

Concurrent Development of the Economy and Welfare State

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CONTENTS

I Introduction: Economic Growth and Welfare

II Population Changes

III Health Care Services

IV Social Welfare

V Education

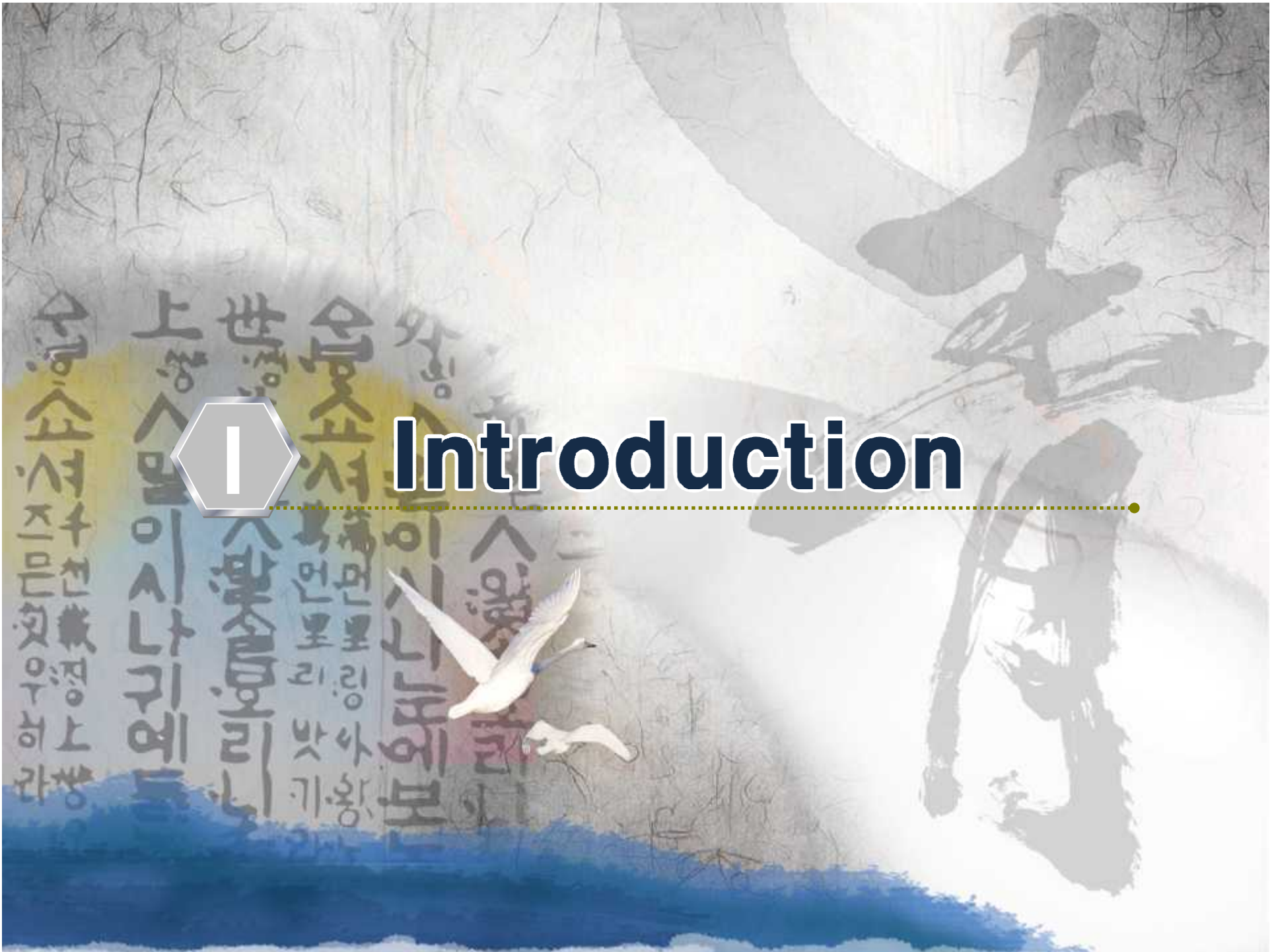
VI Employment and Labor

VII Women's Participation

VIII Conclusion: Towards a Mature Society



Introduction

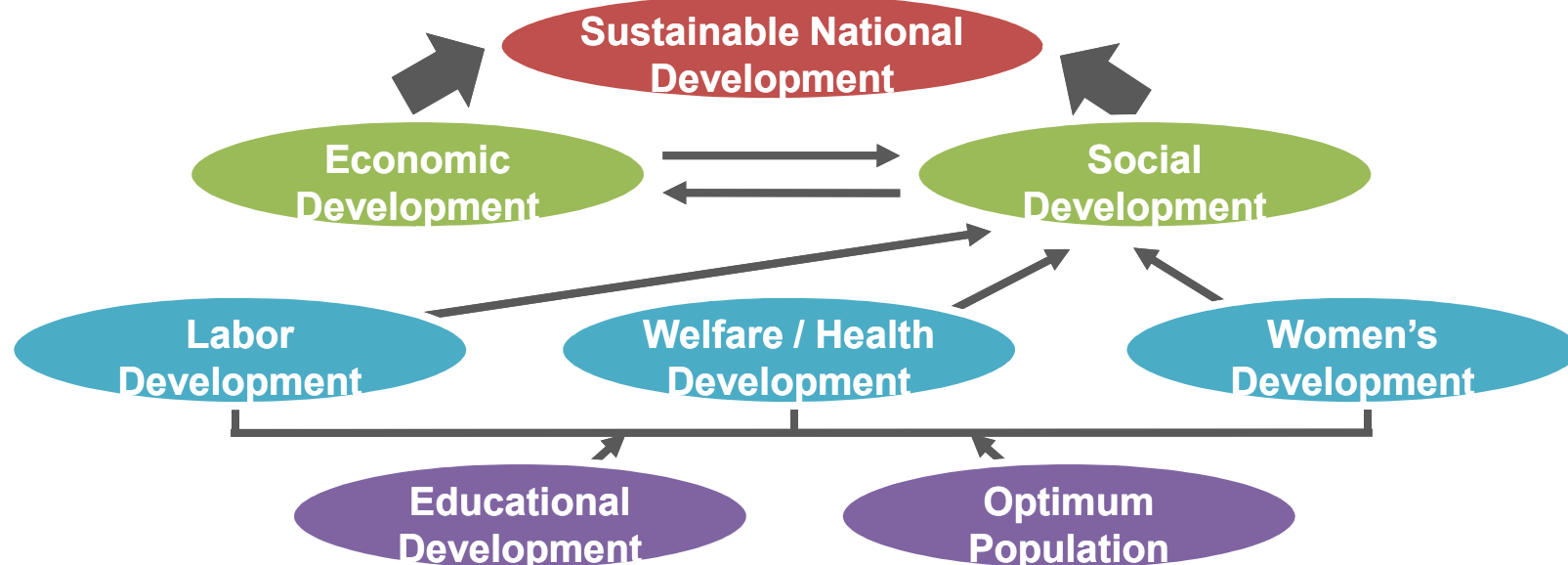


Economic Growth and Welfare

- **Complementary Relationship between Economic Growth and Welfare**

- Sustainable Economic Growth is most effectively achieved with corresponding Development of Health & Welfare
- “Miracle on the Han River”: Parallel Development of the Economy and Social Progress in Korea
- Key Factors : Education, Population, Labor, Health Care, Social Welfare, Women

Sustainable National Developmental Model in Korea



Stage 1: ~mid 1961

● Chaotic Era and Severe Poverty

- Severe Economic Hardship without Social and Health Welfare System since 1945
 - * Reliance on foreign assistance
- High Birthrate & High Population Growth Rate
- Decline in Working-Age Population after the Korean War
- Strong Desire for Social and Health Care Services
 - * Establishing a groundwork to provide public health care services

Infant Stage

Social Welfare

Public Official Pension Act(1959)

Education

5-Year Compulsory Education Plan(1954)

Labor

Labor Standard Act(1953)

Stage 2: mid 1961~1971

● National Reconstruction and Economic Growth Efforts

- Laying the Groundwork for Social and Health Services as a means for Overcoming Poverty and Promoting Economic Development
 - * Launching the “5-Year Economic Development Plan(1962)”
- Reducing Fertility Rates by Undertaking Family Planning Initiative aimed at Controlling Population Growth
 - * Considering the High Birthrate as an Obstacle to Economic Development
- Health security program was launched to strengthen Nation’s Competitiveness

Laying the Groundwork

Population

Population Growth Control Policy(1962)
Immigration Plan(1962)

Social Welfare

Livelihood Protection Law(1961)
Child Welfare Law(1961)

Stage 3: 1972~1987

- **Growing Awareness and Demand for Improved Social and Health Services**
 - Social & Health Services further expanded amid a rapid Economic Growth
 - Successful Population Growth Prevention Policy made Fertility Rates fall below Replacement Levels
 - Urban Concentration of Populations hampered a Balanced National Development
 - Implementation of Minimum Wage Scheme to help workers maintain their living and promote rights
 - Pursuit of Gender Equality and Maternity Protection

Expansion

Social Welfare

National Pension Act(1986)

Women

Framework Act on Women's Development

Stage 4: 1988~1997

● Progressive Efforts for Welfare State

- Establishment of Institutional Framework to promote Public Health and guarantee Health Security
 - * Unemployment Insurance, Educational Autonomy
- Abolishment of Population Control Policy and Policy Shift to emphasize the Improvement of Quality of Population and Welfare Services
- Realization of Universal Coverage of Health Insurance → Entire Nation
- Housing Policy: Providing Permanent Rental Housing to Low-income Household
- Social Education → Lifelong Education

Maturity

Social Welfare

Infant and Child Care Act(1991)

Labor

Employment Insurance Act(1993)

Women

Legislation to Protect victims From Sexual Offense and Domestic Violence(1994, 1997)

Stage 5: 1998~

● Lowest Fertility Rate and Aging Society

- Facing Serious Demographic Problem: Rapid Decline in Population, Population Aging
 - * Low Fertility Issues became a Major Agenda in Korea
- National Pension System came to serve as a Social Insurance → Entire Nation
- Human New Deal Policy: Reducing child care burden, Resolving inequality in child care support
- Introduction of Parental Leaves/Maternity Leaves to Promote Well-Being of Workers
 - * Revision of Employment Insurance Act and Equal Employment Act

Settling

Health Care

National Health Promotion Plan(2002)

Population/
Social Welfare

National Basic Livelihood Security System(1999)
Framework Act on Aging Society with Low Birthrate(2005)
Basic Plan for Low Fertility Rate and Aging Society(2006)
Long-term Care Insurance for the Aged(2008)



Population Changes



Overview

- **Changes in Population and Population Policies**

- Korean government employed **“Population Control Policies”** in the early stage of industrialization to reduce the economic burden
- Currently, government implements **“Population Growth Policies”** due to the rapid population decline

Population Growth in Korea(1945~2000)

(Unit: thousands, %)

Year(month, date)	Population	Annual Average Increase Rate		
		Natural Increase	International Migration	Total Increase Rate
1945 (9. 1)	16,136*	-	-	-
1955 (9. 1)	21,502	7.0	5.3	12.3
1960 (12. 1)	24,989	28.7	-0.1	28.6
1970 (10. 1)	31,435	19.0	-0.2	18.8
1980 (11. 1)	37,407	15.9	-1.0	14.9
1990 (11. 1)	43,390	14.9	-0.7	14.2
2000 (11. 1)	45,985	9.0	-2.7	6.3

* Estimated population

Demographic History

1

Before the establishment of the government:

Population growth and early transformation

- High fertility and high mortality until the Japanese annexation of Korea in 1910
- Health reforms and Spread of Western medical practices
 - Crude birthrate: 38‰(1910) → 42~45‰(1945)
- Massive migration to Manchuria and Japan
- Child population grew while working-age population declined and senior population stagnated
 - Dependency ratio: 77.3%(1925) → 89.0%(1944)

Population Composition in Korea(1925~1944)

(Unit: %)

Year	Total Population	0~14	15~64	65+
1925	100.0	39.7	56.4	3.9
1930	100.0	39.9	56.2	3.9
1935	100.0	40.9	55.3	3.8
1940	100.0	41.9	54.5	3.6
1944	100.0	43.2	52.9	3.9

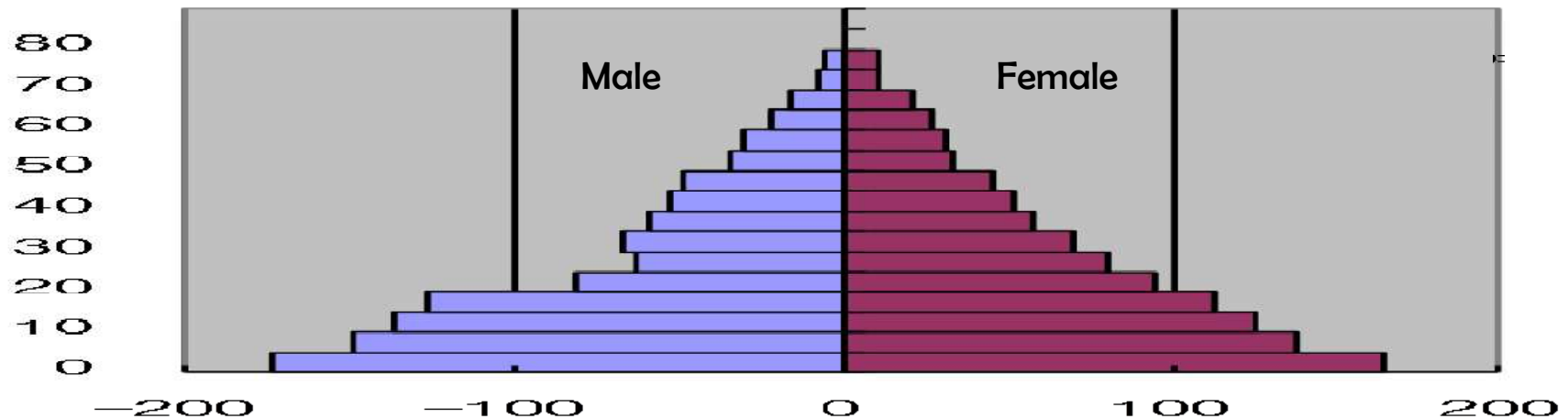
Demographic History

2

Time of tumult: **1945~1960**

- Rapid population growth and Accelerated urbanization
 - Immigration from Manchuria and Japan after Independence
 - Influx of North Korean refugees & Baby-boomers in the 1950s
- Child population declined while working-age population grew and senior population fluctuated within a narrow range
 - Dependency ratio(%): 89.0(1944) → 79.7(1960)

Population Pyramid in Korea(1955)



Demographic History

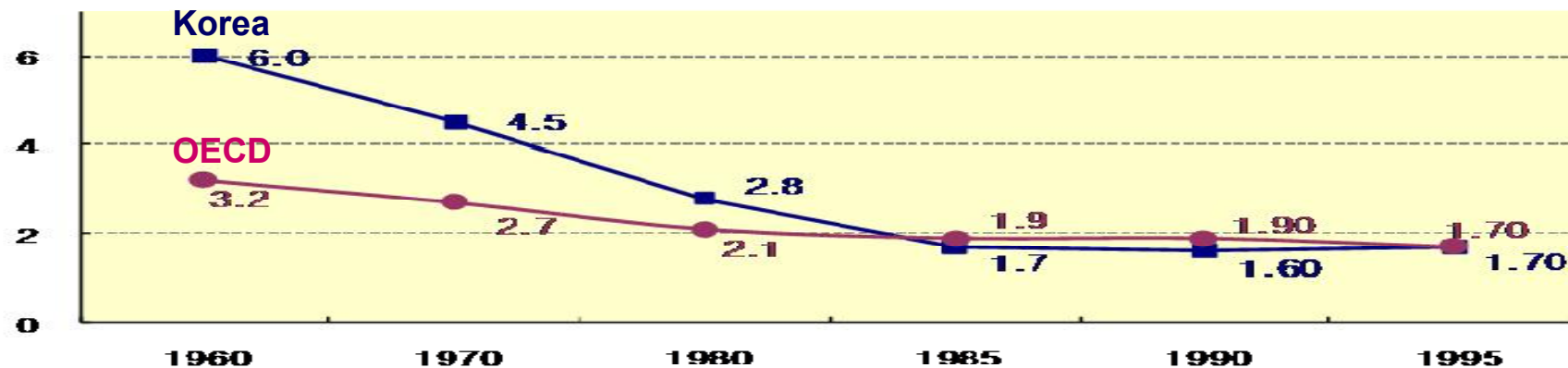
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Late transformation: 1960~1985

- High birthrate and Poverty issues in urban areas
- Overpopulation as an obstacle to economic development
 - Tighter population control policy: Family planning program(1945)
- Child population declined while working-age population and senior population grew
 - Dependency ratio: 79.7%(1960) → 52.1%(1985)

Total Fertility Rate(1960~1995)

(Unit: person)



Demographic History

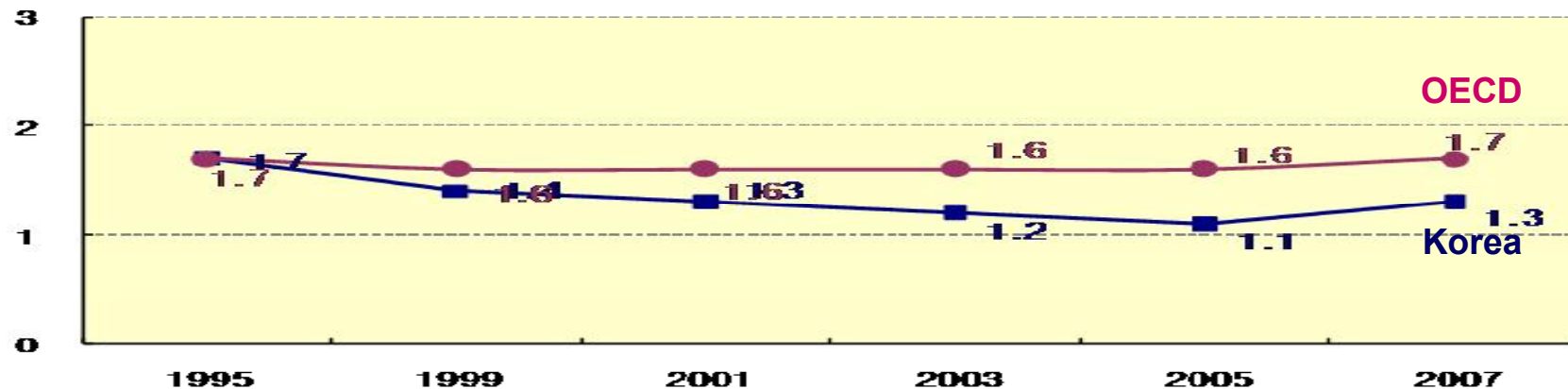
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Late transition: 1985~

- Rapid decline in total fertility rates: 1.3(2007)
- Abolition of restrictive population policy(1996)
 - Promoting quality and welfare for population
- Child population continued to decline while working-age population stagnated from the late 1990s and senior population increased at a rapid pace
 - Dependency ratio: 52.1%(1985) → 39.5%(2005)

Total Fertility Rate(1995~2007)

(Unit: person)



Assessment & Challenges

- **Failure to switch in proper population policy**
 - Unfortunately, Korean government maintained population control policy
 - Causing declined fertility rate
 - New population policy
 - Pursuing to turn the population trend into a proper replacement fertility level
- **Failure in population dispersion policy**
 - Imbalanced spread of population in urban and rural areas
 - Causing accelerated urbanization
- **Changes in international migration policy along with economic growth**
 - Population control policy to overcome economic difficulties in the 1960s~1980s
 - Massive influx of foreign women for marriage in the 2000s
 - Implementing 『Comprehensive Marriage-Based Immigrants Family Policy』 in 2006



Health Care Services



Overview

- Interactive Relationship between Economic Development and Health Care
 - Increasing investment in medical resources, technology, and medicine
 - National Health Insurance(NHI) System(1989)
 - Improvement of public health level and health care accessibility
 - National medical costs(% of GDP): 4.0 (1985) → 6.4(2006)
 - Life expectancy at birth(years): 61.9(1970) → 71.3(1990) → 76.0(2000) → 79.1(2006)

GDP per Capita & Life Expectancy at Birth(1945~2008)



Historical Development

1

Infant stage: **1945~1961**

- Formation of National Health Care Organization and Plans
- Ministry of Health and Human Services(1946)
- National Medical Law(1951) and Health Center Law(1962)
 - Infectious disease prevention and medical relief after the Korean War

2

Expansion of essential health care infrastructure: **1962~1976**

- First 5-year Economic Development Plan
 - Low priority on public health care
- Medical Insurance Law(1963)
- Family Planning Project & Maternal and Child Health Promotion Project
 - Declining birthrate
- Expansion of Infrastructure
 - Provision of basic and essential health care services through public sector

Historical Development

3

Growth in volume: **1977~1994**

• Medical Insurance System:

- Mandatory medical insurance
- Increased use of medical services
- Government's involvement in medical supply system
- Systematic accumulation of data on medical services usage and disease
- Securing health care resources in rural areas

Number of Medical Facilities(1980~1990)

Year	General Hospital	Hospital	Clinic
1975	37	128	6,087
1980	82	240	6,344
1985	183	317	8,069
1990	228	328	10,935

Historical Development

4

Expansion: **1995~2000**

- National Health Promotion Act(1995)
 - Changes in Disease Patterns & Shift of Health Care System
 - Acute Disease Treatment → Disease Prevention and Health Promotion
- “National Health Promotion Plan 2010 ”
 - Lifelong Health Management, Healthy Lifestyle, Management System for Major Disease

Life Expectancy & Healthy Life Expectancy(1987~2006)

(Unit: years)

	1987	2000	2002	2003	2005	2006
Life Expectancy	69.8	76.0	77.0	77.4	78.6	79.1
Health Life Expectancy	-	-	66.0	67.8	68.6	-

Historical Development

5

Advancement of health care quality: 2000~

- Pursuit of Health Care Advancement Policies
- Kim Dae-Jung Administration
 - Resolution of Health Divide & Expansion of Public Health Care
 - Separation of Dispensary from Medical Practice
- Roh Moo-Hyun Administration
 - Expansion of Public Health Care Coverage & Improvement of NHI Financial Stability
 - Settlement of KORUS FTA and Opening of the Medical Services Market

National Health Expenditure & NHI Finance(1985~2006)

(Unit: trillion won, %)

Year	National Health Expenditure	GDP	National Health Expenditure/GDP	NHI Finance/GDP
1985	3.4	84.1	4.0	0.2
1990	8.1	186.7	4.3	1.1
1995	16.5	398.8	4.1	1.3
2000	27.6	578.7	4.8	1.8
2005	48.1	810.5	5.9	2.5
2006	54.0	847.9	6.4	2.7

Assessment & Challenges

- **Health Care Delivery System**
 - Integrated and user-oriented system
 - Reducing cost and improving service quality
- **Disease Prevention and Health Promotion**
 - Lifelong Health Care Management System throughout one's life cycle
- **Safety Net for Health Care**
 - Increasing Medical Assistance for the Vulnerable
 - Developing Proper Plans to deal with high-risks, new epidemic diseases
- **Urgent need for increasing coverage by NHI for serious illnesses**
 - Subsidy scheme, Benefit structure, Reimbursement programs
- **Health Care Industry**
 - High Value-added Growth Engine



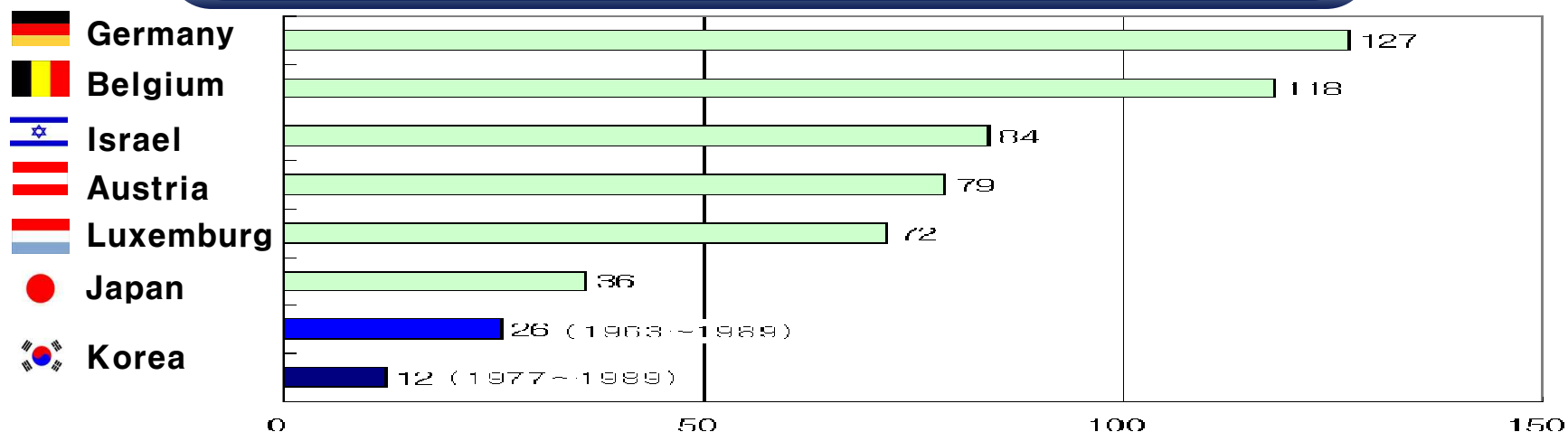
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Social Welfare

Overview

- Pursuit of Concurrent Development of Economy and Society(Growth and Distribution)
 - Implementing Diverse Social Welfare Policy to invest Future Generations
 - * Healthy Growth and Development of Children
 - Social Insurance: Health Insurance and Pension Programs
 - * Ratio of the Insured(% of Total Population): 8.79(1977) → 98.16(2009)
 - ‘Aging Society’ : Elderly population is over 7 % of total population
 - * Basic Pension for Older Persons(2007)
 - Pursuit of Social Integration and Promotion of Rights of Persons with Disabilities

Time Taken to Achieve National Health Insurance



Historical Development

1

Infant stage: ~mid 1961

- Emergency Relief to the poor, children, women and the disabled
- Civil Aid Organization-based Service Provision
- Welfare institutions for injured soldiers & police officers and their family members

2

Laying the groundwork: 1961~1971

- Excessive Legislation of Social Welfare Programs
- Disordered Establishment of Various Mutual Aid Programs
- Concurrent Implementation of Economic Development Plan and Social Security Programs
- Ambivalent Evaluation on achievements of Social Welfare Legislation
 - Contribution vs. Failure

Historical Development

3

Expansion: **1972~1987**

- Aggravation of Income Gap, Relative Poverty, Regional Inequality
- Paradigm Shift to 'Realization of Welfare Society'
- Beginning Period of Welfare for the disabled people
 - Comprehensive Welfare program for the Disabled Persons(1986)
- Act on the Welfare of the Aged Persons(1981)
 - Forming legal foundation to promote the welfare benefits for the older population

4

Maturity: **1988~1997**

- Revision of Programs/Institutions & Complementary Changes to Proactive Welfare Programs
- Enhancing Job Security and Social Inclusion of Persons with Disabilities
- Introduction of Welfare Services for the Domiciliary Senior Population
- Infant Care Act(1991)
 - Child Welfare Services incorporating care, protection and education

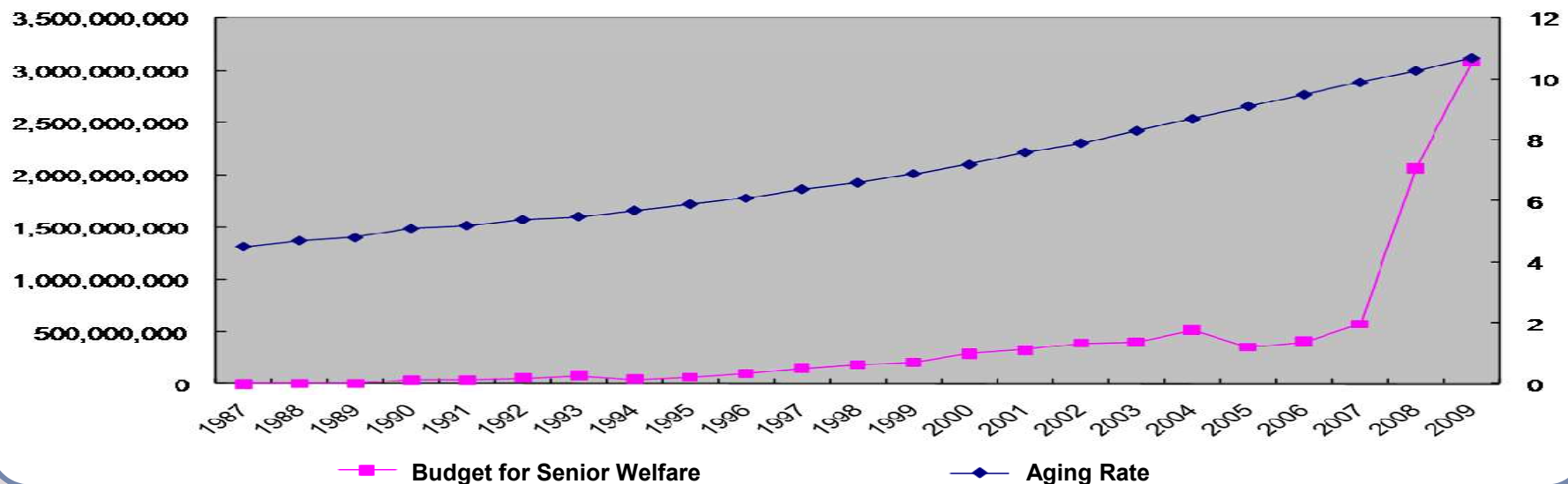
Historical Development

5

Consolidation: 1998~

- Increasing needs for welfare safety net with economic crisis in the late 1990s
 - Emphasis on Capacity Building, Self-Reliance of Beneficiaries
 - National Basic Livelihood Security System(1999)
- Basic Plan to Cope with the Advancement of the Aging Society with Low Birthrate
- Improving Quality of Child Care Services

Aging Rate & Budget for Senior Welfare



Assessment & Challenges

- **Significant Changes, Development, and Limitation in Korean Welfare Policies**
 - Expansion of Social Safety Net in the process of coping with Economic Crisis

1. Public Assistance

- Development of Public Assistance System
 - * ‘Emergency Relief’ → ‘National Basic Livelihood Security System’
- Introduction of Needs-based Allowances
 - Resolving No-care Zone of Welfare
- Elimination of Moral Hazard of Welfare Provider and Welfare Consumer

2. Social Insurance

- Remarkable Development of National Pension System and National Health Insurance System
- Securing Financial Stability and increasing Systematic Sustainability

Assessment & Challenges

- **Significant Changes, Development, and Limitation in Korean Welfare Policies**

3. Social Welfare Services

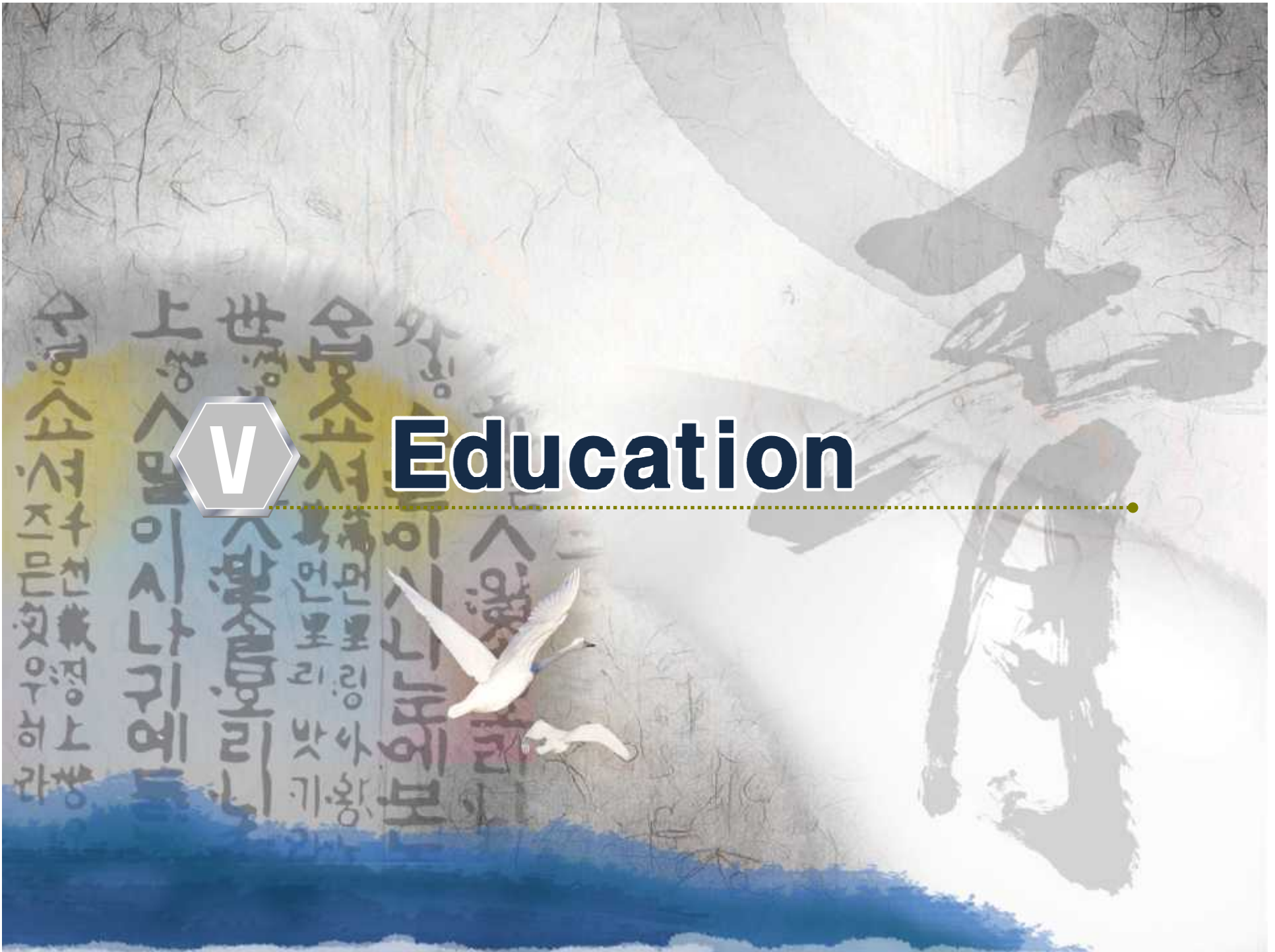
- Increased needs for Expansion of Welfare Policies to Improve Quality of Life
- Promotion of Rights of Children and Persons with Disabilities Protection
 - Active Participation and Social Inclusion

4. Low Fertility and Aged Society Coping Plan

- Increased Needs for ensuring 'Work–Life Balance Policy'
- Changing Concept of an 'Older Person' and 'Retirement '
 - * Physical Age Limit(65–years old) → Will and Capability to Work
- Improvement of Multicultural Family Policy



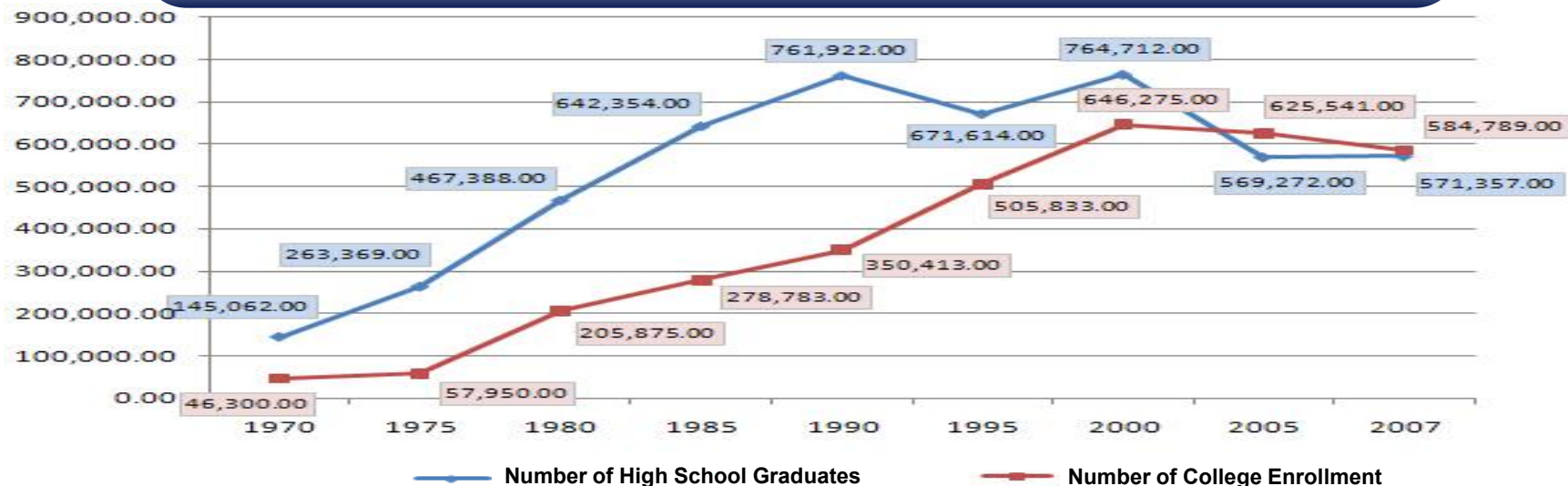
Education



Overview

- Education as a source of Economic Growth and National Competitiveness
 - Continuous investment in education contributed to economic and social development, democratization in Korea
 - Significant Improvement of education level
 - Expansion of compulsory education in primary education to secondary education
 - College entrance rate(2008): 83.8%(highest level in OECD countries)
 - Lifelong education participants rate in Korea is closed to in advanced countries

Number of High school graduates & College enrollment



Historical Development

1

Organize the base and modify: **1945~1959**

- Education Law(1949): Humanitarianism and Cultivation of Democratic Citizenship
- New education system
 - 6(primary education)– 3(lower secondary education)– 3(upper secondary education)– 4(college)
- Introduction of self-government educational system
- Compulsory education in primary education
- Eradication of illiteracy

2

Growth of national economy by bringing up outstanding people: **1960~1979**

- Expansion of Education Opportunities
 - Removal of Middle School Entrance Exam, High School Equalization
 - Increase in Enrollment rate at Middle & High School
- Promotion of Vocational Education: Securing a Workforce for Economic Development
- Emphasis on Higher Education: Natural Sciences and Engineering

Historical Development

2 Growth of national economy by bringing up outstanding people: 1960~1979

- Expansion of Education Opportunities
 - Removal of Middle School Entrance Exam, High School Equalization
 - Increase in Enrollment rate at Middle & High School
- Promotion of Vocational Education: Securing a Workforce for Economic Development
- Emphasis on Higher Education: Natural Sciences and Engineering

3 Education reform: 1980~1999

- 5.31 Educational Reform (Kim Young-Sam Administration)
 - Introduction of Open System of Education & Lifelong Learning
 - Fulfilling the need of Students and Parents & Self-government System
 - Developing Student's Creativity and Personality
 - * Many countries such as U.S., Japan pushed ahead education reform
- Period that shaped Current Education in Korea

Historical Development

4

Development of education by bringing up global outstanding students: 2000~

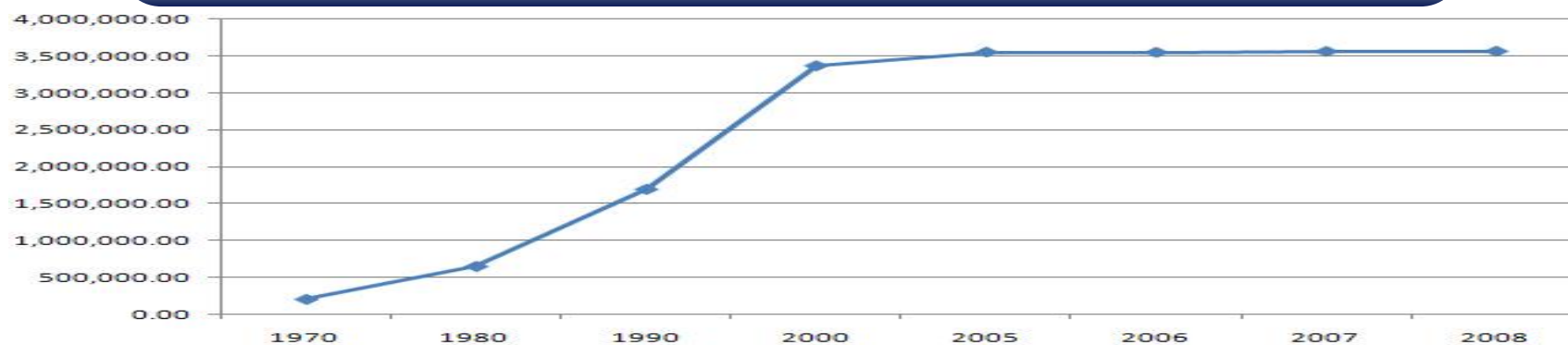
• Educating Talented Students

- Core Point to Developing Human Resource
- School-Centered Education → Lifelong Individual-Centered Education
- Change in Terminology, 'Human Resource' → 'Human Excellence(*Injael*)'

* Human Excellence : Devotion to Produce Globally, Creative and Science Oriented 'Outstanding Individuals'

- Promotion of Liberalization of Education & Emphasis on Each School's Responsibility
- Improving Quality of College Education & Maintaining Competition
- Expansion of Lifelong Education

Number of Higher Education Population(1970~2008)



Assessment & Challenges

- **Education, A Positive Effect on Economic Development**
 - Education is one of the Important Factor on Economic Growth
 - * Increasing the quantity of available education will not secure an economic growth
- **Developing Human Capital**
 - Allowing Changes in Knowledge, Skill, Attitude and Adoptability → increase Productivity
 - Contribution of Education as a Human Capital: 40.7% (1975~2004)
 - * 6.6% (Primary Education), 80.7% (Secondary Education)
- **Roles of Education**
 - Leading Innovation, Ensuring an Availability For All
 - Education in Korea has taken a primary role as a solution to poverty



VI

Employment & Labor

Overview

- **Mutual relationship between economic development and labor**
 - Commodity market maintains efficiency when the labor market is flexible and efficient
 - Directly connected with economic growth
 - Efficiency and flexibility of the labor market, protection of worker, equity issues in labor–management relations and other factors are essential to economic growth

Demographic Indicators(1960~2050)

Year	Rate of increase in population	Proportion of over 65 population			Aging index	Dependency ratio	
		Total	Male	Female		Young dependency ratio	Total dependency ratio
1960	3.01	2.90	2.30	3.51	6.86	77.29	82.59
1970	2.21	3.07	2.50	3.66	7.23	78.16	83.81
1980	1.57	3.82	2.83	4.83	11.24	54.61	60.74
1990	0.99	5.12	3.81	6.45	20.00	36.95	44.34
2000	0.84	7.22	5.49	8.98	34.25	29.41	39.48
2010	0.41	10.69	8.73	12.67	62.00	23.93	38.76
2020	0.06	15.14	12.97	17.32	109.00	19.57	40.90
2030	-0.21	23.07	20.35	25.77	186.63	19.15	54.88
2040	-0.60	30.15	26.86	33.36	263.17	19.62	71.25
2050	-1.01	34.44	30.67	38.08	328.43	19.04	81.58

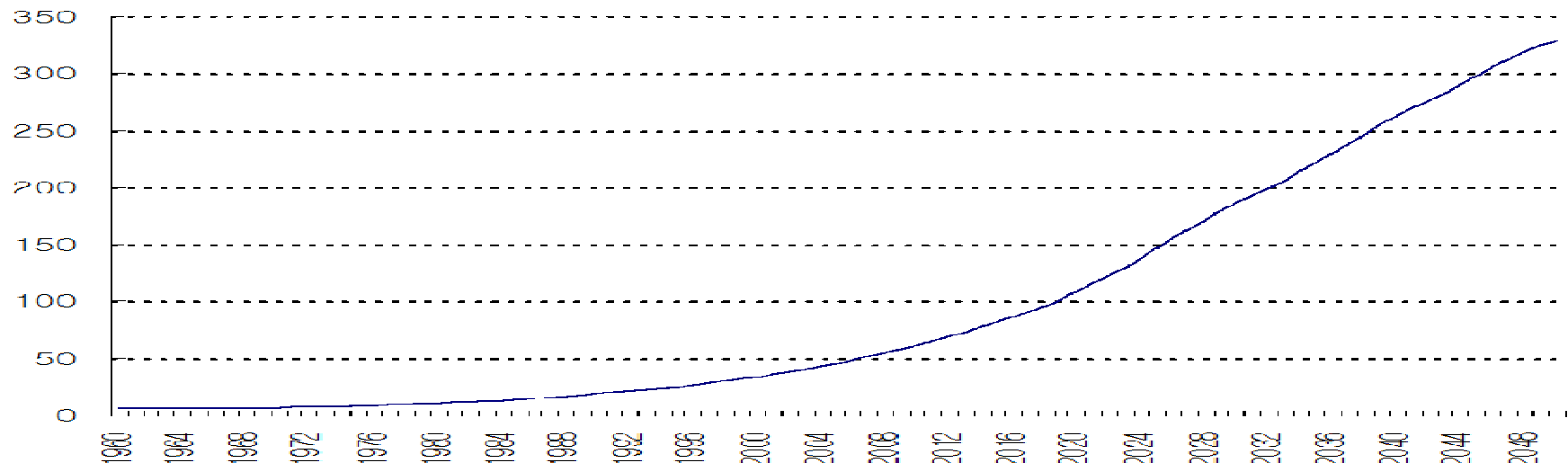
Historical Development

1

Labor Supply

- **Decline in Population Growth and Rapid Aging of the Society**
 - Korea is soon enter an era of the non-working/non-productive majority and the working/productive minority
 - Decreased working age population is negative factor for sustainable economic growth
 - * Population growth rate(%): over 3(1960s) → 0.41(2010) → below 0(2024)
 - * Aging index(%): 6(1960) → 34(2000) → 62(2010) → 100(2019) → 300(2050)

Aging Index(1960~2050)



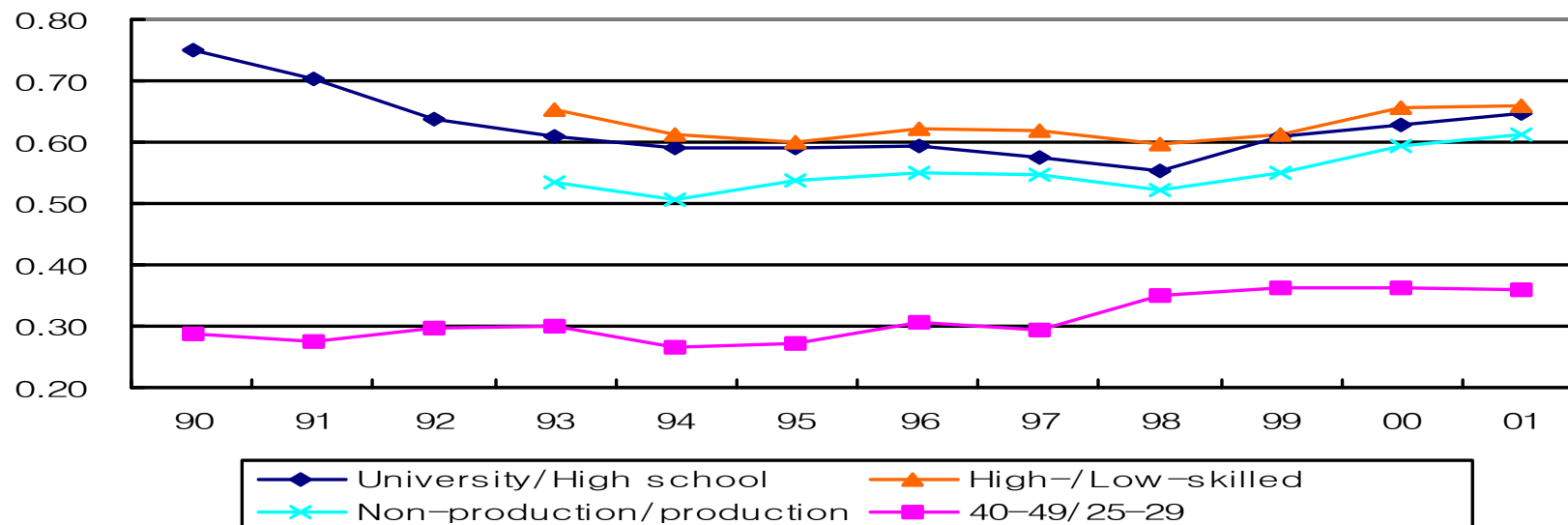
Historical Development

2

Labor Demand

- Sensitive labor demand for the Youth(age 15~24) and the Elderly(over age 50)
 - High employment rate in 1980s and significant decreases after 1997
- Increase in demand for highly educated, high-skilled and more experienced workers and their wage premium until 1990s
 - Increase in wage disparity(non-production vs. production, young vs. prime age worker)

Wage Disparity: Log of hourly real wage(1990~2001)



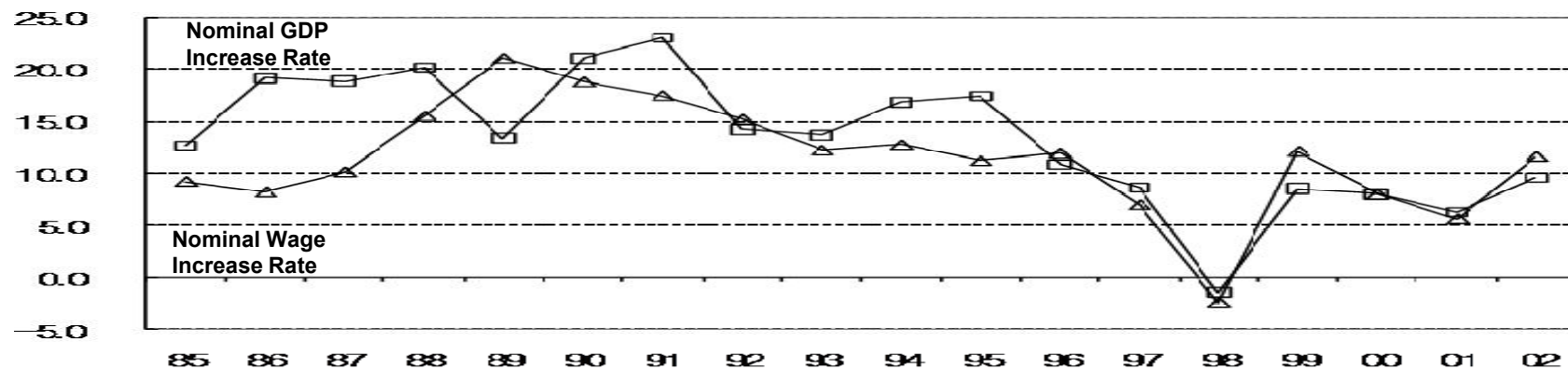
Historical Development

3

Wages

- Government's involvement in wage determination (~1996)
 - Assistance in autonomous wage negotiation between labor and management(1997~)
 - Shift in wage policy: wage stabilization to direct intervention (traditional seniority-based to worker's ability performance-based wage system)
- Increase in wage level in most small and medium enterprises
 - Minimum wage level & its increasing rate affects wage increase in the low-paid sector and for non regular workers
 - * Annual wage increase rate(%): over 11.4(1985~2002)

Nominal Wage Increase Rate & Nominal GDP Increase Rate



Historical Development

4

Working Hours

- Changes in Working Hours since 1980s
 - Working hours in Korea have been decreasing steadily since 1980s ; However, Korea has the longest working hours compared to other OECD countries
 - * 1,000 hours more (Australia, UK, France Sweden), 600~700 hours more(USA, Japan)
- Main factors of lengthy working hours in Korea
 - Most Saturdays are working days in Korea
 - Unused paid leaves which result in more allowances for workers
 - Rare use of flexible working hours system and discretionary working hour
- Statutory working hours(Labor Standard Act)
 - 8 hours/days, 48 hours/week(1953) → 8 hours/days, 40 hours/week(2003)

International Comparison on Annual Official Holidays and Leaves

(Unit: day)

Types of Leave	Korea	Japan	UK	Germany	France	Taiwan	USA	Singapore
Weekends	52	104	104	104	104	78	104	52
Official Holidays	17	15	8	9~12	11	22	10	11
Monthly Leave	12	-	-	-	-	-	-	-
Annual Leave	10~20+	10~20	24	24	30	7~30	1~7weeks	7~14
Total	91~101+	129~139	136	137~140	145	107~130	121~163	70~77

Historical Development

5

Social Insurance

A. Employment Insurance System

- Discussion on Introduction of Employment Insurance System first began in Korea (late 1960s)
- Separated use of “Unemployment Insurance” and “Employment Insurance”(1982)
 - Employment Insurance: Combination of traditional unemployment insurance system and active labor market policies (vocational training)
- Introduction of Employment Insurance System(1995)

Application Range of Employment Insurance

Types of Insurance	Application Range				
	1995. 7. 1	1998. 1. 1	1998. 3. 1	1998. 7. 1	1998. 10. 1
Unemployment Benefit	Over 30 persons	Over 10 persons	Over 5 persons	Over 5 persons	Over 1 person
Employment Stability/ Vocational Development	Over 70 persons	Over 50 persons	Over 50 persons	Over 5 persons	Over 1 person

Historical Development

5

Social Insurance

B. Industrial Accident Compensation Insurance(IACI)

• Issues in IACI for Improvements

- 1) Refinement of monitoring and control systems for preventive safety measures and related investments
- 2) Expansion of scope of application of IACI to encompass marginalized groups in order to strengthen its role as a social safety net
- 3) Compensation reform in the form of medical care and vocational rehabilitation programs for helping reemployment
- 4) Reconsideration of range of occupational diseases acknowledged by the system
- 5) Change of the methods of financing the insurance system to avoid a deterioration of insurance fund
 - * Current pay-as-you-go method → funded method
- 6) Establishment of the concepts and guidelines for responsibility reserve

Historical Development

6

Industrial Relations

- **Historical Development**
 - 1) **Era of the Labor Movement and Labor Activities(1987~1989)**
 - Demand of Labor Union: Better wages & Guarantee of the freedom for labor activities
 - 2) **Institutionalization of antagonistic industrial relations(1990~1995)**
 - 3) **Establishment of new order in industrial relations(1996~)**
 - Improving labor systems, experiencing with tripartite social agreement models involving labor, management, and government

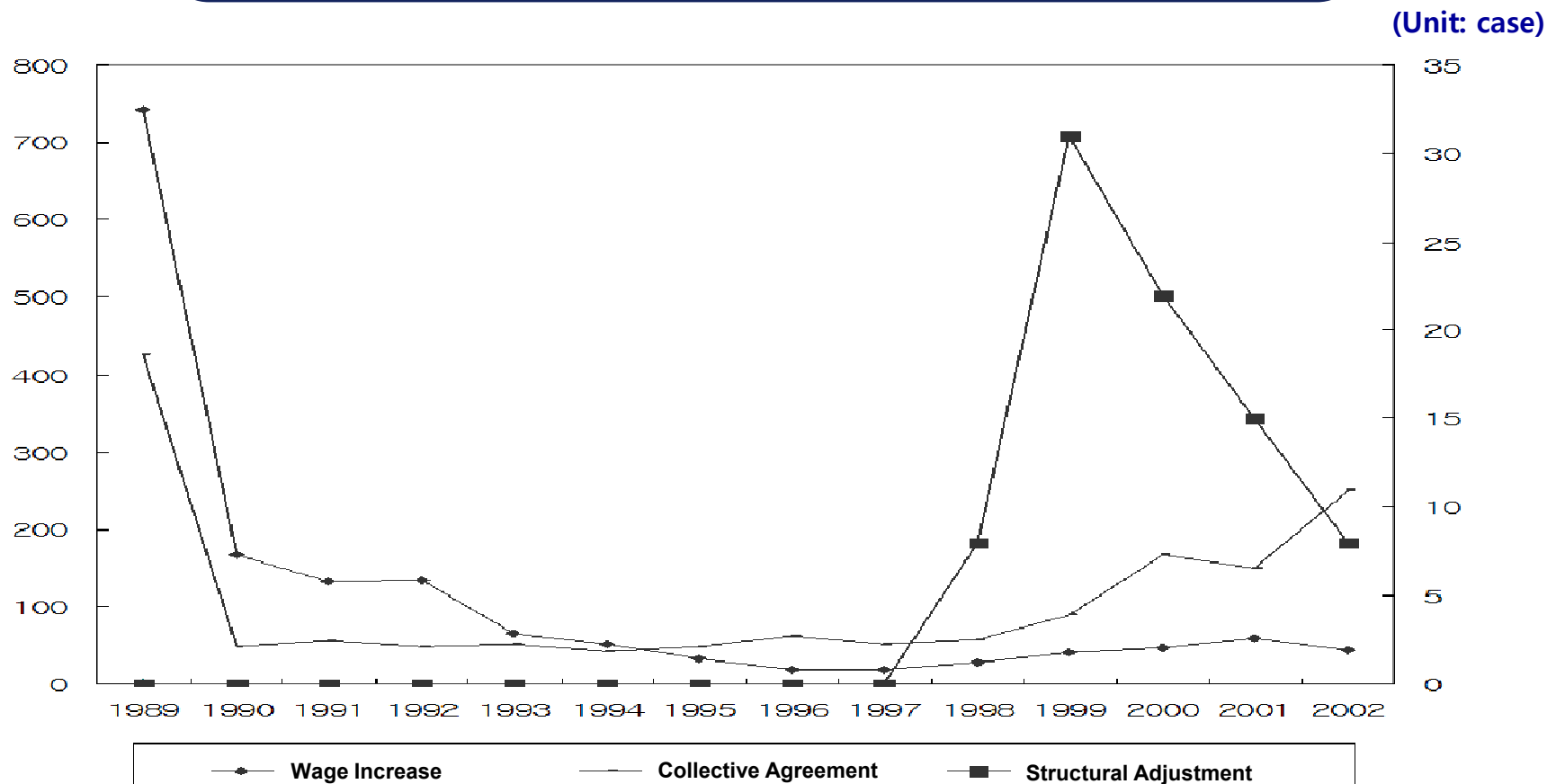
- **Main factors of Reorganization Process of Industrial Relations**
 - Growth of labor union movement
 - Changes in the dynamics between labor and management
 - Environmental factors such as political landscape and economic fluctuations
 - Changes in government labor policies

Historical Development

6

Industrial Relations

Changes in Demands of Labor Union



Assessment & Challenges

- **Changes in Labor Supply**

- Low birth rate → Decline in population growth & Aging population
- Increase in the level of education of the economically active population

- **Changes in Labor Demand**

- 1960s~mid 1970s: skilled labor in labor-intensive industries
- mid 1970~1990s: skilled labor in the shipbuilding and chemical industries
- mid 1990~: IT & ICT labor

- **Changes in Social Insurance and Industrial Relations**

- Economic growth based Labor-management relations(1960s~1987)
- Rapid increase in trade unions after democratization(1987~)
- Expansion of social safety net in labor market due to introduction of Employment insurance & occupational health and safety insurance

Assessment & Challenges

● New Changes in Labor Market and Policy Responses

1. Continuance of globalization will trigger a polarization of the labor market

- Government's efficient management of social safety net

2. Increase in economic uncertainty

- Increase in flexibility of the labor market & expansion of efficiency of social safety net

3. Jobless growth

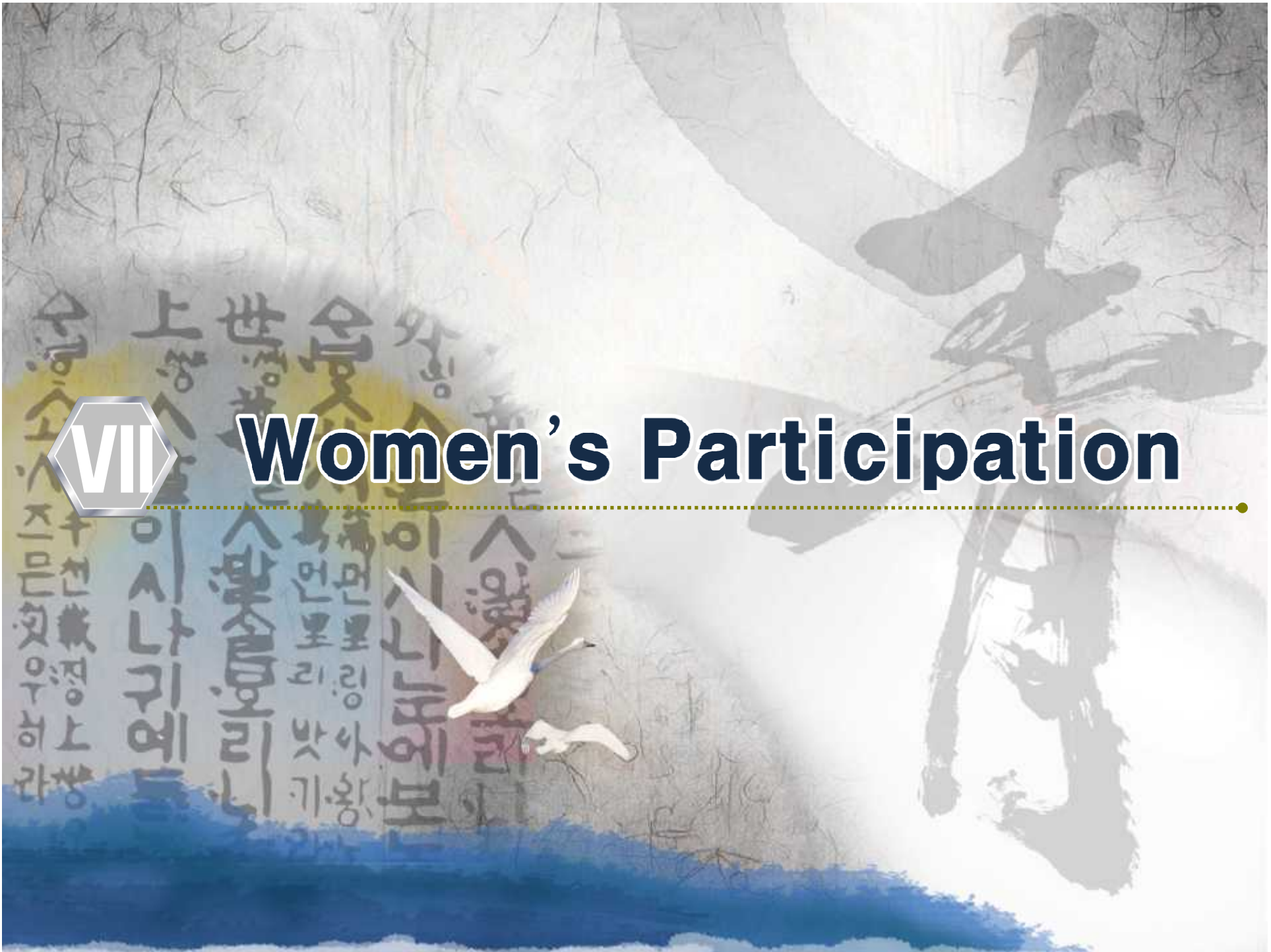
- Fostering industries that can increase employment and selecting policies and projects with consideration of the impact on employment

4. Population aging

- Active policies that seek to increase the economic participation of the population age over 55 and ensure to minimize the obstacles to their participation in labor market

VII

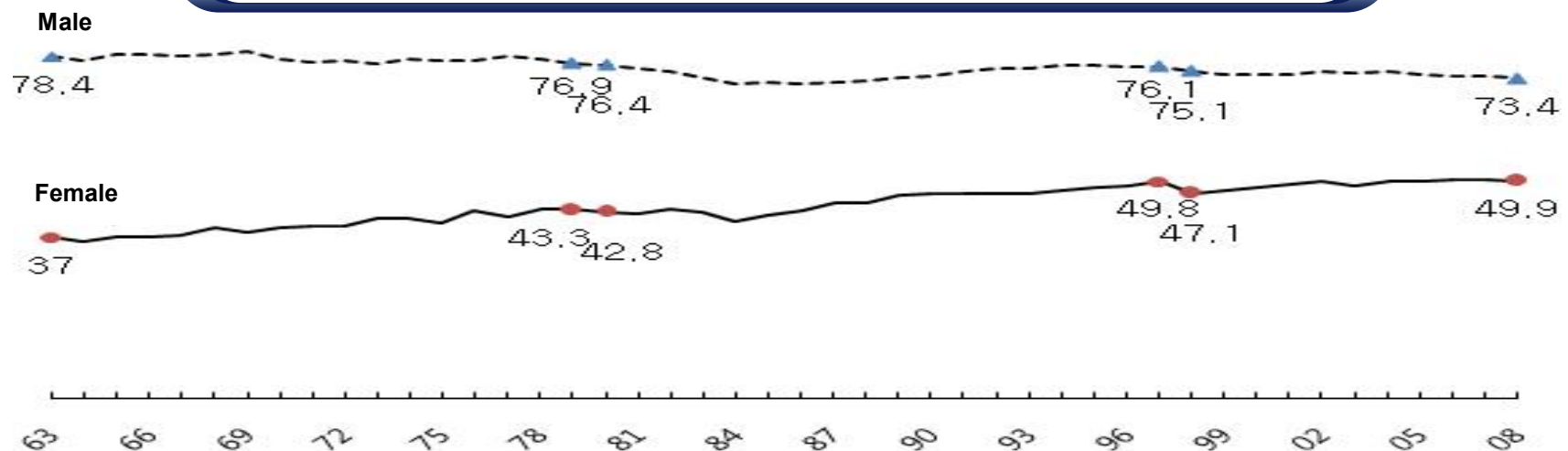
Women's Participation



Overview

- **Women, Essential Contributor of Economic Development**
 - Major Labor Force of ‘Compressed Development’
- **Women and Economic Development by Policy Areas**
 - Expanding Women's Participation in Labor Market
 - Developing Human Resource of Women in Quality and Quantity
 - Women's Social Participation
 - Developing Relevant Laws to Support Women's Economic Participation

Labor Force Participation Ratio(1963~2008)



Historical Development

1

Establishment of Korean Government and postwar Reconstruction: 1948~1959

- Women's Major Economic Participation were in the sector of Agriculture, Forestry and Fishery Industry
- Female Workers Working in Companies with more that 5 Employees
 - 40,268 persons(18% of Total Women Workers)
- Welfare Policies for Women
 - Livelihood Protection for Korean War Widows (700,000 persons)
 - Providing Primary Education for Literacy
 - Homes for Single Mother Families: Supporting economic self-reliance with simple vocational training
- Ensuring of Legal Rights of Women
 - Voting Rights
 - Maternity Protection
 - Prevention of Discrimination against Women

Historical Development

2

Full scale effort for economic development: 1960~mid 1970s

- Korean government led economic growth policy and female workers were actively mobilized
 - in textile, garment, and leather industry
 - especially, women with young, low education level, and low wage
- Low Level of Political Participation of Women

Types of Industry (Female Workers, 1963~1979)

24.4	25.2	28.0	26.6	27.3	29.2	30.0	30.6	32.0	28.4	28.4	29.6	30.8	29.2	30.4	32.3	34.9
6.9	7.5	8.3	9.0	10.9	12.3	13.4	12.2	12.9	12.6	16.2	16.8	17.4	21.2	22.8	23.2	23.5
68.7	67.3	63.8	64.4	61.7	58.6	56.7	57.3	55.2	58.9	55.5	53.6	51.9	49.5	46.7	44.5	41.6
1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979

Agriculture, Forestry,
Fisheries

Services

Manufacture

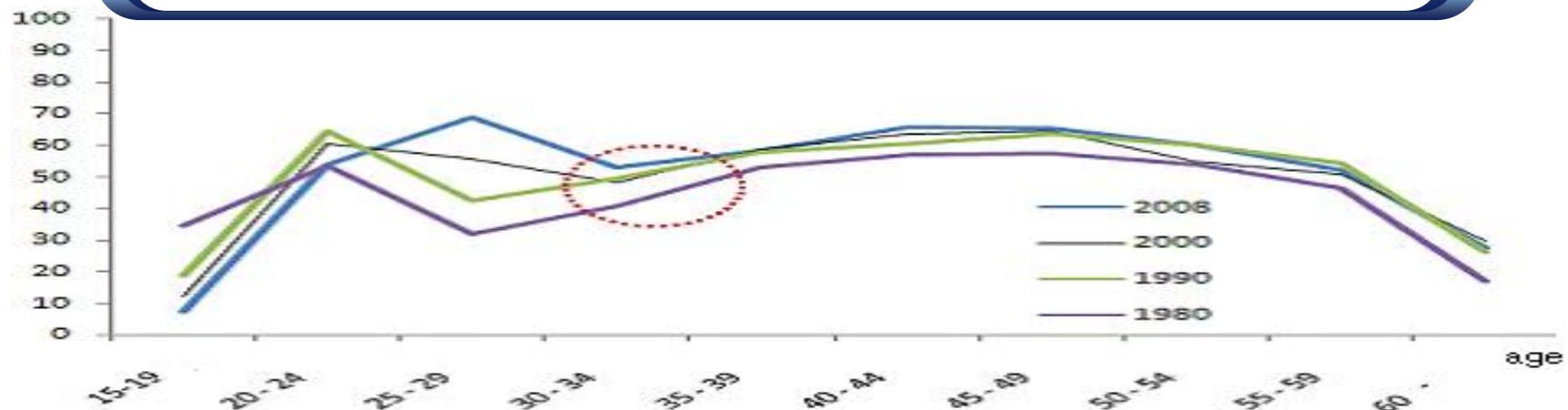
Historical Development

3

Democratization and transition to market economy: 1980~mid/late 1990s~

- Increase in number of middle school graduates among female workers
 - * 69.7%(1975) → 99.1%(1985)
- Increase in service & sales industry → increase in women's economic participation rate
- Slight increase in number of married women in labor market
- Equal Employment Law(1988)
 - Promotion of prevention of discrimination against women in labor market

Women's Economic Participation Rate by Age(1980~2008)



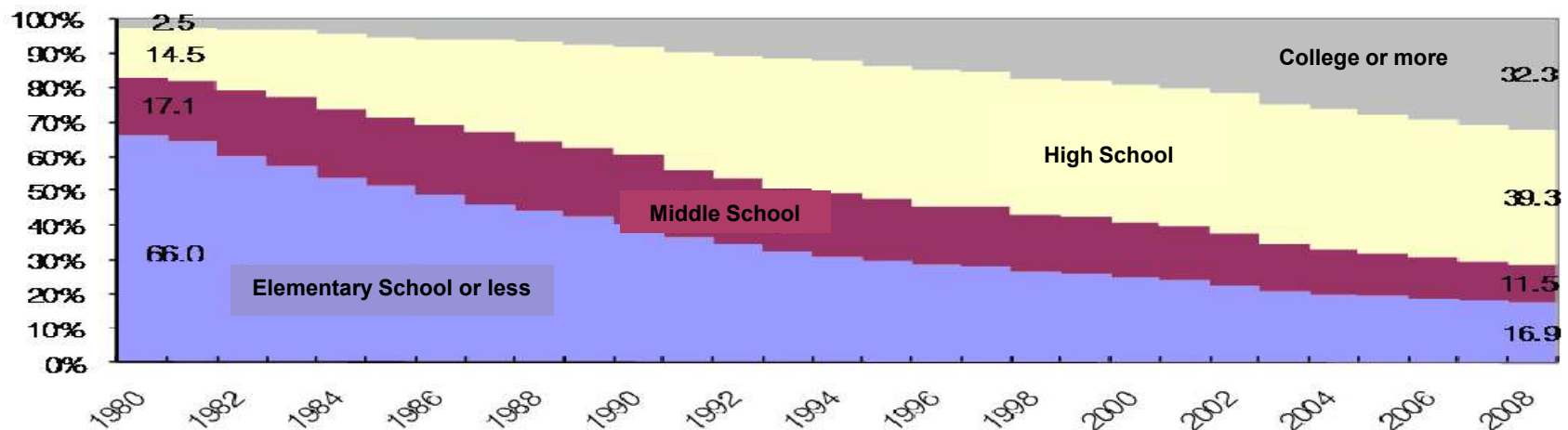
Historical Development

4

Maturation of society and recovery from economic crisis: mid/late 1990s~2008

- According to improvement of women's education level and capacity, social participation was expanded
 - However, unemployment rate of women and ratio of irregular female worker after economic crisis(1997) were increased → increased job security
- Relatively low level of Women's Participation among OECD countries
 - low employment rate of women with higher education & gender wage disparity
 - female labor force intermittency due to birth and childrearing

Changes in Working Women's Education Level(1980~2008)

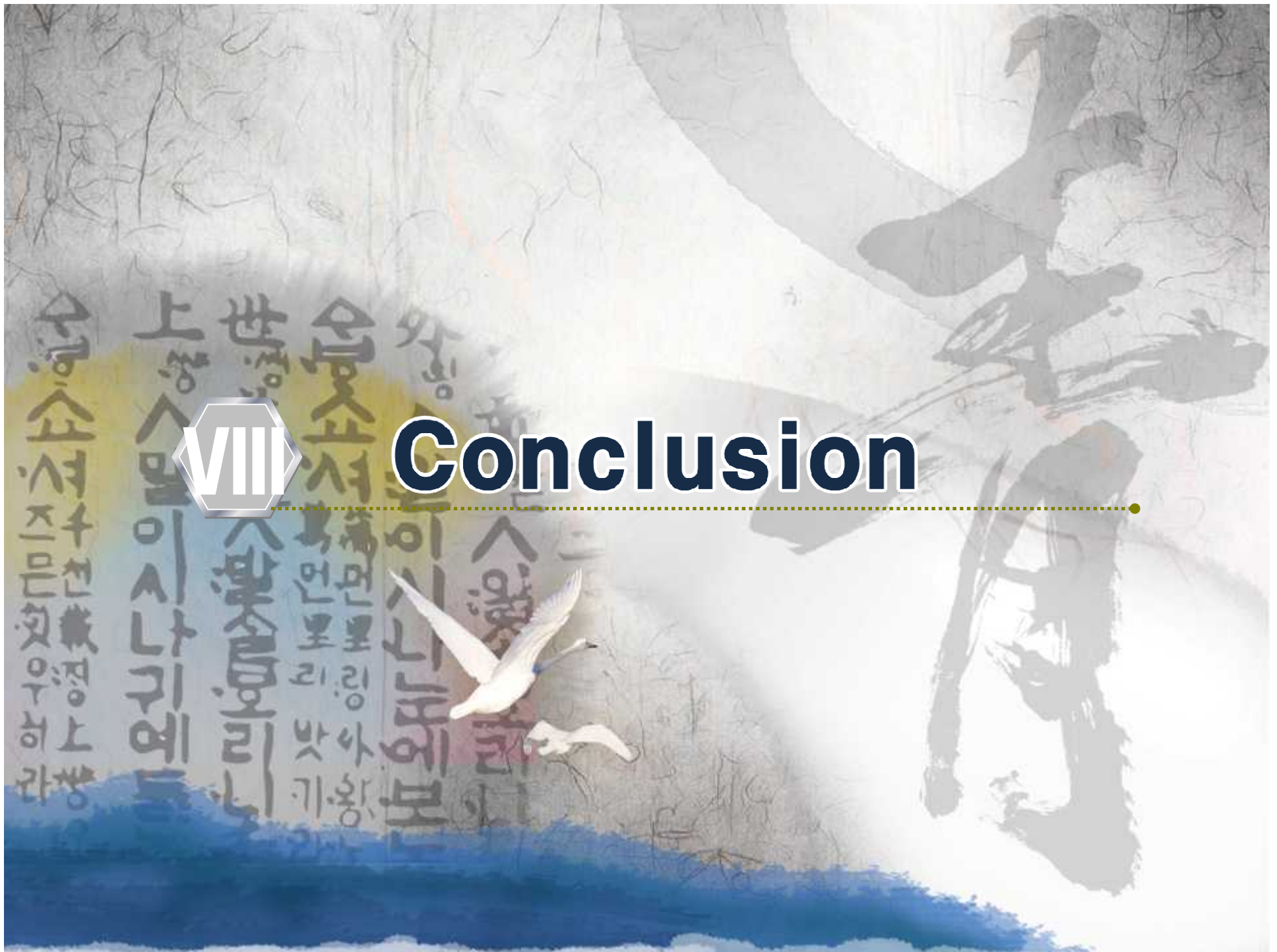


Assessment & Challenges

- **Women, potential resource for sustainable development**
 - Using women as labor force would decrease the burden of an aging society with low birthrate to secure tax revenue, to stabilize family income and to enhance competitiveness power of companies
- **Policy Direction for Future**
 - Including curriculums on career development for female students in the course of primary, secondary and higher education
 - Specialization of higher and lifetime education for women to find promising occupations in future
 - Finding obstacles in labor market to make better use of human resource of women
 - Balance between family and work
 - Redesigning childcare policies to support women work
 - Supporting companies to hire more part-timers
 - Active policy intervention is needed for increasing women's representation



Conclusion



Towards A Mature Society

Assessment and Analysis

Low Fertility

- The government needs to draw up policies encouraging more women in the workforce and supporting child-rearing based on better understanding of determinants of women's childbirth

Health Care

- The quality of health care services, service delivery system, protection for the vulnerable, and supply of services to satisfy needs of consumers need to be improved

Welfare Services

- Development of public assistance and social insurance as well as development and provision of welfare services in view of various needs of people
- The coverage of welfare services needs to become more universal and expand its reach to the middle class

Towards A Mature Society

Assessment and Analysis

Education

- To strengthen national competitiveness, reliance on private education need to be reduced

Employment and Labor

- The employment insurance program has made a big progress despite its short history
- Basic labor rights, wage, and working conditions for workers have improved fast
- Confrontational relationship between management and labor poses a new threat to the future competitiveness of the nation
- The growing number of temporary workers is accused of widening gaps between regular and non-regular workers

Women' s Participation

- Elimination of obstacles in different industries and corporations, resolution of women's poverty, encouragement of more women to participate in social activities are needs to be improved

Towards A Mature Society

Outlook and Future Challenges

Transition to a Multicultural society

- Decline in the working–age population and changing perception about marriage
 - increase in international marriage and massive infusion of foreign workers
- More high quality education and better health care services to improve overall quality of population and to make the society be adaptable to multicultural environments

Proper balance between growth and distribution

- Facilitating economic growth and social integration in parallel

Health care Services

- Various inefficiencies in the current health care services system must be eliminated and to respond to internal and external changes
- * Considering issues under the DDA, WTO, FTA

Towards A Mature Society

Outlook and Future Challenges

Sustainable growth

- Solution to resolving problems associated with an aging society
- Sustainable growth must be accompanied by the supply of high productivity workforce and continued technological advancements
- Improvement in the level of education and increased participation by workers in economic activities → supply of high productive workers

Cooperation between management and labor

- Resolving conflicts on the basis of proper laws, systems and practices by communicating collaboratively

Rich pool of highly educated women

- continuous use of women in the workforce will reduce the burden in supporting population, boost household income, and corporate competitiveness

Thank you

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