limited means-tested social welfare, and the strong bias in favour of male breadwinner household arrangements supported by the extensive employment protection legislation and stratified social insurance systems that favoured and protected full time male workers. The recent modification of the state's approach to the family is an improvement, but it is still a long way from overturning its fundamentally familialistic welfare model. As an illustration of the extent of the state's reliance on the family, in Korea, despite the increased social spending since 1990, the proportion of that going to the family remains marginal if we look at it as the percentage of total government expenditure, at 0.39% (792,977 million Won) in 2003 (this may have increased after 2003, but I do not have the most recent figure), a modest increase from 0.16% (102,872 million Won) in 1990 and 0.33% (545,375 million Won) in 2000 (OECD, 2008).<sup>4</sup>

From the perspective of the care diamond, the family has and continues to play a significant role in welfare provision in Korea. Until recently not only did the family provide the bulk of child and elderly care, but the family has been traditionally the main source of insurance against social risks such as old age, disability, illness, and unemployment. For example, the family has played an important role in ensuring the old age security of the retired people. This is illustrated by the high, though declining, level of co-residency amongst the elderly and their adult children. Co-residency not only allows multi-generation family members to share housing and pool incomes and other material resources, but also exchange child and elderly care services. As shown on Table 1, although the proportion of single generation and single person elderly households has increased substantially since 1990, still about 30% of all households with older people are in the form of three-generation households. The importance of intergenerational economic support is also underscored by the high level of material transfer from adult children to the elderly. As illustrated in Table 2, even though the proportion of older people receiving material support from their children has declined since the mid-1990s, still a little over half of the people over the age of 60 claims that they receive material support from their children. Furthermore, despite the sharp drop in the proportion of the elderly claiming financial support from their children as

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<sup>3</sup> Here, I use Esping-Andersen's (1999) definition of familialism. For a broader definition of familialism, see Leitner (2003).

<sup>4</sup> It should be pointed out here that social expenditure on family and social welfare increased quite substantially after 2003, however no data on the social expenditure after 2003 is currently available.

*their main income source*, from 72.4% in 1981 to 44.3% in 1994, the Korean figure is still considerably higher compared to countries such as the US and Denmark, where less than 1% of elderly people claim financial support from their children as their main income source (Kwon, 2001). These data suggest that despite the declining importance of the intergenerational familial support, the family still performs an important role in old age security.

**Table 1. Composition of all households with older people (65 +), 1990-2000**

Household composition	1990	Age-groups in 2000 (years)				
		2000	65-69	70-79	80+	
		Percentages				
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	100.0	100.0	100.0	100.0	100.0	

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

**Table 2. Changes in the relation between family and old-age support**

Year	Live with children		children provide material support	
	Yes	No	Yes	No
			Percentage	
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

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

At another end of the spectrum, 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. For example, the public expenditure on education as percentage of GDP in Korea rose from 4.6% (8,524 billion Won) to 6.2% (48,258 billion won) between 1990 and 2004, a significant rise within 14 years; however, the private expenditure on education as percentage of total household consumption for urban households also rose from 8.1% to 11.5% during the same period, while the figures for rural households declined from

10.5% to 4.1%, respectively (Ministry of Education, Science and Technology, 2004).<sup>5</sup> The Korea National Statistics Office (KNSO) survey of household educational spending in 2008 also show that the total household spending on education had reached 12% in 2007, the highest since the statistics office began compiling the data in 1984 (Korea Times, 2008).<sup>6</sup> The KNSO analysis of the household educational spending shows that the proportion of spending going to private, extracurricular education had increased from 36.3% of the total household educational spending in 1990 to 77.2% in 2004 (The Hankyorei, 2007). In the health care sector, a similar rise in household spending can be seen as well. Despite the huge increase in the total health spending (from 4.1% of GDP 1995 to 6.0% in 2005), much of which has been attributed to the rapid rise in the public share of spending in health (35.7% in 1995 to 53.0% in 2005), the household share of health spending in Korea is still higher than the OECD average of 27.5% (OECD, 2007). 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 amongst the highest in the OECD, after Greece (57%) and the U.S. (55%). Moreover, unlike the case of the liberal welfare regime, in Korea, much of the private health spending is out of pocket (i.e. household), as compared to the U.S., where much of that is paid by the private health insurance (OECD, 2007).<sup>7</sup> In sum, it is important to remember that while the public expenditure for social welfare and public support to the family have increased noticeably in the recent years, leading to a shift to modified form of familialism, the family in Korea continues to play a major role in providing welfare and insuring individuals from social risks.

Along with familialism, developmentalism is another important context to understand Korea's social policy regime. Korean welfare state's developmental context makes its social policy regime hard to place within Esping-Andersen's welfare typologies. More specifically, Korean welfare state's late developer status and its emergent welfare system, particularly since the 1980s, make its welfare mix often inconsistent. For example, although 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 of these systems have changed quite noticeably since the late 1980s. Although the occupationally based social insurance systems – health, pension, employment, and workers' compensation insurances – have

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<sup>5</sup> The decline in rural households' educational expenditure can be accounted by the combination of increased state support for rural families and changing demographic composition of rural families.

<sup>6</sup> The recent increase in household educational spending is primarily attributed to the rise in spending on private tutoring, as parents are compelled to send their children to after school cram schools to help them better compete in university entrance examinations.

<sup>7</sup> In the US, only 13% of the total health spending is paid directly by the household (OECD, 2007).

been gradually expanding since the 1970s, its pace of expansion accelerated exponentially after the political democratization in 1987. Notwithstanding the universalization of health and pension insurances in 1989 and 1999, respectively, by the new millennium, other social insurance coverage had been also extended to most of *regular workers and employees*. The Employment Insurance coverage was extended after 1998 to cover almost all *waged workers* in all workplaces, including most non-regular workers.<sup>8</sup> Similarly, Workers' Compensation insurance (or Occupational Accident insurance) coverage was also extended in 2000 to non-regular employees, the self-employed, and unpaid family workers. Furthermore, the means-tested public assistance, the Daily Livelihood Assistance, was replaced by National Basic Livelihood Security Program (NBLs) in 2000. The NBLs made a radical ideational departure from the old Daily Livelihood Assistance by decoupling the entitlement from individual labour market attachment, and making low income the sole criteria for receiving the public assistance. Such trajectory suggests a clear shift from a conservative residual welfare model to a more universalistic welfare model. Indeed, by the beginning of the new millennium, the main purpose of the 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. Certainly, even if the *structure* of Korean welfare regime appeared stubbornly unaltered, its *functional purposes* had been changed quite significantly (for further discussions on changes in welfare regime structure and purposes, see Peng and Wong, 2008).

Yet, at the same time, despite the apparent welfare expansion as seen in the program extensions and the universalization of social insurances, it is clear that Korean welfare mix also exhibits liberal and informal features. First, the state's total social spending remains low, despite the recent surge. We can arguably attribute this to Korea's developmental status – that it will take time to raise the total social spending from 3% of GDP in 1990 to the OECD average of 20%. In fact, the new national blueprint for social and economic development for the next 25 years, the Vision 2030 (discussed later), proposes to do exactly this: to raise Korea's social spending up to the OECD average of 21% by the year 2030 (Ministry of Planning and Budget, 2007; OECD, 2006b). Unlike many western welfare states Korea's modern welfare system only began to take form after 1960, and more seriously after in

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<sup>8</sup> The 1998 reform expanded the coverage of EIP to all waged workers in all firms, except for 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 who are covered by the Private School Teachers' Pension Act
- Special postal workers.

1987. Given its relatively short developmental history and given its stage of economic development it is understandable that Korea's social expenditure is still low compared to other OECD countries. Second, and related to the first point, even with the expansion of most social insurances, individual's labour market status still makes a difference in one's social security. For example, even though Workers' Compensation covers non-regular and non-formal sector workers (the self-employed and family workers), the Employment Insurance coverage is still limited to the waged workers. Given that nearly 40% of all workers in Korean labour force are self-employed, the lack of Employment Insurance coverage makes them economically vulnerable. Indeed, even in 2003, only about 7.2 million out of the total of 14.4 million workers (50%) in Korea were covered by Employment Insurance, the other half being outside to the insurance coverage because of their status as self-employed and unpaid family workers. The gender breakdown of Employment Insurance coverage shows also that 57.1% of all male workers and 40% of all female workers were covered by the Employment Insurance in 2003 (Kim, et. al., 2004). These features make Korean welfare regime somewhat akin to Latin American welfare regimes in having a strong feature of informality (Barrientos, 2004). While formal social insurance programmes are in place, the existence of a large non-formal employment sector creates barriers to workers accessing these social insurances. In sum, Korean social policy regime exhibits characteristics of both familialism and developmentalism: its familialistic orientation determines its gender bias and residualism; while its developmental status is evidenced by the high level of informality, early stage of welfare development, and welfare mix that is quite inconsistent and transitional.

### *Re-articulation of Labour Market and Social Welfare Policies*

One of the key features of Korea labour policies is also the strong employment protection. The labour law, until the recent reforms, restricted employers from hiring non-standard 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 the Korean labour law was the political trade off for its highly repressive and anti-labour side that denied the labour of the rights to form independent unions and to engage in political activities (Woo, 2007). This situation has, however, changed since the 1990s as the labour gained its political rights, on the one hand; while the government loosened the employment protection, on the other. The process of labour market deregulation intensified after the Asian economic crisis in 1997, under the IMF imposed overhaul of the economic reforms. The 2000 labour law reform has significantly weakened the



employment protection capacity of the labour law. The sharp rise in the income inequality and poverty after the economic crisis was therefore a result of a combination of huge worker layoffs and forced retirements following the Asian economic crisis, and the subsequent replacement of regular workers with non-regular workers.<sup>9</sup>

By 2003, the growing income disparity has become one of the central public policy issues in Korea. This has in turn brought economic/labour market and social welfare policies in a much tighter interlock with each other. The new economic and social policy interlock is most evident in the Roh Moo-hyun administration's (2003-2008) most recent policy strategy called Vision 2030. Introduced in 2006, Vision 2030 is a national blueprint for Korean government's long-term social and economic development strategy. It attempts to re-articulate the labour market and social welfare policies by resetting the country's national development principle from that of "economy first; welfare later" to "economic growth with welfare" (Ministry of Planning and Budget, 2007). The Vision's overarching goals of raising the per capita income to US\$49,000 (from the 2006 level of US\$14,000) and the total social expenditure to 21% of GDP (from the 2007 level of 8.6%) by 2030 is premised on the idea of increased public investment in human and social capitals, and creating a virtuous cycle of positive returns between economic growth and social welfare development: the government's economic policies to increase business competitiveness and labour market flexibility is counterbalanced by the expansion of social security and social welfare system; at the same time, social welfare expansion (particularly in areas of child and elderly care) is seen as the "growth engine" for the national economic development (Lee, 2007).<sup>10</sup> A summary of social policy reforms in Korea is provided in the Table 3.

[Table 3 here]

## **2. The Care Diamond – concepts and uses**

I apply Jenson and Saint-Martin's idea of welfare diamond to analyze the recent remodelling of care architecture in Korea (Jenson and Saint-Martin, 2003). In their work on welfare architecture, Jenson and Saint-Martin (2003) build on Evers, Pilj, and Ungerson's concept of welfare diamond composed of state, market, voluntary sector and family (Evers, Pilj, and Ungerson, 1994) to examine "the

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<sup>9</sup> On the nature of non-regular employment in Korea, see Peng and Mahon, 2008; Grub, Lee and Tergeist, 2007; Ahn, 2006; Jung and Cheon, 2006.

<sup>10</sup> Interview with Sook Jin Lee, Secretary to the President, Presidential Committee on Social Inclusion, 18 December 2007.

institutional arrangements, rules and understandings that guide and shape concurrent policy decisions and expenditures of states, problem definitions by states and citizens, and claims-making by citizens.” (p.80) Welfare diamond thus provides a useful framework to map out the boundaries of institutional responsibilities in production and provision of social welfare. We can further fine tune this concept to apply specifically to the case of care. Mapping out the institutional spaces occupied by each of the four major social-economic institutions in the production and provision of care can therefore help us understand the dynamics of changing welfare architecture in relation to care. A schematic model of a care diamond may look something like the Figure 1 below.

[Figure 1 here]

There are several reasons why the concept of care diamond is an effective framework to understanding changes in political economy of care in Korea. First, the care diamond framework allows us to redirect our analytical focus from the “welfare state” to other key social and economic institutions that are also crucial in determining and providing social welfare and care, such as the family/households, the market, and the community/NGOs. This is particularly relevant in the case of Korea where the contestational terrain for social policy extends from struggles to decommodify individual labour, to actively commodify hitherto uncommodified work, such as child and elderly care. In such a context, the various interactions between state, family/households, and community, between family/households and community, and between state, market, family/households and community – in other words, interactions amongst the four institutional sites become much more pronounced because much of care work takes place outside of the traditional market and state sectors. The concept of care diamond thus brings to light the non-state and market sectors in which individual welfare is being addressed and where welfare and care work is being carried out. Moreover, it also brings to focus the diversity of actors who are engaged in the determination, negotiation, and provision of care package. This, however, does not mean that the importance of the state in regulating and providing care has been minimized; rather, implicit in the care diamond framework is the understanding that the reach of social policies go well beyond the market, and that the state plays an important role in shaping the nature of care, and in allocating and privileging certain models of care on the ground. By underlining the family/household and the community in the analysis of care regime, therefore, the care diamond

framework we can help us identify more clearly the impacts of state policies on different societal and economic actors, and vice versa.

Second, the concept of the care diamond has a particular analytical utility in the case of Korea because of the country's strong informal economy, which is also reflected in its social welfare regime. As discussed in section 1, Korea's strong feature of informality implies that despite the marked welfare state expansion, a significant amount of labour and economic activities is still submerged under the surface of the public formal market sector, and thus a far reach from the formal welfare state. For example, a significant amount of social welfare and care needs of non-regular and non-formal workers are still not fully covered by social insurance schemes, such as Employment Insurance, because these schemes are still primarily based on formal employment. Instead, social welfare and care needs of these people are most likely being dealt by the family/household and the community. The care diamond framework thus helps us extend the scope of social welfare analysis beyond the formal welfare state system, by taking a more full account of the roles of non-market and non-state sectors in the provision of care and welfare.

Finally, the concept of the care diamond is particularly relevant in Korea today because the Korean government's new social policy emphasis on productive welfare and social investment, is directed precisely at redefining the state's relationships with the family/household and the community. The state has taken on an enlarged role in regulating and financing social care because, notwithstanding increased public pressure for social care expansion, which is much driven by demographic and structural factors, it also sees the commodification of hitherto uncommodified child and elderly care work as a rational and potentially profitable social investment strategy. The Korean state's new social policy strategy to actively directing care work out of the family/household institution, and into the market and the community sectors will not only address the growing needs for care, but also enhance the country's human capital development, and facilitate job creation and economic growth – a priority political / policy agenda for all the post-crisis governments. In sum, the care diamond framework provides a vantage perspective to analyze the nature of welfare state restructuring in Korea, where much of the contestational terrain for social policy has clearly moved beyond the state and market, and into the family/household and the community.

### **3. The Changing Dynamics of the Care Diamond in South Korea**

The configuration of the care diamond in South Korea has been undergoing steady changes since the 1990s as the result of changes in social, political, and economic contexts leading to various social policy reforms. First, the state has taken on a larger role in regulating, providing, and financing social care services. If Vision 2030 plan becomes fully implemented as proposed, the state role in social welfare and care will expand even more. The market role in supplying and maintaining steady and secure employment for male breadwinners has weakened substantially as a result of the labour market reforms. Instead it has repositioned itself as a new supplier of social and care services, and as well, a potential source of new, albeit precarious, service sector employment. In other words, the market is retrenching from the traditional manufacturing and industrial employment sector, while expanding in the area of new service sector industry. Since a significant portion of this new service sector industry relates to care – for children and elderly – the market is poised to take on a larger role within the care diamond. The family still remains an important site of social welfare and care. However, it has been (and will likely be) relieved of some of its care and welfare responsibilities as a result of the expansion in the state and market roles in providing social welfare. Finally, there has been an increased expectation on the community to take on a larger role in mobilizing the NGOs and voluntary organizations, and to provide social welfare and social care. In sum, the configuration of the care diamond has shifted, and will likely to continue shifting, from the one with a strong emphasis on the family (in providing care) and the market (in providing stable employment), to a more balanced redistribution of care and welfare provision.

In this section, I will first outline the changes in the care diamond since the 1990s, and then discuss how these changes have come about from a political economic perspective. I argue that, first, the expansion of social welfare and social care in Korea is a product of multiple and often conflicting objectives in which various actors coalesced on social policy reforms. This was particularly evident during the Roh Moo-hyun administration between 2003 and 2008. Second, the commodification of women's unpaid care work through socialization of care in Korea, however, has not led to greater gender equality thus far. For example, our analysis of the 1999 and 2004 Time Use Survey data shows the relative lack of change in women's share of care burden within the households.<sup>11</sup> Similarly, the continuing peripherization of women in the labour market as illustrated by the over-representation of women in non-regular and insecure employment also do not bear well for gender equality. I use the

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<sup>11</sup> For information on Time Use Survey analysis, see Miyoung An, "Political and social economy of care research report 2: Analysis of Time Use Survey on Work and Care in South Korea", UNRISD, Project on Political and Social Economy of Care. ([www.unrisd.org](http://www.unrisd.org))

case of recent childcare policy reforms to illustrate how conflicting objectives have resulted in such uneven outcomes.

### *Changing Dimensions of the Care Diamond*

The Figure 2 below provides a schematic illustration of the changes in care diamond since the 1990s.

[Figure 2 here]

### *Changing Dimensions of the Care Diamond: The State - A Steady Expansion*

As shown in the figure, the state's role in care has expanded noticeably compared to before. The state has assumed (and further promises 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 Care and Education (ECCE) have undergone some important revisions since 1990, resulting in not only the expansion of the ECCE and the reaffirmation of the state commitment to equalize ECCE opportunity for all children, but also in more integration between the early childhood education (a jurisdiction of the Ministry of Education and Human Resource Development - MOEHRD) and the early childhood care (a jurisdiction of Ministry of Gender Equality and Family - MOGEF, now Ministry of Health, Welfare, and Family Affairs). The initial legislation concerning the 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. For example, 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 reaching to its peak in 1997 with the total of 9,005 (4,419 public; 4,583, private).<sup>12</sup> During this time, the number of children enrolled in kindergartens also rose from 153,823 (77,239 in public; 76,584 in private) to 414,532 (88 in national; 127,056 in public;

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<sup>12</sup> There has been a small decline in the number of kindergartens and children enrolled in these institutions after 1997 partly because of the decline in the total number of children and partly because of the shift in children being cared for in childcare centres.

and 287,388 in private).<sup>13</sup> The kindergarten curriculum was standardized at the national level by the Education Law in 1992.

Paralleling the development in early childhood education was the childcare legislation, which was introduced in 1991 under the Child Care Act. This facilitated the development of both public and private childcare centres.<sup>14</sup> For example, the total number of childcare centres nearly doubled 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. Similarly, the number of children enrolled in childcare centres also jumped from 48,000 (25,000 public; 1,500 private; 21,500 home and workplace daycares) in 1990, to 89,441 (37,017 public; 36,099 private; and 16,325 home and workplace daycares) in 1991 (Ministry of Gender Equality and Family, 2007). After this the number of both childcare centres and children enrolled in these centres increased at a rapid pace. By 2007, the total number of children enrolled in childcare centres had reached to 1,062,415, over 22-fold increase since 1990; while the total number of childcare centres increased to 29,823, an increase of over 3-fold, during the same time period (Ministry of Gender Equality and Family, 2007).

The state policies concerning ECCE changed decisively after 1997, when the Educational Reform Committee reporting to the President introduced the *Plan for Establishment of Early Childhood Education as Public Education*. The Plan proposed the establishment of a new public pre-school system for children aged 3 to 5 which will integrate the early childhood education and the early childcare. The proposal also emphasized creating a level plain field by giving priority to children from disadvantaged and low-income families to access ECCE programmes, and to ensuring at least one-year free pre-school education for all 5-year olds. This was followed by the plan to achieve 100% pre-school enrolment rate for 5-year olds by 2005 (UNESCO, 2006). Unfortunately, the government was not able to achieve the target figure due to fiscal constraints. In 2004, the enrolment rate of children under the age of 3 in childcare centres was 19.9%, and the combined enrolment rate of children in childcare centres and pre-schools were 59.5%, 66.4%, and 88.7% for 3, 4, and 5 year-olds, respectively – modest

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<sup>13</sup> The national kindergartens only began in 1988.

<sup>14</sup> It is important to point out here that private childcare centres do not necessarily imply private for-profit business. In fact a significant proportion of “private” childcare centres are run by not-for-profit organizations, such as religious organizations and other legal corporations. The distinguishing feature of the public childcare centre is that it is run as a national public service, thus the workers are classified as the public servants. In most cases, both public and private childcare centres are regulated by the Child Care Act, and receive government subsidies on the basis of per capita child enrolled.

figures compared to some of the OECD exemplar countries such as Sweden, France and Denmark (OECD, Family and Education Database). The revisions of the Early Childhood Education Act in 2004 and of Child Care Act in 2005 (later named the Second Scheme for National Childcare Support Policy, or *Saeromaji 2010* in 2006) led to the establishment of various interministerial and national-local ECCE related committees, such as Childcare Policy Mediations Commissions (Office of the Prime Minister), Central Childcare Policy Commission (MOGEF), and Regional Childcare Policy Commission (Seoul, metropolitan cities, Do, city/gun/gu) to develop more effective ECCE programmes. Another outcome of the revisions was for the MOGEF to operate a Central Childcare Policy Commission, and to coordinate the implementation of national childcare policy. Both the national and regional governments took on more responsibilities for ECCE, including increased childcare related funding, and increased certification requirement for ECE teachers and childcare staff and facilities. The target for nation-wide free education for all 5-year-olds was also reset to 2010. Notwithstanding the nation-wide free education for all 5-year olds, Korean government estimates a dramatic increase in children's enrolment rate in ECCE institutions over the next 15 years as a result of the public investment (Table 4 below). The national government budgets on ECE and childcare have increased markedly in the recent years, with the budgets on ECE more than doubling from 356 billion won in 2002 to 886 billion won in 2006, while childcare nearly quintupling from 435 billion to 2,038 billion, respectively (see Table 5 for national budget for ECCE programmes between 2005 and 2006).

**Table 4: Estimated % of Kindergarten and Childcare Centre Enrolment, 2006-2020**

Year	Kindergarten enrolment			Childcare center enrollment				(unit %)		
	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	
2007	17.76	35.31	47.57	12.48	23.61	41.40	51.59	44.31	33.58	
2008	18.60	36.95	47.74	14.61	25.75	43.09	54.08	47.57	35.26	
2009	19.35	38.21	47.92	16.31	27.63	44.39	56.22	49.96	36.83	
2010	20.02	38.92	48.15	17.65	29.28	45.41	57.94	51.85	38.10	
2011	20.60	39.23	48.44	18.72	30.73	46.24	59.33	53.23	39.43	
2012	21.10	39.28	48.75	19.63	32.01	46.96	60.48	54.24	40.69	
2013	21.52	39.17	49.07	20.42	33.17	47.59	61.45	55.02	41.86	
2014	21.87	38.96	49.35	21.13	34.23	48.16	62.28	55.67	42.94	
2015	22.15	38.70	49.58	21.80	35.21	48.70	62.97	56.25	43.92	
2016	22.38	38.40	49.75	22.43	36.14	49.22	63.56	56.77	44.81	
2017	22.56	38.08	49.84	23.03	37.03	49.72	64.08	57.26	45.62	
2018	22.69	37.76	49.88	23.62	37.90	50.20	64.53	57.72	46.35	
2019	22.79	37.45	49.88	24.20	38.75	50.68	64.92	58.16	47.01	

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 5 and the number of children enrolled in kindergartens childcare centers from 2002 to 2005.

Source: Ministry of Education & Human Resources Development Korean Educational Development Institute (2005, 2006). *Statistical Yearbook of Education*.

**Table 5: Per capita budgets for early childhood education and child care, 2005-2006**

Fiscal Year	Units: thousand Won					
	Budget for ECE			Budget 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 & Human Resources Development Korean Educational Development Institute (2005, 2006) *Statistical Yearbook of Education*; Ministry of Gender Equality and Family (2005, 2006) *Statistics on Child Care*.

The increase in the state support for childcare is beginning to reflect in the decline in the ratio of parents' out-of-pocket payment, and increase in families receiving financial assistance. For example, the ratio of parents' out-of-pocket payment in childcare has declined to 46%, while the proportion of families with pre-school age children receiving financial assistance (for both childcare and ECE) went up to 80% in 2007 (Choi, 2008). The renewed public support for childcare is evident in the increase in the proportion of children receiving *childcare subsidies*. The 2005 and 2006 data show that 43.4% and 50.7% of children between the ages of 0 and 5 enrolled in childcare centres received childcare support fees, respectively (Korean Educational Development Institute, 2008). To meet the urgent childcare needs, the government has also allotted 2.6 billion Won in 2007 to provide low-cost babysitting services and night time babysitting services for families with children between the ages of 3 and 12 months (Chosun Daily, 2007). 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.

In addition to childcare, a number of work-family harmonization policy reforms have been introduced since 2000. For example, 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 the paid maternity leave from 60 to 90 days (at 100% wage replacement), and introducing financial support for parents taking one-year parental leave. In 2005 the maternity leave legislation was revised again, after it became evident that the previous system led to high rate of non-compliance by employers, particularly those in small firms, and to employer discrimination against



hiring women. The employer resistance arose because of their legal obligation to pay 60 of the 90 days of wage replacement during the maternity leave (Chosun Ilbo, 2003). The 2005 maternity leave legislation reform therefore shifted the financial burden of wage replacement from the employers to the state and the social insurance. To achieve this the government set aside approximately 10 billion Won (US\$10 million) in 2007 and 90 billion Won (US\$90 million) in 2008, targeting in particular small and medium size companies (Korea Net, 2005). To encourage parents to take parental leave, a flat-rate wage replacement of 300,000 Won per month was added to the remaining 9 months of parental leave in 2004. This rate was subsequently raised to 400,000 Won in 2006, and 500,000 Won in 2007. In the latest round of reforms in 2006, the government extended the period of parental leave from one to three years for public servants (Korea Net, 2006). Finally, other programs such as “no over-time on the 6<sup>th</sup> of every month” campaign<sup>15</sup> and daddy quota 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).

At the employment front, some attempts have been made also to recast the gender model from the male breadwinner to the dual earner model. The comprehensive women’s workforce development plan, 2006 – 2010, introduced by the MOGEF in 2006, for example, has sought 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 of women-owned enterprises. The Affirmative Action for women in the labour market was introduced in March 2006, specifically aiming to eliminating invisible barriers against women from 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 also instituted within the National Basic Livelihood Security (NBLs) Programme to help recipients of the NBLs income support, particularly lone mothers, achieve paid employment. In addition to free childcare, women are provided with job training, support for job placement and job finding, vocational training, and support for business start-ups. Data show that in addition to the NBLs income support (which is provided to over 54% of lone mother, and over 50% of lone father families), the government also increased its budget for other programmes related to single parent families by about 1.5-fold between 2005 and 2006 (see Table 6).

**Table 6. Annual budgets for One-parent families under the Mother-Father-Children Welfare Act**  
(Unit: 1,000,000won=1,000USdollar)

	unit	2005		2006		note
		Number	budget	Number	budget	

<sup>15</sup> “Six” sounds very similar to pronunciation of “raising (children)” or “taking care of (children)” in Korean.

Total			21,360 [2,000]		33,328 [2,000]	
◦Institutional Care			1,532		3,847	
- New construction of nursing mother group homes	Facility	1	1,073	7	1,005	
- Extension	Facility	2	279	5	1,998	
- Remodelling	Facility		60		794	
- Construction materials purchase	Facility	12	120	2	50	
◦Financial Aid for low-income one-parent families		30,294	19,509	54,464	29,298	
- High school tuition fee	Recipient	14,126	12,300	23,034	15,742	
- Childcare Allowance	Recipient	16,168	7,209	31,430	13,556	
◦Subsidy for welfare organizations for Mother-Children family	Organization		33		33	
◦Administration			46		-	
◦Welfare loan program	Household	133	[2,000]	133	[2,000]	Special budget
◦Etc			240		150	

Source: Ministry of Gender Equality and Family (2006), A Guide for the Mother-Father-Children Welfare Programs, compiled by Seongge Um.

The last addition to the expansion of the state role in social welfare in Korea is the introduction of the Elderly Care Insurance, due to begin in July 2008. The insurance will cover 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% wage will be added onto the existing health insurance contribution. Unlike the case of Japan's Long-term Care Insurance, where the financing mix of the long-term care consists of 50% state contribution, 20-30% co-payment, and 20-30% insurance contribution; the public contribution to the Korean Elderly Insurance financing mix is less generous, with 20% state contribution, 15-20% co-payment, and 60-65% insurance contribution. The Elderly Care Insurance is estimated to cost a total of [ Won] per year, and will provide care to approximately 3.5% of all the elderly in the first instance. In sum, the recent trajectory of social welfare reforms in Korea – ECCE, family-work harmonization, and elderly care – clearly indicates an expansion of the state role in social welfare and care.

#### *Changing Dimensions of the Care Diamond: The Market - Repositioning within the Care Diamond*

The market in Korea has been repositioning itself from being the source of stable employment for male breadwinners to both the supplier of new social and care services and a source of service sector employment for women. This change came as a result of a combination of post-economic crisis labour market restructuring and active welfare policy reforms that were introduced in synch 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, did ensure employment security and

family wage for male breadwinners. The relaxation of the employment protection thus implied the possibility of breaking down the dual labour market structure that discriminated women and workers who worked in the peripheral labour market, but at the same time, also undermining of the most important form of social security for Korean families, the employment security. In reality, there had been a steady push towards labour market flexibilization since the early 1990s. In the eve of Korea's entry into the OECD in 1996, the conservative Kim Young-Sam government (1992-1997) attempted to force a labour reform through the parliament that would have granted employers freedom to lay off workers, hire replacements during strikes, and to impose unpaid overtime (ICFTU, 1997). The government attempt was, however, foiled by fierce opposition protests and labour strikes. Ironically, however, the economic crisis of 1997 forced the new in-coming, left-of-centre government of Kim Dae-Jung to negotiate even more radical reforms. The Labour Standard Act amendment of 1998 nearly did away with the *de facto* life time employment system in exchange for increased political rights for the labour and the expansion of social security and social welfare. The amendment allowed the "urgent managerial need" as a justifiable reason for layoff, and at the same time, allowed employers to hire more non-standard workers, and legalized the temporary dispatch work. The outcome of the labour market flexibilization was the undermining of the employment security, without the breakdown of the dual labour market. Rather, the core labour market simply shrunk, leaving an even greater proportion of workers in the periphery. These reforms thus enabled the employers to layoff a significant proportion of their full-time standard workforce to meet the immediate business contingencies of the economic crisis in the first instance, and then later, to replace them with non-standard work – something that would have been nigh impossible to do before. The proportion of standard workers as percentage of all waged workers declined by about 10%, from 56.8% in 1996 to 47.9% in 2000. The figure did gradually recover after 2000, but only to 52.8% in 2008 (KLI, 2008).

To compensate for the breakdown of the employment protection system, the government introduced a number of active welfare programmes (what Kim Dae-Jung called "the productive welfare" (Korea, 2000)), including the expansion of social insurance, social welfare, and employment and job focused support programmes. As discussed in the earlier section, both the Employment Insurance and Workers Compensation Insurance were extended to workers in small and medium size companies, and later, also to non-standard workers such as contract, part-time, self-employed, and family workers. The national pension system was also extended to the urban self-employed in 1999, the last remaining group of people without pension scheme, which broadened the coverage to over 9 million new members and universalized the system. The social security expansion is reflected in the

huge increase in the public spending. The percentage of social spending to GDP rose from 3% to 9% between 1995 and 1999. The public expenditure for unemployment (i.e. unemployment benefit; not total employment support) rose by a quantum leap, from 10.46 billion Won in 1996 to 1,030.3 billion Won in 2003, while the expenditure on active labour market (e.g. job creation, employment support, etc.) increased by nearly 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). In a slightly different calculation, Nam and Jones (2003) report a substantial increase in government spending on social safety net, as shown on Table 7 below.

**Table 7: Government Spending on the Social Safety Net, 1997 - 2002**

	Billion won					
	1997	1998	1999	2000	2001	2002
Unemployment insurance	170	1 191	1 697	1 135	1 730	2 101
Wage liability insurance	--	16	39	46	77	93
Support for minimum living cost	950	1 137	1 782	2 399	3 326	3 470
Occupational accident insurance	156	1 451	1 274	1 456	1 789	1 902
National Health Insurance <sup>1</sup>	5 813	6 884	7 921	9 032	13 245	13 331
National Pension Scheme <sup>2</sup>	1 500	2 426	3 891	1 588	1 569	2 261
Other	160	1 817	3 923	1 853	1 258	821
Public works jobs	--	1 044	2 493	1 321	675	523
Vocational training	160	203	292	256	277	206
Living cost loans	--	570	1 138	276	356	92
<b>Total</b>	<b>10 148</b>	<b>14 921</b>	<b>20 526</b>	<b>17 509</b>	<b>22 993</b>	<b>23 980</b>
Per cent of GDP	2.2	3.4	4.3	3.4	4.2	4.0
<i>Memorandum item:</i>						
Spending related to the labour market <sup>3</sup>	329	3 024	5 658	3 033	3 064	3 016
Per cent of GDP	0.1	0.7	1.2	0.6	0.6	0.5

1. Payment for medical treatment.

2. Pension payment.

3. Includes unemployment insurance, wage liability insurance, public works jobs, vocational training and living cost loans.

Source: Ministry of Planning and Budget.

The government has also invested a significant amount of money in the area of childcare as discussed above. Most of childcare services is provided and expected to be provided by private for-profit and non-profit sector providers in the market and the community. For example, currently, of all the childcare centres, only 5.6% (1,670 out of 29,823) are truly *public*, the rest being private for-profit and non-profit centres. Similarly in terms of the number of children enrolled in childcare centres, only 11% of all children enrolled (117,126 out of 1,062,415) are in public childcare centres. In a similar vein, the Elderly Care Insurance services are expected to be provided primarily by the market and community sectors, by private for-profit, non-profit, and community based voluntary organizations.<sup>16</sup> The expansion of state welfare in Korea is therefore hardly market challenging; on the contrary, the new welfare mix is highly market enhancing. Rather than taking over the market function, social

<sup>16</sup> Interview with Se-Kyong Park and Hyekyu Kang, KIHASA, 17 December 2007.

welfare policies under both Kim Dae-jung and Roh Moo-hyun governments have sought to facilitate and enhance market role by investing in social welfare and care services that are largely delivered through the market. Indeed, so much so that in response to the concerns about low economic growth rate (about 4% per year since 2002!), low fertility and rapid ageing, and growing labour shortage, the Roh Moo-hyun government has actively began to re-frame its social welfare expansion policies not only as family-friendly social policies, but also as a family-friendly *economic policies*, in essence, selling social services as potential “growth engines” for the new economy (Lee, 2007).<sup>17</sup>

### *Changing Dimensions of the Care Diamond: Family - Reduced Care Burden; 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 (i.e. women’s) of 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 of family income has added pressure on women to go out and work. For example, the average monthly income for urban wage earner’s households dropped by about 7%, from 2,287,300 Won (about US \$2,287) in 1997 to 2,133,100 Won (US \$2,133) in 1998. It was not until 1999 that the level of average household income had recovered almost to the 1996 level. The pressure on women to work is also reflected in the changes in people’s attitudes toward female employment. For example, the Korea National Statistics Office’s survey found that the percentage of people believing that women should be devoting themselves only to housekeeping declined from 21.1% in 1991 to 15.8% in 1995, and finally 8.1% in 2002. Similarly, those who believed that women should work only until they are married fell from 20.2% to 13.2%, and 5.2%, respectively. Instead, those who believe that women should work throughout their lives increased from 13.7% to 20.9%, and to 35.4% during the same time period (KNSO, 2002). In a recent survey by Korea Institute of Health and Social Affairs (KIHASA), it was also found that over 80% of young men wanted to marry working women.<sup>18</sup>

Second, the employment insecurity for both men and women has also created a climate of insecurity for young people. Studies show that the shift in public attitudes towards life long

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<sup>17</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.

<sup>18</sup> Interview with Seung-Ah Hong, Ministry of Gender Equality and Family, 14 December 2007.

employment for both men and women are also affecting the pattern of low fertility in the recent years. A recent 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 fertility decline – were housing shortage and employment insecurity for men, and employment insecurity for women.<sup>19</sup> The total crude marriage rate in Korea has declined from 388.6 per 1,000 in 1997 to 304.9 per 1,000 in 2003. Out of these figures, the marriage rate for first time marriage for men declined from 345.6 to 253.3, while that of women dropped from 343.2 to 247.6, respectively. The average ages at first marriage for both men and women have also increased over the last decade. Where as the average age at first marriage for men increased from 28.6 in 1997 to 31.1 in 2007, women's rose from 25.7 to 28.1, respectively (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 barrier to dual labour market, the labour market flexibilization had instead led to reduced number of the regular full-time employment and opened up the non-regular employment sector, in which women are increasingly drawn into. For example, women are over-represented in non-regular employment, and studies show women have been more adversely affected by the post-economic crisis labour market restructuring than men. The Survey on Economically Active People shows that not only did the proportion of women in regular employment decline, from 41.1% to 31.1% between 1996 and 2000, but that the total number of women in salary and wage employment dropped between 1996 and 1998, suggesting that many women were laid off and/or had withdrawn from the labour market. During this period, the proportion of women in non-regular employment, particularly daily work, increased sharply, from 15.9% to 22.6%, respectively. Studies also show that a large number of women dropped out of the labour market after 1997 because of employer discriminations towards them, including discrimination at hiring, refusal to ensure maternity leave, and workplace pressures on women to leave (Lee and Cho, 2005; Lee et. al., 2001). Lee et. al.'s survey of employer behaviour in 2000 found that the majority of employers held either gender stereotypic attitudes and/or aversion towards hiring women because of the possibility of career interruption due to marriage and maternity (Lee, et. al., 2001). Cho's study also points to a

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<sup>19</sup> For example, Korea Institute of Health and Social Affairs (KIHASA) has began a project called, "Social Services Industries Welfare" in 2006 in response to the Ministry of Health and Welfare and the Ministry of Labour's concerns about high unemployment rate. The project analyzes the impacts off 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.

higher rate of involuntary unemployment among women as compared to men in 1998, indicating that women workers were most likely the first to be let go after the economic crisis (Cho, 1999).

Study by Kim and Voos (2007) also suggests that the outflow of younger women and women in pink-collar jobs has been offset by the simultaneous inflow of older and married women into the labour market (often in low wage and non-regular employment sector). For example, the number of employed women in their twenties declined from 2.215 million in 2001 to 2.128 million in 2006, while that of women in their forties and fifties increased from 3,423 million to 4,117 million, respectively (Ministry of Labour, 2007). The National Statistics Office survey shows that nearly 74% of women non-regular wage workers in 2006 were married. The change in employment pattern of women mirrors a more profound change in industrial structure, from manufacturing to service sector industry, since the 1990s. Whereas people working in service sector industries increased from 10.7 million in 1991 to 16.4 million in 2004, the number of people working in mining and manufacturing industries declined from 5.2 million to 4.3 million, respectively.

Non-standard employment is precarious because of their lack of employment security, limited (though increasing) social insurance coverage, and low wage. The OECD calculation suggests that the wage gap between temporary and regular workers in Korea at around 30%, around the middle range in comparison to other OECD European countries (Grubb, Lee and Tergeist (2007)).<sup>20</sup> In addition to wage disparity, there are noticeable differences in the non-wage welfare benefits between regular and non-regular workers, and as well, between workers in large and small-medium companies. Since most of the non-standard workers are found in small and medium size firms, and also since, most women who are non-standard workers work in smaller establishments, their access to welfare benefits is limited because of their employment status and of the size of company in which they work. Given the low wage and poor working conditions, the expansion of employment opportunities for women outside the household is 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

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<sup>20</sup> In the case of Korea the wage differentials between regular and non-regular workers is further complicated by the wage differential between companies based on company size and union membership. While non-regular workers are generally paid lower wages compared to regular workers, because of a noticeable wage differential between workers in small and large companies, some regular workers in small and medium size 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 compared to unionized regular workers, their wages are nevertheless higher than un-unionized non-regular workers.

total amount of work assumed by the family, and in particular, women. On the contrary, the increased expectation on women (and particularly married women) to work suggests that the expansion of the state and market sectors in the care diamond may, in fact, mask the possible substitution effect that is taking place within the family as women's uncommodified care work within the households is being replaced by their commodified 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 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. The continuing peripheralization of women in Korea's dual labour market suggests that increased commodification of women's labour will 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 would be premature to conclude about the impacts of policy changes on the nature of gender difference based on data from the 2004 Time Use Survey, our analysis does not give us much confidence that the distribution of unpaid care work between men and women within the household will change appreciably 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 larger total work burden compared to men.

### *Community: New Expectations*

In the context of the new care diamond, the community sector is charged with 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 the community participation in social development, and the progressive decentralization of social welfare and social care programmes since 2003. First, the state has begun to focus on the community as a new site of social development. This is most evident in the recent national development plan, Vision 2030. Basing on the idea of virtuous circle between economic growth and social welfare development, Vision 2030 emphasizes the positive contribution of welfare in the country's social and economic development. Fundamental to this idea is the notion of social capital. This concept came out of a process of policy rethink within the Roh Moo-hyun government shortly after the administration took over the office. Faced with high rate of unemployment and low economic growth, low fertility and rapid population ageing, and increased global economic competition, the government was forced to recast the "productive welfare policy" paradigm it had inherited from the Kim Dae-jung administration. Two streams of thinking merged in the process of the



policy rethink. The first was the neoliberal economic perspective on the productive welfare. Many economists argued that the productive welfare policy under the Kim Dae-jung administration had been “inconsistent”, and “old-fashioned” (Cho, 2005: 84). The government was 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 Labour, and Korean Development Institute, to adopt a more “market-friendly productive welfare policy”. Their views were also supported by international organizations, such as the OECD, which recommended further governance and financial reforms. The recommendations from this groups of similar minded economic policy experts included, focusing on job creation, particularly targeting the knowledge-based economy; 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 who were concerned with the decline of social cohesion and social capital. The growing income inequality and social exclusion post-1997 had emerged as a major policy issue in Korea, so much so that the President created the Presidential Committee on Ageing Society and Population Policy in 2004, and the Presidential Committee on Social Inclusion in 2005, to deal with the issue of fertility decline and population ageing, and social inequality and social exclusion, respectively. These committees were charged with tasks of developing and coordinating social policies across government ministries. The Presidential Committee on Social Inclusion was also charged with two huge and contentious tasks of reducing poverty and discrimination (social exclusion), both of which involved multi-sector policy cooperation and the application of multiple policy levers affecting areas such as social welfare, labour market and employment, family, and gender equality, and as well, requiring significant community participation<sup>21</sup> Researchers had found that civil society organizations in Korea, while extremely effective in utilizing “nationwide solidarity” strategy to push for policy change and to mobilize politically, have failed to bring about environmental and socio-cultural improvements, such the level of social trust and civic participation (Joo, Lee and Jo, 2006). International comparative studies of social capital also show that the level of social trust amongst people in Korea is extremely low and highly particularized. In particular, Korean people’s trust in public institutions, such as national associations, government institutions, the judiciary, and

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<sup>21</sup> The Presidential Committee on Social Inclusion was later institutionalized into Ministry of Planning and Budget in 2006.

educational institutions, had declined steadily since 1981. The level of civic participation in volunteer activities amongst Koreans is not only low compared to other OECD countries, but has fallen even further in the recent years. Finally, social trust in Korea is now one of the lowest in the OECD (Kim, 2006; Joo, Lee and Jo, 2006). This prompted calls for policy interventions to enhance social capital, including governance reform, and increased public investment to promote public participation in civic associations, to support NGOs and to build communications and community infrastructures that would facilitate civic engagement.

Vision 2030 came out of the Ministry of Planning and Budget, which as dominated by economic bureaucrats, but the policymaking process involved an interministerial group mediated by the Presidential Committee on Social Inclusion. It therefore required the consensus amongst different ministries, including Ministries of Health and Welfare, and Gender Equality and Family, which did not share the views of the Ministry of Planning and Budgets. Vision 2030 thus incorporated the two sets of ideas – the social-economic development, and social capital investment. Crucial in this is the increased local and community role in the national development effort. As Hyekyung Lee, the Chairperson of the Presidential Committee on Social Inclusion, points out, the future direction of social services in Korea cannot be accomplished by simply raising social spending, but also require increased participation of the civil society. Pointing to Korea's history of dependence on overseas assistance, which led to the prohibition of charity, and the undermining of the domestic charity and voluntary sector under the authoritarian period, Lee argues that social integration can be achieved through civil society engagement in social services (Lee, 2007). 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 labour productivity; investing in social welfare to guarantee stable livelihood as a way to heighten labour productivity; and boosting economic efficiency through proactive globalization.

(Suh, Jung-hae, 2007)

The idea of social capital is therefore applied as the foundation for such national development strategy.

In his summary explanation of the ideational basis of Vision 2030, Kim (2006) underlines that Vision 2030 and social capital are implicitly linked to each other because the strategy for prosperous and decent society necessarily requires: “nurturing new engines of growth, development in human capital, expansion of social safety nets, investing in social capital and active globalization”.

The decentralization of social welfare and services from the national to local/community level has thus enhanced the role of local governments and the community in provision of social welfare and care. A good example of this is the ECCE policy. First, as the central government increased its financial support to local governments, local governments are also expected to provide more ECCE spaces and centres for children. For example, the central government has increased its financial support for ECCE by raising its total funding contribution from 29.8% of total national ECCE funding in 2002, to 33.6% in 2006 (Korea Institute of Child Care and Education, 2008). At the same time, the local government is also mandated to expand their ECCE programmes, and to improve childcare and early childhood education system by implementing new accreditation and evaluation systems for childcare centres and kindergartens (Rhee, 2007).<sup>22</sup> Community and businesses are also encouraged to participate in the emergent childcare market. For example, local entrepreneurs, parents, and businesses are encouraged to provide childcare services through legal mandates and financial support. The Second Scheme of National Childcare Support Policy (*Saeromaji 2010*), established by the Presidential Committee on the Ageing and Future Society in 2006, for example, have, in addition to introducing childcare subsidies for parents, also imposed a new requirement on companies with more than 300 female employees or more than 500 employees regardless of gender to provide childcare in 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 also given financial support to set up childcare spaces within workplace. The local and community responses to childcare expansion have been so far mixed. On the one hand, there has been some local government resistance to invest in social welfare and social care infrastructure because of the large capital commitment<sup>23</sup>, on the other hand, the number of home daycare, private home-based childcare service that caters to 5 to 20 children, have increased rapidly in the recent years. Similarly, there is an emergence of parent co-op daycare centres, a totally new form of childcare institution, in the recent years. In the home daycare situation, women often use their homes to provide care for children in local community, and receive financial support from the Ministry of Health and Welfare pro-rated to the number of children under their care.

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<sup>22</sup> The Roh Moo-hyun government has also offered fiscal support to local governments to take on other social welfare services, such as welfare institutions, job training centres, and elderly care.

<sup>23</sup> Interview with Hyekyung Lee, Chairperson, Presidential Committee on Social Inclusion, 18 December 2008.

Between 2002 and 2007, the number of home daycare increased from 7,939 to 12,360, not an insignificant increase in five years. Similarly, 62 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 in ECCE, we could anticipate a parallel increase in the number of community based childcare providers as well. In sum, although slow to react, the community sector is also beginning to expand its role within the care diamond in Korea. Given the recent push on the community to take on more social welfare role by the state we may indeed see a positive increase in the community role in social care.

### *Multiple Actors and Conflicting Objectives: Case of Childcare Policy*

The above section discussed the ways in which the Care Diamond in Korea has been reconfiguring since the 1990s. While it is clear that the care mix in that country has become much more complex as a result of the increased state role in regulating, financing, and directly providing social welfare and care, and to the simultaneous changes in the market, family, and community sectors, the dynamics of the changes has been by no means always coherent or self-evident. Indeed, a closer examination of the political economic dynamics of social policy reforms shows that these changes have come about as a result of active policy contestations amongst multiple actors, often with conflicting objectives. In this section I examine the political economic processes involved in the recent childcare policy reform to illustrate the complexity of the social policy reform process. I choose childcare policy reform because, first, it represents a central pillar of 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, because it is small enough a policy sector to allow indepth examination.

The childcare policy reform is one of the central pillars of the Roh Moo-hyun administration's Vision 2030 Plan. It addresses all the key policy issues faced by the Roh Moo-hyun government – high unemployment, low economic growth, low fertility and rapid population ageing, and increasing globalization – and it embodies the key principle of the Vision 2030 – 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 political challenge. In defiance to the conservative Grand National Party's attempt to make a come back to the power after the end of the Kim Dae-Jung's term, Korean voters opted for another outsider, Roh Moo-hyun, who promised to improve governance structure and deepen civil society participation in political and policy processes – what Roh Moo-hyun called the “participatory democracy”.<sup>24</sup> After the euphoria of post-crisis economic recovery from 1999 to 2002, the country woke up to the reality of the end of the high economic growth era. Since 2002, the average economic growth rate has remained low, at around 4% - a significantly lower rate compared to the pre-economic crisis figure of over 10% per annum. The public disappointment and frustration over the apparent lack of improvement in economic condition was compounded by the growing understanding of economic inequality and poverty despite the welfare state expansion. The earlier public support for the government's pro-welfare policies was gradually replaced by criticisms of the government's inability to manage economic recovery. For example, media attention shifted to the Roh Moo-hyun administration's lack of understanding about economy and political diplomacy (reference here). Public support for the President declined as the public anxiety over high unemployment and low economic growth grew. 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 ordered the Presidential Committee on Social Inclusion to mediate interministerial dialogue to develop new national agenda to reduce poverty and discrimination. One of the first issues the Committee took on was childcare policy reform.<sup>25</sup>

Childcare was a social policy agenda that needed serious attention because it addressed a number of important policy concerns that were represented by in the interministerial group members. This included low fertility and population ageing, gender equality, job creation, and support for service sector industry. While all the members in the interministerial group agreed on the expansion of childcare, opinions on how to achieve it differed widely. Ministry of Gender Equality and Family was in support of a proposal raised by Korean Women's Development Institute (KWDI), the policy research think tank affiliated to the Ministry of Gender Equality and Family, and Ministry of Health and Welfare, to introduce universal public childcare.<sup>26</sup> The KWDI's own research had found that there was a significant public dissatisfaction with the existing government policy on childcare. Most mothers

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<sup>24</sup> Later, this concept of embedding civil society into policy processes becomes translated into the regime's “participatory welfare” as well.

<sup>25</sup> It should be pointed out that, at the same time, other committees, such as the Presidential Committee on Ageing Society and Population Policy was also engaged in childcare policy discussion as well.

<sup>26</sup> Interview with Seung-Ah Hong, Fellow, Family Policy Research Centre, Korean Women's Development Institute, 14 December 2007.

they surveyed felt that childcare subsidies provided by the government were too low, and that there were not enough *public* childcare centres, the most favourite choice of all mothers. The KWDI's care paradigm was also deeply informed by the social democratic exemplars, such as Sweden and Denmark. Their idea of family care regime thus implied socialization of care, which in turn, meant government provided services. They argued that it would be more cost-effective for the government to provide public childcare services rather than using subsidies because the infrastructure for such services already existed.<sup>27</sup>

The KWDI, MOGEF and MOHW held numerous meetings over childcare strategy but failed to come up with a unified position over the issue of subsidies versus public provision of childcare. While MOGEF was supportive of the universal public childcare, MOHW was divided. Within the interministerial group, a huge difference also existed between the "economic ministries" such as Ministry of Planning and Budget and Ministry of Labour, on the one side; and the "social ministries" such as MOGEF and MOHW on the other. Moving beyond the issue of subsidies versus public provision, the Ministry of Planning and Budget preferred a total deregulation of the childcare market, arguing that individual needs for childcare services can be most efficiently met by the market. While not entirely convinced about the merit of public provision of childcare services, MOHW was also not comfortable with the Ministry of Planning and Budget's idea of total deregulation either, worried that the quality of care may be sacrificed in the process. The Ministry of Labour, on the other hand, saw the burgeoning childcare market as an excellent opportunity to advance its interests in job creation and employment facilitation for women.

Outside of the interministerial group, the public debate on childcare policy reform also raged. Within the community, most NGOs and researchers supported the idea of publicly provided childcare services. Surveys show that most mothers preferred public childcare system as well. However, nearly 95% of the childcare providers were private sector, and therefore the Private Childcare Providers' Association presented the largest opposition to the KWDI's universal public childcare proposal. Pointing to the lack of efficiency and the need for flexibility in the public childcare system, the Private Childcare Providers' Association put the full force of stakeholder pressure onto the government not to make childcare services public (reference here). The Korean Childcare Teachers' Association (KCTA), the majority of whose membership worked in private sector childcare centres, was divided on the issue. The universal public childcare policy presented both opportunities and constraints. Making childcare

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<sup>27</sup> Interview with Seung-Ah Hong, 14 December 2007. Hong was also involved in the KWDI research on childcare as a researcher during the childcare policy reform process in 2005 and 2006.

centres public would imply formalization of their employment status as public service workers, which came with employment security, union representation, and higher wage and better working conditions; but, it would most likely also entail stricter certification requirements. In the end the KCTA accepted the position of private provisions of childcare.

The interministerial processes over childcare policy reform took about 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 then debated within the committee before an agreement has reached and presented to the President. The President then organized an all ministers' committee meeting, inviting also academic and policy experts in childcare sector, and 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 a collective anxiety about the future of Korean population.<sup>28</sup> As the number of Korea's social problems increased – not just slowing economy and high unemployment, but also lowest ever fertility – the proposal of universal public childcare became increasingly less convincing in the face of other policy demands such as job creation and fiscal control. Ministry of Health and Welfare, over time, lost some of its earlier vested interests in childcare because much of the family and childcare portfolio had been shifted over 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 compared to childcare. MOHW thus agreed with Ministry of Planning and Budget's position to increasing the childcare subsidies rather than push for universal public childcare. In the end, the reform resulted in a significant fiscal commitment to childcare through subsidies to parents, while leaving the structure of private sector dominated provision.

In sum, childcare policy reform in Korea has led to a significant expansion through financial subsidies to parents, and consorted multiple sector effort to develop childcare market. The process leading to this, was however, hardly smooth. On the contrary, it involved over a year and a half of contentious political debate within and outside of the government, in which multiple actors struggled to push forward their diverse policy agenda.

#### **4. Conclusion**

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<sup>28</sup> Interview with Joo-Hyun Park, Secretary General, and Chairman of Operating Committee, Presidential Committee on Ageing Society and Population Policy, 17 December 2007.

This paper examined the political and social economy of care in Korea since the 1990s. The changes in the configuration of care diamond suggests marked increase in the state, market, and community role in care over the last decade or so, as a result of the 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 largesse 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, and especially those introduced after 1997, were responses to both feminist demands for welfare expansion and greater gender equality, and to economic developmentalists' demands for active labour market strategy, which in this case, the government responded in the form of social investment to mobilize women's human capital and labour power in the context of rapid population ageing and growing labour shortage. For many feminists who supported the Kim Dae-jung and Roh Moo-hyun governments the expansion of social care was but a part of a larger and more complex sets of policies necessary to achieve gender equality. In this case, 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, on the one hand; but on the other, these progressive changes were also set back and complicated by neoliberal labour market reforms, such as the deregulation of protective employment legislations, that pushed a large proportion of women workers into non-standard and precarious employment. From the state's point of view, however, commodifying the un-commodified care work was important in achieving two objectives: freeing up women to enter the labour market to participate in other commodified labour, and creating new economic growth engines through 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 will continue to remain within the household and un-commodified. Social policy reforms have provided institutional and legal conditions to externalize women's care work, and thus facilitate commodification of women's labour through their participation in the labour market. However, in addition to this, by providing institutional and legal basis for families to externalize care, the policy reforms have also created and affirmed a new normative ground for women to commodify labour. Second, as shown in this paper, in Korea, the



commodification of women's labour was very much a response to and as well, understood as an effective means for the state to address a number of socio-economic issues, including, helping families deal with poverty and labour market insecurities under the post-crisis social economic context, a way to deal with low fertility (a means to encourage childbirth), and a means to more effectively allocate human resource in the rapidly ageing society. Finally, it also raises the question of the significance of commodification of women's labour for gender equality. It would be significant if it can lead to reduced reliance on marriage/kin/family and enhance power. The test of this would be for the economy to generate sufficient employment that is decently paid and protected, for women to 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. Rather, the recent labour market restructuring has resulted in increased employment insecurity and worsening of employment conditions, a situation that suggests that commodification of women's labour may in fact do more harm than good for women.

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**Table 1: Korea's Income Distribution, 1965-2000**

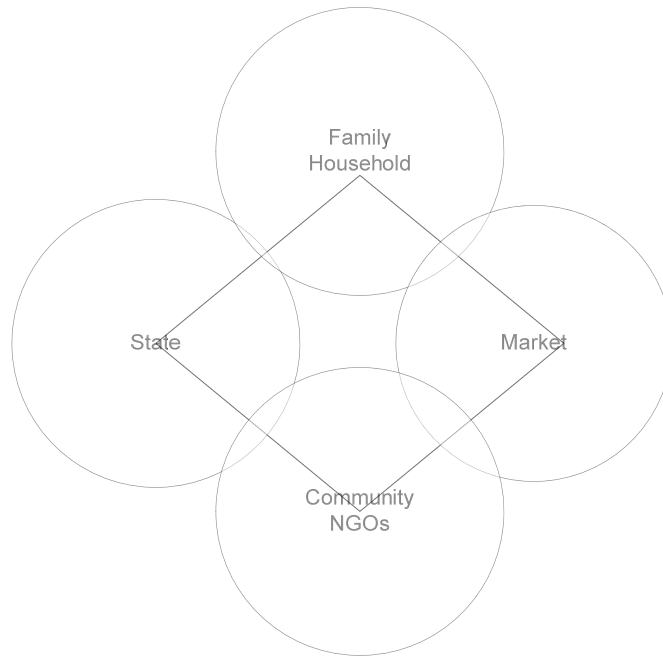
Year	Choo (1992)	Ahn (1992, 1995)	Whang & Lee (1996)	FIES (NSO)	Yoo (1998)
1965	0.3439	0.3365			
1966		0.3287			
1967		0.3647			
1968		0.3458			
1969		0.3464			
1970	0.3322	0.3125			
1971		0.3074			
1972		0.3121			
1973		0.3676			
1974		0.3823			
1975		0.3769			
1976	0.3908	0.3899			
1977		0.3780			
1978		0.3699			
1979		0.3752			
1980	0.3891	0.3567		0.3065	0.366
1981		0.3572		0.3059	
1982	0.3574	0.3766	0.393	0.3092	
1983		0.3736		0.3094	
1984		0.3804		0.3111	0.351
1985	0.3449	0.3803	0.384	0.3115	
1986	0.3368	0.3771		0.3069	0.340
1987		0.3777		0.3065	
1988	0.3355	0.384	0.365	0.3006	0.327
1989		0.4127		0.3039	
1990	0.3226	0.4017		0.2948	0.300
1991		0.4013	0.365	0.2869	0.302
1992		0.3883		0.2836	0.287
1993	0.3097	0.3797		0.2817	0.289
1994		0.3845	0.363	0.2845	
1995				0.2837	
1996				0.2907	0.288
1997				0.2830	0.282
1998				0.3163	
1999				0.3210	
2000				0.3207	

Note:

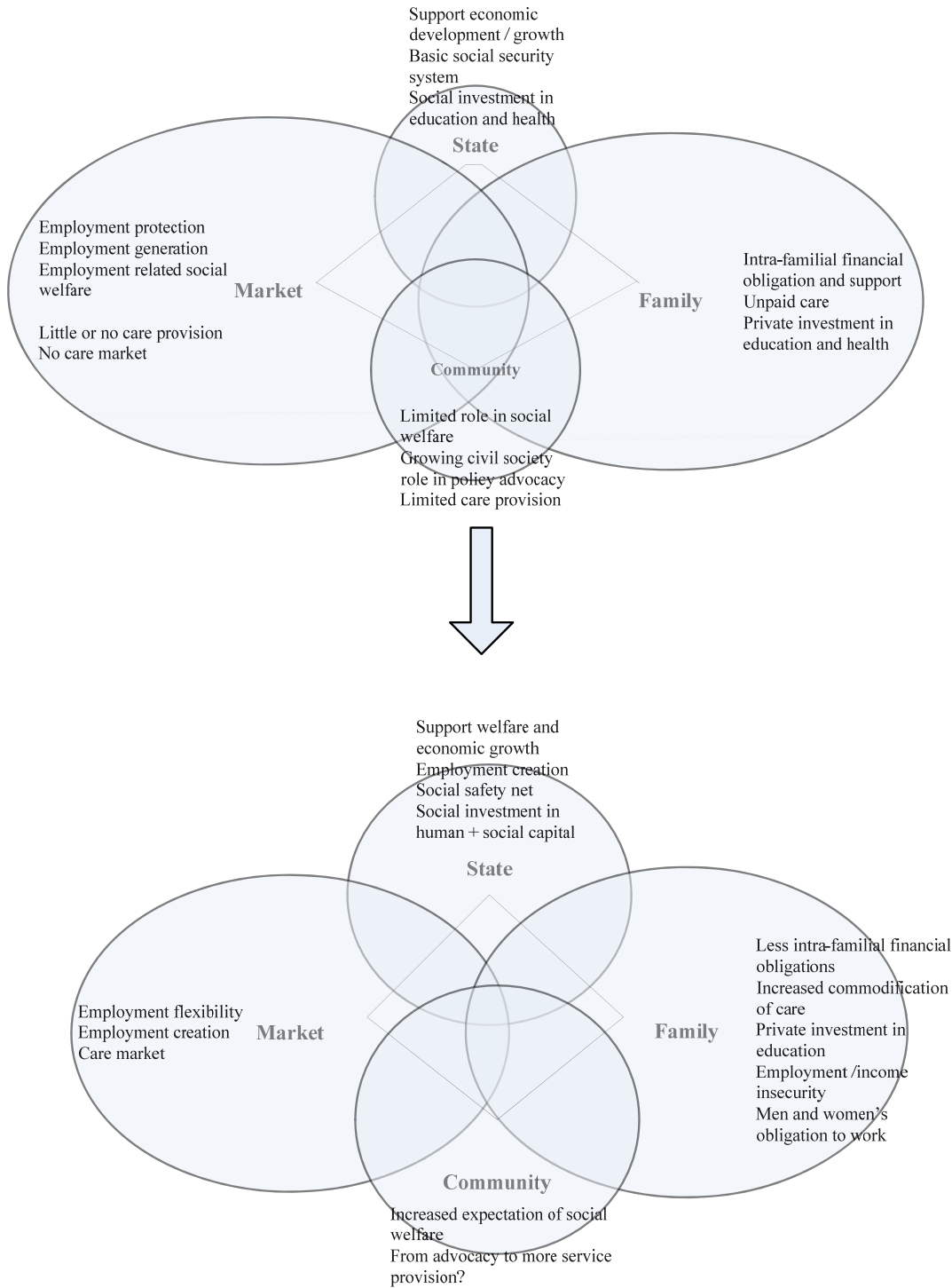
- 1) The figures of the years 1965, 1970, 1976, 1982, 1986, and 1990 are from Choo et al (19) and those of the years 1980, 1985, 1988 and 1993 are from the Social Statistical Survey of National Statistical Office.
- 2) Ahn's estimates are based on Ahn (1992) until 1981 and Ahn (1995) since 1982.
- 3) Whang and Lee (1996) covers only urban households.
- 4) Yoo (1998)'s estimates are based on the Basic Survey of Wage Structure of the Department Labor, which covers establishments that hires more than 10 regular employees.

Source: Kang, Seoghoon. 2001. *Globalization and Income Inequality in Korea: an Overview*, OECD Development Centre.

Figure 1: Schematic Model of Care Diamond



**Figure 2: Changing Configuration of Care Diamond**





**Table 3a: Summary of Korean Social Policy Regime**

	<b>Expenditure in % of GDP or Spending</b>	<b>Recent Reforms</b>	<b>Program/Benefits</b>	<b>Insurance Premiums, Costs, and Financing</b>	<b>% of population covered</b>
<b>Health</b>	<p><b>Total expenditure on health as % of GDP:</b>                      1990 – 4.3%                      2000 – 4.8%                      2005 – 6.0%</p> <p><b>Total public Expenditure on health as % of GDP:</b>                      2003 – 2.9%</p> <p><b>Public expenditure on health as % of total expenditure on Health:</b>                      1990 – 36.6%                      2000 – 46.8%                      2005 – 53.0%</p> <p><b>Public Expenditure on health:</b>                      1990 – 3,127.0 billion Won                      2003 – 21,095.5 billion Won</p> <p><i>Data source: OECD, Health Data 2007, accessed 07 April 2008.</i></p>	<p><b>1988</b> – Expansion of health insurance and health assistance program to workers in work place with 5+ employees, and self-employed in rural areas.</p> <p><b>1988</b> – Expansion of Industrial Accident Insurance.</p> <p><b>1989</b> – Extension of health insurance and health assistance program to urban self-employed. (universalization of health insurance)</p> <p><b>1999</b> – <b>Unification of National health insurance</b> – unification of separate health insurance carriers under a single body, Health Insurance Review Agency.</p> <p><b>2000</b> – <b>Separation of medical service and drug dispensing-</b> medical services and drug dispensing separated.</p> <p><b>2007</b> – <b>Introduction of Elderly Care Insurance</b> - to begin in July 2008.</p>	<p><b>National Health Insurance System:</b>                      -Diagnosis, pharmaceutical or health care materials, surgery, other treatments, hospitalization and nursing.                      -Childbirth, drugs, and essential preventive services.                      -Health Check-ups: When sick or injured, the insured and their dependents can receive benefits including in-patient and out-patient care, dental services, oriental medicines, prescription detection of preventable diseases and its treatment, the insured and the 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 (@ 50% compensation).                      -80% of the expenses of medical appliances, e.g. canes, wheel chairs, hearing aids.</p> <p><i>Data source: National Health Insurance Corporation (2008)</i></p>	<p>-Compulsory insurance premium through payroll tax for workers (a total of 5.08% (2006) of employee salary; shared 50:50 between employees and employers)                      -Compulsory insurance contribution to the NHI for self-employed based on income calculation (+National government subsidy of 50% )                      -NHI revenue sources:                      81% - premium contribution                      12% - general tax                      4% - surcharge on tobacco                      3% - other</p> <p>-Co-payments:                      In-patient - 10-20% of total treatment cost.                      Out-patient – 30-50% depending on types of treatments and services.</p> <p><i>Data source: National Health Insurance Corporation (2008)</i></p>	<p>- Total number of people covered (2006):</p> <ul style="list-style-type: none"> <li>• 47,409,600 (96.3% of total population)</li> <li>• 28,445,033 employees + dependents (59.9% of NHI coverage)</li> <li>• 18,964,567 self-employed + dependents (40.1% of NHI coverage)</li> <li>• 1,828,627 low income people (covered by Medical Aid program)</li> </ul> <p><i>Data source: National Health Insurance Corporation (2008)</i></p>

			<p><b>Elderly Care Insurance:</b>          -necessary long-term care for people over the age of 65.          -covers home based and institutional care.          -to begin in July 2008.</p>	Additional insurance premium to be added onto the health insurance.	Estimated to cover only about 2% of all the elderly initially.
<b>Pension</b>	<p><b>Total public expenditure on pension as % of GDP (2003):</b> 1.5%</p> <p><i>Source: OECD (2007b).</i></p> <p><b>Total public expenditure on old age pension:</b> 1990 – 1,165.8 billion Won 2003 – 8,622.7 billion Won</p> <p><b>Total public expenditure on survivors pension:</b> 1990 – 298.2 billion Won 2003 – 1,596.6 billion Won</p>	<p><b>1988 National Pension-</b> first legislated in 1973, but not implemented till 1988. Cover workers in workplace of 10+ people.</p> <p><b>1989</b> – Introduction of legal retirement payment system.</p> <p><b>1992</b> – National Pension extended to workers in workplace with 5+ people.</p> <p><b>1995</b> – Inclusion of people in rural areas into the National Pension.</p> <p><b>1997</b> – Retirement insurance introduced.</p> <p><b>1998</b> – Integration of regional and company pensions.</p> <p><b>1999</b> – Compulsory participation to National Pension for all people between the ages of 18 and 60 in workplaces with 10+ employees. (70% of economically active population covered).</p> <p><b>1999</b> – Urban self-employed</p>	<p>Three types of public pension schemes:          1)National Pension          2)Government employees pension          3)Private School teacher pension</p> <p>Each pension scheme cover:</p> <ul style="list-style-type: none"> <li>• Retirement pension</li> <li>• Widows pension</li> <li>• Disability pension</li> <li>•</li> </ul> <p>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% to 50% of the wages, and increasing the contribution rate from 9% to 12.9%, but this was rejected by the Parliament in 1007.</p> <p>Means-tested old age benefit will be introduced in 2008 – will cover about 60% of the elderly population. The benefit will be only about 5% of average wage.</p> <p>2005 reform allowed employers to replace lump sum retirement allowance with company</p>		<p><b>Number of pension insurants (2005):</b>          Total: 18,347,000 (80.4% of all employed person 18 years and over)</p> <p>National Pension: 17,124,000</p> <p>Government Employee Pension: 986,000</p> <p>Private School Teachers Pension: 237,000</p> <p><b>Number of pension beneficiaries (2001):</b>          National Pension: 955,803 (12.3% of NP insurants)</p> <p>Government Employees Pension: 160,721 (17.5% of GEP insurants)</p> <p>Private School Teachers Pension: 14,639 (6.7%)</p> <p><i>Source: Ministry of</i></p>

		<p>pensions included in the National Pension.</p> <p><b>2003</b> – National Pension made compulsory to all workers in workplace 1+ people.</p> <p><b>2003</b> – Revision of National Pension – reorganization of national pension and retirement pay.</p> <p><b>2007 – Revision of National Pension</b></p>	<p>pension system.</p>		<p><i>Health, Welfare, and Family Affairs. Social Security System, accessed 07 April 2008.</i></p>
<p>Employment Insurance</p>	<p><b>Total public expenditure on unemployment insurance as % of total government spending:</b></p> <p>2000 – 0.3% 2003 – 0.5%</p> <p><b>Total public expenditure on unemployment insurance:</b></p> <p>2000 – 470.8 billion Won 2003 – 1,030.0 billion Won</p> <p><b>Total public expenditure on</b></p>	<p><b>1990 – Active Labour Market policies</b></p> <p><b>1990 – Environment Pollution Dispute Settlement Law</b></p> <p><b>1995 – Employment Insurance Program introduced</b></p> <p><b>1998 – Employment Insurance Reform</b></p>	<p>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</p> <p>Compensations to the victims of environment pollution, particularly those related to the Onsan Disease case since the mid-1970s.</p> <p>Unemployment insurance coverage to workers in establishments with 30 or more workers (in 1996, this represented approximately 35.5% of all waged and salaried workers).</p> <p>Extension of employment insurance coverage to workers in</p>	<p>Separate premium rate for Unemployment Benefit Program (UBP), Employment Stabilization Program (ESP) and Job Skills Development Progra, (JSDP).</p> <p>UBP 2004 – 0.9% of wage (0.45% employee; 0.45% employer contribution)</p> <p>ESP 2004 – 0.15% of wage contributed by the employer.</p> <p>JSDP 2004 – ranges from 0.1% to 0.5% of wage contributed by the</p>	<p>Employment Insurance Covered <u>workplaces:</u> 1995 – 38,953 1998 – 400,000 2004 – 1,002,638</p> <p># of people covered under Employment <u>Insurance:</u> 1995 – 4.204 million 2004 – 7.577 million</p> <p><u>2004</u> 68.9% of all EI workplace had 5 or less employees</p> <p>15.3% had 5-9 employees.</p> <p><u>2004</u> 28.1% of all insured by EI worked in</p>

	<p><b>active labour market as % of total government spending:</b></p> <p>1990 – 0.2% 2000 – 1.8% 2003 – 0.5%</p> <p><b>Total public expenditure on active labour market:</b></p> <p>1990 – 58.6 billion Won 2000 – 2,440.1 billion Won 2003 – 1,141.1 billion Won</p>	<p><b>2000 – extension of Employment Insurance</b></p> <p><b>2004 – extension of Employment Insurance</b></p> <p><b>2001 – Maternity Protection law</b></p>	<p>establishment with 10 or more workers, and then revised again down to establishment with 1 or more employees in the same year.</p> <p>Extension of employment insurance coverage to workers in all establishments, and non-standard workers</p> <p>Extension of employment insurance coverage to daily workers.</p> <p>Extension of maternity leave period from 60 to 90 days.</p>	<p>employer, depending on size of the employment.</p>	<p>service sector.</p> <p>36.1% of all insured by EI worked in manufacturing sector.</p> <p><u>EI coverage ratio:</u> 1995 – 32.6% of all workers</p> <p>2004 – 50.9% of all workers</p> <p><u># of maternity leave takers</u> 2002 – 22,711 (50% of all eligible women)</p> <p>2004 – 38,541 (85%)</p> <p><u># of parental leave takers</u> 2002 – 3,763 (16.7% of recipients of maternity leave)</p> <p>2004 – 9,303 (24%)</p> <p><i>Source: Keum, et.al. 2005. Employment Insurance in Korea: the First Ten Years, KLI.</i></p>
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<p>Workers' Compensation Or Industrial Accident Compensation Insurance (IACI)</p>	<p><b>Total public expenditure on workers compensation as % of total government expenditure:</b></p> <p>1990 – 1.5% 2003 – 1.6%</p> <p><b>Total public expenditure on workers compensation:</b></p> <p>1990 – 562.5 billion Won 2003 – 3,648.5 billion Won</p>	<p><b>1987 – IACI reform extension</b></p> <p><b>1991 - IACI reform extension</b></p> <p><b>1992 - IACI reform extension</b></p> <p><b>1996 - IACI reform extension</b></p> <p><b>1998 - IACI reform extension</b></p> <p><b>2000 - IACI reform extension</b></p>	<p>Extension of IACI to 20 industries with 5 or more employees.</p> <p>Extension of IACI to mining, forestry, fisheries, wholesale and retail and real estate industries with 10 or more employees.</p> <p>Extension of IACI to the above industries with 5 or more employees.</p> <p>Extension of IACI to education services, health and social welfare services.</p> <p>Extension of IACI to finance, insurance, and dispatch workers.</p> <p>Extension of IACI to all self-employed.</p>	<p>To be filled</p>	<p>To be filled</p>
<p>Public Assistance and Social Welfare</p>	<p><b>Total public expenditure on family:</b></p> <p>1990 – 59.9 billion Won 2003 – 867.2 billion Won</p> <p><b>Total public expenditure on other social policies:</b></p> <p>1990 – 335.3 billion Won 2003 – 3,255.8 billion Won</p>	<p><b>1987</b> – 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.</p> <p><b>1991 – Child Care Act</b> – establishment of child care institutions.</p> <p><b>1993 – Employment Support Allowance</b> (one time cash benefit) to people completing job training programs.</p> <p><b>1997</b> – Extension of educational support to children</p>	<p>1) <u>Medical Assistant (medical aid program)</u> - 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</p> <p>2) <u>National Basic Livelihood Support Program</u> - public assistance for individuals and households with income less than minimum income threshold calculated by the Ministry of Health and Welfare.</p>	<p>1) general taxation; means-tested</p> <p>2) general taxation; means-tested</p>	<p>1) medical aid: 1,420,539 (year end eligible person) In 2002; 691.018 households and 1,352,858 persons (BLSR)</p>

		<p>of all public assistance recipients up to secondary and vocational high schools.</p> <p><b>1998</b> – Introduction of active welfare.</p> <p><b>2000 – National Basic Livelihood Security Act</b> established, and implemented in 2000.</p> <p><b>2005 – National Child Care Act</b> - expansion of child care institutions, public subsidies for child care for families with preschool age children, new regulatory</p>			
	<p>1) 49.3 billion won in subsidies to 295 free facilities and 17 low-price facilities in 2002</p> <p>4) 97.4 billion Won provided to the parents of 192,000 children. – Single mother family: The government provided 140,000 people with disability allowances and 119,000 with medical aid and medical expenses. - In</p>		<p>3)<u>For the aged</u>: free, low-price and private facilities. Only seniors in the low-income bracket are allowed into free or low-price facilities.</p> <p>4)<u>Disabled, supporting plan</u> : self-support, education aid, appliances aid and non-budgetary measures such as tax deduction and public facilities fee discounts.</p> <p><u>Ten-year Plan for Senile Dementia)*</u> : building nursing facilities, hospital and research institutions for dementia, and implementing pilot projects of remote-clinics</p> <p><u>The Aged Employment Services Center</u>, the Aged Workplace and the Aged Employment Promotion: 572 communal workplaces .</p> <p><u>Aged Employment Promotion</u></p>	<p>3)general taxation; means-tested</p> <p>4)general taxation; means-tested</p>	<p>3) Only seniors in the low-income bracket are allowed into free or low-price facilities.</p> <p>4) In 2002, 140,000 people with disability allowances and 119,000 with medical aid and expenses Total number: 1,294,254</p> <p>4) residential institution: 216 and Non-residential 747. Persons in institution 19.515. Total disabled # 1.294.254</p>

	2002, 30,694 children met their sponsors, receiving 9.6 billion won in aid.		<p><u>Act</u> was enacted, encouraging companies to employ 3% or more of its employees from the senior population aged 55 or more</p> <p>5)<u>Child and Family - Child Welfare Act</u> -Employment programs- such as technical and vocational training, consultation, social adjustment, etc- for the grown-up 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.</p>	5) general taxation; means-tested	
Education	<p><b>Public expenditure on education as % of GDP:</b> 2004 – 6.2%.</p> <p><b>Public expenditure on education as % of total government expenditure:</b> 2004 – 15.5%</p>	<p><b>1982 - Early Childhood Education Promotion Act</b> – establishment of public and private kindergartens.</p> <p><b>1992 – Education Law 146, 147</b> - national standardization of kindergarten curriculum.</p> <p><b>2004 – Early Childhood Education Act</b> - removal of ECE from within the Primary and Secondary Education Law; integrated care and education service for 3-5 year olds as presented in the 1997 reform.</p>	<p>1) early childhood education – mainly kindergarten education for children aged 4 and 5</p> <p>2) primary education</p> <p>3) secondary education (middle and high school)</p> <p>4) University</p>	<p>1) 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 ECCE legislation proposes free early childhood education for all children 5-years.</p> <p>2) free, compulsory</p> <p>3) free, compulsory for middle school, but students bear the price for high school</p>	<p>1)</p> <p>2) 99.9% enrollment rate</p> <p>3) 99.6% enrollment rate for middle school; 87% for high school.</p> <p>4) 49.8% enrollment rate for university.</p> <p>Total number of students: 7,727,717</p> <p>Female graduate: 81.1%</p> <p>Labour force participation post-</p>

				4) combination of public and private universities, but students bear the price	graduation: 50.3%
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**Table 3b: Summary of Changes in Total Public Spending in South Korea, 1990-2003**  
(units: billion Won; % total government spending)

<b>Sector</b>	<b>1990</b>	<b>2003</b>	<b>Change factor</b>
<b>health</b>	3,127.0	21,095.5	6.8X
<b>Pension</b>			
<b>Old age</b>	1,165.7	8,622.7	7.4X
<b>Survivors</b>	298.2	1,596.6	5.4X
<b>Unemployment*</b>	470.8 (2000)	1,030/0	2.2X (2000-2003)
<b>Workers Compensation</b>	562.5	3,648.5	6.5X
<b>Active labour market</b>	58.6	2,440.1	41.6X
<b>Family</b>	59.9	867.2	14.5X
<b>Other social policy</b>	335.3	3,255.8	9.7X
<b>TOTAL</b>	5,607.3	41,257.6	7.4X