

Korea's Basic Income Adventure

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Overview

This presentation seeks to chart the rise of the basic income agenda in South Korea and see what future challenges and prospects lie ahead for the movement.

Overview

- Key characteristics of South Korea
- System of '87 and changes after the financial crisis in 1997
- Development and contradictions of welfare state in South Korea
- Rise of Basic Income Agenda and Prospect

Industrialization and Democratization

Dynamics: key characteristics of Korea in the second half of the 20th Century

- Its expressions are **rapid industrialization** and **persistent and cyclic democratization** under the Cold War and the division of nation
- Confluence of industrialization and democratization in 1987

System of '87

Intersection and contention of two forces:

- An impulse to expand the democracy supported by the growth of the labor movement and the various minorities' rights movement
- The power of the capital to seek freer economic activities beyond the control of developmental state

Shock of the Financial Crisis in 1997

- The so-called structural adjustment, flexibility of labor, and financialization under the diktat of IMF
- Dualization of economy: globalized sectors and domestic ones
- Instability and insecurity of jobs and income
- Deepening of inequality and social polarization
- We could see the growth of economy and the danger of people's life simultaneously

Difficulties and Contradiction of Welfare State in South Korea

- Korea began to cross the threshold of welfare state in some indices
- National Basic Living Security
- Expanding of Social Insurances
- Welfare expenditure expansion
(0.83 % vs GDP in 1970 → 4.8 in 1998 → 10 in 2015 → 12.2 in 2019)

Difficulties and Contradiction of Welfare State in South Korea

- Legacies of developmental state
- Limits of liberal welfare model
- Weak political and social basis for welfare policies
- Institutional mis-matching between the traditional welfare scheme and changing economy and labor market

Developments of Welfare Politics

Strategical agency: Public intellectuals and civic and social movement

While small in scale, they exerted an outsized influence due to:

- 1) the hegemonic role they achieved as leaders of the democratization movement
- 2) political and social tendency to focus on a big issue attracting public concern

Developments of Welfare Politics

Political parties and party-system

- Continuation of two-party system
- Legacy of the cold war and the weakening of the labor movement leading to absence/marginalization of progressive and left parties
- In this situation, progressives attempted to push their agenda through **the center-reformist party (Democrats)** and that formed the basis for **the progressive-center alliance** which forms one avenue of reform in Korea

Developments of Welfare Politics

From free school meals debate to basic pension (2010-2012)

- Universalism vs. selectivism around free school meals
 - Rise of universalism was very important considering the legacies of developmental state and the limits of liberal welfare model
- Even conservative presidential candidate promised to implement basic pension in 2012

Emergence of BI Movement

- Making of BI group in 2009 after the economic crisis
- Inception of BIKN as small scale research group leading to a new civic and social movement
- Some left and green political activists support BI
- But remained still as an utopian idea

Watershed

Meaning of 2016

- Spread of BI as a potential realistic policy
- Shock of Alpha Go
- BIEN Congress, Seoul
- Embracing of BI policy among some leading politicians
- Implementation of Youth Dividend in Seongnam City

Youth Dividend and Youth BI

- ◆ In 2016, Lee Jae-myung, mayor of Seongnam introduced youth dividend, providing 1 million KRW per annum to 24 years-old group in local currency.
- ◆ He wanted to expand welfare policy as both reformist politician and competent administrator.
- ◆ He embraced basic income idea from the experiences of his own life and human rights lawyer.

Youth Dividend and Youth BI

The youth dividend program expanded to the whole of the province as Gyeonggi-do's youth basic income after Lee's election

- ✓ Youth basic income, a part of a wider package, combining with the establishment of basic income committee, discussion of farmers' basic income and rural area basic income experiment, disaster relief basic income in response to COVID-19 crisis

Gyeonggi Province: a laboratory and political center for basic income

From the candlelight revolution of 2016-17 to present

The candlelight revolution, resisting the president's abuse of power and corruption, brought about a change of government.

- ✓ But this revolution was not confined to presidential politics and the public began to make various demands, among them basic economic security via basic income.

Lee Jae-myung, as mayor of Seongnam at the time, merged the restoration of democracy with basic economic security, drawing from the experience and achievements of youth dividend.

From the candlelight revolution of 2016-17 to present

But with the election of Moon Jae-in, the current president, and his income-led growth model, basic income became marginalized again

- ✓ Basic income returned to prominence due to the COVID-19 crisis. With the twin crisis of economy and public health, and income disruption became commonplace, the case for universal support grew.

From the candlelight revolution of 2016-17 to present

- ◆ This led to the current government providing disaster relief funds to all citizens (at the household level) around the general election in April 2020.
- ◆ Separately, local governments, including Gyeongg province, also paid disaster support funds or basic disaster income to all residents.

From the candlelight revolution of 2016-17 to present

◆ And ahead of the March 2022 presidential election, Lee Jae-myung emerged as a leading candidate for the ruling party, and as he made basic income his major campaign pledge, basic income has an opportunity to become a concrete policy instead of a sheer idea.

Reasons why basic income gained prominence in South Korea

- ✓ *Firstly*, the emergence of a group of social activists and policymakers to embrace basic income and present them as realistic policies. BIKN, established in 2009, was particularly central to this.

BIEN Congress in 2016 and the first Korea Basic Income Fair in 2019 were the big turning points.

- ✓ *Secondly*, there was an influential politician and administrator who took the idea of basic income seriously in terms of social justice.

Reasons why basic income gained prominence in South Korea

- ✓ *Thirdly*, in a time of crisis such as ours where everything is in flux, one must be able to present a concrete alternative. Given this, Gyeonggi-do's youth basic income embodies a new paradigm allowing the public to experience what that new alternative might look like for themselves.

Reasons why basic income gained prominence in South Korea

- ✓ *Fourth*, youth basic income in Gyeonggi Province was possible because of the dual status of local governments. Local governments do not have independent fiscal powers, so they cannot implement policies such as basic income on a large scale. However, it was possible to do it on a small scale through budget savings, which allowed it to bypass the establishment opposition.

Reasons why basic income gained prominence in South Korea

- ✓ *Fifth*, youth basic income is a categorical basic income. The difficulties of young people today are a worldwide phenomenon, and so it is the case in Korea. Youth basic income became influential despite its small scale because of its focus on the socially prevalent issue.
- ✓ *Sixth*, the provision of basic income via local currency won over the small business owners to the program and showed the potential for coalition building through basic income.

Prospect

- ◆ Whether Gov. Lee Jae-myung, who champions basic income, can win first the Democratic primary and then the presidential election is still up in the air
- ◆ Given the current political landscape and the balance of power, it is likely that we will see a president with basic income as his main policy.
- ◆ Even so, basic income in its full sense will not be implemented immediately.

Prospect

- ✓ *Firstly*, as everyone will know, there will be a transition period before basic income is fully implemented.
- ✓ *Secondly*, even if the president is behind it, basic income is still not the hegemonic paradigm, thus the key issue will be how to persuade and shift the established order, especially the majority of the National Assembly, bureaucrats, and civic movements towards basic income.

Candidate Lee's BI platform

- 1) Provision of a basic income amounting to 1 million KRW per annum to everyone; 2m kw to 19-29 age group
- 2) Funding: land value tax; carbon tax-carbon dividend; fiscal savings and tax relief and exemption reform
- 3) Establishment of basic income committee to facilitate public discussion and implement a higher level of basic income
- 4) Final goal: 500,000 kw (about \$ 450) to everyone

BIKN's roadmap

- 1) Introduction of partial basic income of 300,000 won per month to everyone;
- 2) Layering of BI + income-based Social Insurance
- 3) implementation of a full basic income equivalent to 50% of median income within 10 years;
- 4) financed by land tax-land dividend and carbon tax-carbon dividend, and citizen's income tax;
- 5) strengthen social services to create a welfare state with basic income

감사합니다!
Thank you!