

Resilience as a Policy Goal and a Policy Measure: South Korea's New Deal Policy in the Post-COVID-19 Era

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Abstract

Resilience draws attention as a way to combat the unprecedented uncertainty today. Especially in this post-COVID-19 era, a sense of insecurity penetrates nearly every aspect of our lives, from political to economic, social, and cultural dimensions. At times, those dimensions meet and overlap each other, affecting and being affected. Resilience thus can be both a policy goal and a policy measure to the goal. South Korea, in July 2020, announced a new policy package, the Korean New Deal, while grappling with the COVID-19 crisis. The three main components are the digital economy, green technology, and the social safety net. This is a shift to a new path for resilience building in industrial, environmental, and social sectors. Of these, the most vulnerable one is the social sector, thus weaving the social safety net tighter has become one of the top policy priorities. The government has taken aggressive measures in tackling this, distributing four cash and card subsidies in 2020, followed by two more subsidies in the first half-year of 2021. South Korea's policy response to the pandemic crisis was mainly a two-track approach: offering unconditional cash transfers and openly examining universal basic income (UBI). Such a policy measure and public policy discourse indicate the interconnected resilience mechanism in which increasing economic resilience may lead to social resilience. This paper will further explore the link between economic and social resilience through the case of South Korea's post-COVID-19 policymaking, along with the impact of subsidies on the social safety net.

Keywords: Resilience, Social Resilience, Social Safety Net, Subsidies, UBI

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Introduction

Resilience draws attention as a way to combat the unprecedented uncertainty today. In this post-COVID-19 era, a sense of insecurity penetrates nearly every aspect of our lives, across different dimensions of our society. Some dimensions meet and overlap each other, affecting and being affected and causing a problem in another dimension of resilience. For example, a weakened economic resilience may result in structural problems weakening social resilience, especially if eroded over a long period. Economically and socially embedded low resilience requires a rather interdisciplinary and holistic approach to re-building resilience across the entire society. From this point of view, resilience can be both a policy goal and a policy measure to the goal. South Korea, in July 2020, announced a new policy package, the Korean New Deal, while grappling with the COVID-19 crisis. The three main components are the digital economy, green technology, and the social safety net. This aims to shift to a new path for resilience building in industrial, environmental, and social sectors. Of these, the most vulnerable one is the social sector, thus weaving the social safety net tighter has become one of the top policy priorities. The government has taken aggressive measures in tackling this, distributing four cash and card subsidies in 2020, followed by two more subsidies in the first half-year of 2021. South Korea's policy response to the pandemic crisis was mainly a two-track approach: offering unconditional cash transfers and openly examining universal basic income (UBI). Such a policy measure and public policy discourse indicate the interconnected resilience mechanism in which increasing economic resilience may lead to social resilience. This paper will further explore the link between economic and social resilience through the case of South Korea's post-COVID-19 policymaking, along with the impact of subsidies on the social safety net.

Resilience as a Policy Concept

The concept of resilience has too many versions of definitions, even quite different at times. The definition gaps and various resilience narratives made resilience a 'dynamic and malleable' concept that has 'evolved and still been evolving' (Bene et al., 2017, p.3). One of the major reasons for the complexity of resilience is its interdisciplinary use across various disciplines, especially popular in Engineering, Ecology, and Social Science. During the 1960s and 1970s, resilience gained some limelight from engineering scholars, defined as a system to disturbances and the speed of return to its pre-shock state. The resilience from the engineering perspective was normalization after an external shock and how fast it can come back to normal. It was ecologists who picked up the academic interests in the emerging concept and joined the resilience discourse. Ecological understanding of resilience is more close to the durability of a system. Resilience, for ecologists, is a scale of disturbance that a system can absorb before getting destabilized.

In the 1990s, social scientists started to apply the concept of resilience to societal contexts by combining the two and expanding the definition of resilience. Resilience is deemed a complex set of economic, social, and institutional traits that characterize regions' ability to respond to a shock. What made the social science thinking of resilience different from others were two dimensions of resilience that were not included in the concept before - adaptive and transformative dimensions of resilience. The adaptive dimension means that 'the capacity to learn, combine experience and knowledge adjust responses to changing external drivers and internal processes, and continue operating' (Bene et al., 2017, p.3; Berkes, Colding, and Folke, 2003). The transformative capacity, on the other hand, is the capacity to create a fundamentally new system when ecological, economic, or social structures make the existing

system untenable (Bene et al., 2017, p.3; Walker, Holling, Carpenter, and Kinzif, 2004, p.5). By having the adaptive dimension, social science's usage of resilience 'no longer refers to the capacity of a system to return to an old and unchanged state after shock' (Brinkmann et al., 2017, p.9). Rather, adaptive resilience extended the understanding and definition of resilience to the post-shock transition necessary to move on to a new state.

The critical point in social science's definition of resilience is that it refers to a system and institution as the subject of resilience, unlike psychology's interpretation of resilience based on individuals. Resilience is, in social science, interpreted as the buffer capacity or the system's ability to absorb disturbances before the system changes its structure by altering its variables or the processes that control system behavior (Serban & Talanga, 2015; Adger, 2002). Such group or system-based viewpoint of resilience makes resilience building a collective goal for the betterment of a system. Those in the same system are pulled and converged to the common aim to make the entire system work better in the face of economic and social shocks. Just like the complexity of a system, resilience also has similar innate complexity adding more layers and dimensions to the concept, which can be employed in many aspects of society. Many names or subunits of resilience are used in each related dimension; 'economic resilience' for economic security and recovery from recession, 'social resilience' for social development and equality, and 'community resilience' for local governance and authority, for example. Composed of economic, spatial, and social dimensions, the concept of resilience is sensitive to the institutional context and requires 'interdisciplinary analysis at various scales' (Adger, 2002, p.349).

Many scholars highlighted the importance of bridging resilience and policymaking for resilience building. Resilience has been more frequently used in policy and practice, sometimes interchangeably at the micro, meso, and macro levels of policy action and analysis (Donoghue, 2020). The concept of resilience is popular among policymakers and governments, even though resilience-building may come at a huge cost. Scholars found the reasons why resilience is widely well-accepted from two inherent features of resilience. One is the instinctively positive narratives of resilience, and the other is the variable applications for different aspects of society, such as economic resilience and social resilience. Resilience discourses bring the focus on vulnerability, stability, and sustainability as essential keywords for resilience building. These keywords are attractive from "a political and rhetorical perspective as they can associate a whole policy program with connotations of strength, support and enhanced well-being in the face of significant challenge" (Donoghue, 2020, p.2).

To make a society maintain its systemic stability and vulnerability, the concept of resilience turns policymakers' attention to structural transforms and reforms by engaging with the dynamics of social, cultural, and political changes. By doing so, a system can be resilient and move to new development paths through necessary transformations. Thus, the application of resilience to the policymaking process renders policymakers identify the current system's stability and vulnerability, then go through institutional changes and find ways to sustainable development. In short, resilient policymaking in the face of a shock or a disturbance brings the attention of policymakers to the management of social equilibrium for better stability and social equity by tightening the social safety net for vulnerable groups. If necessary, policy reforms or changes can take a proactive approach for the desired policy outcome.

Resilience-based policymaking understands instability or vulnerability as a systemic wrong due to a less resilient society, not each one's fault or misfortune. It relates disturbances and shocks to the improper management of social resources and embedded inequality. As many

policy areas are interconnected and intertwined with one another, it is vital to consider the links between different domains of resilience. Thus, using the concept of resilience itself requires a rather complicated, sophisticated, and interdisciplinary analysis and measures of public policy. With this theoretical background of resilience, let's move on to South Korea's recent policy change and reform for its resilience building.

The Korean New Deal for Better Economic and Social Resilience

In the latest OECD employment outlook publication in 2021, South Korea ranked 30th out of the 42 countries and regions, with only 66.9 % of its working-age population employed. It was lower than the OECD total average (67.4%), and its ranking has been lowered than the previous years. The gap between the rich and the poor is becoming wider in South Korea than in almost any other OECD member country. According to the IMF's working paper on the inequality in Asia (2016), the income inequality in South Korea is the most severe in Asia. The top 10 percent of the population earn about 45% of the entire national income. This is the highest concentration of income among any comparable Asian country. And to decrease income concentration, the IMF called for an aggressive fiscal policy. Overall, economic inequality permeates every corner of society, from getting a job and getting a fair salary to wealth distribution. The impact of such institutionally embedded economic inequality now reaches another dimension of social justice and social equity. A lack of economic resilience negatively affects social resilience. South Korea's suicide rate remained highest among members of the OECD, and the elderly suicide rate is alarmingly high (The Economist, 2013). Plus, South Korean young people feel the least happy of any members of the OECD, according to the Happiness Index in 2016. One out of every five have had suicidal thoughts, and the older they are, the more likely they identify money as the condition for a happy family. Such a socio-economic situation got only worse during the pandemic, harshly hitting the most vulnerable groups.

Two policy papers were published in the middle of pandemic shock. On July 14, 2020, the Korean New Deal was announced as a new policy package. The other was the OECD report, a regular recommendation paper, was released a month after the Korean New Deal announcement. According to figure 1, the high-income inequality and poverty rate were higher than other OECD member countries, whereas the public and private spending on health care and pensions are lower. Many index figures and research outcomes about Korea's economic and social resilience call for strengthening social protection, and the economic inequality issue must be tackled more aggressively. And the policy recommendations from the OECD report pinpointed these economic-social resilience issues. In short, the policy recommendations were on two tracks - enhancing economic support for vulnerable groups and companies while tightening the social safety net and welfare system.

BASIC STATISTICS OF KOREA, 2018
(Numbers in parentheses refer to the OECD average)

SOCIETY					
Income inequality (Gini coefficient, 2017, OECD: 2016)	0.355	(0.310)	Education outcomes (PISA score)		
Relative poverty rate (% , 2017, OECD: 2016)	17.4	(11.6)	Reading	514	(489)
Median disposable household income (000 USD PPP, 2017, OECD: 2016)	27.5	(23.6)	Mathematics	526	(492)
Public and private spending (% of GDP)			Science	519	(491)
Health care	8.1	(8.8)	Share of women in parliament (%)	17.0	(29.7)
Pensions (2017, OECD: 2015)	3.1	(8.5)	Net official development assistance (% of GNI, 2017)	0.1	(0.4)
Education (public, 2017)	4.6	(4.5)			

Figure 1. Basic Statistics of South Korea for the Social Sector (Source: the OECD)

The Korean New Deal interprets the pandemic shock and its recovery path through the lens of resilience theory. A pandemic shock was followed with three expected pathways to recovering from the shock. Interestingly, the Korean New Deal's interpretation is a hybrid version of ecological resilience and engineering resilience in understanding the post-COVID 19 pathways. First, the ecological understanding of resilience mainly focuses on 'normalization' after the shock, which is Pathway A in figure 2. Pathways 2 and 3 are based on engineering resilience focusing on the disturbances a system can absorb, the systemic durability, and the outcome of returning to the pre-shock state or going to a new post-shock state. From the South Korean government's point of view, society absorbed some shock, then would diverge into varying recovery and development paths. This was more proper in the case of the Korean experience since the social dimension was struggling like pathway C while the economic dimension, compared to other countries, was somewhere close to pathway B. So making links between industrial, environmental, and social dimensions of resilience and using the link and interconnection, the New Deal aims to strengthen overall resilience, especially social resilience. Along with the two major areas of development - digital industry and the low-carbon economy - the reconstruction of the social safety net comes to the center of the post-pandemic policy efforts. The aim for bridging economic and social dimensions of resilience is clear, and resilience is a policy goal on the one hand and a policy measure on the other hand.

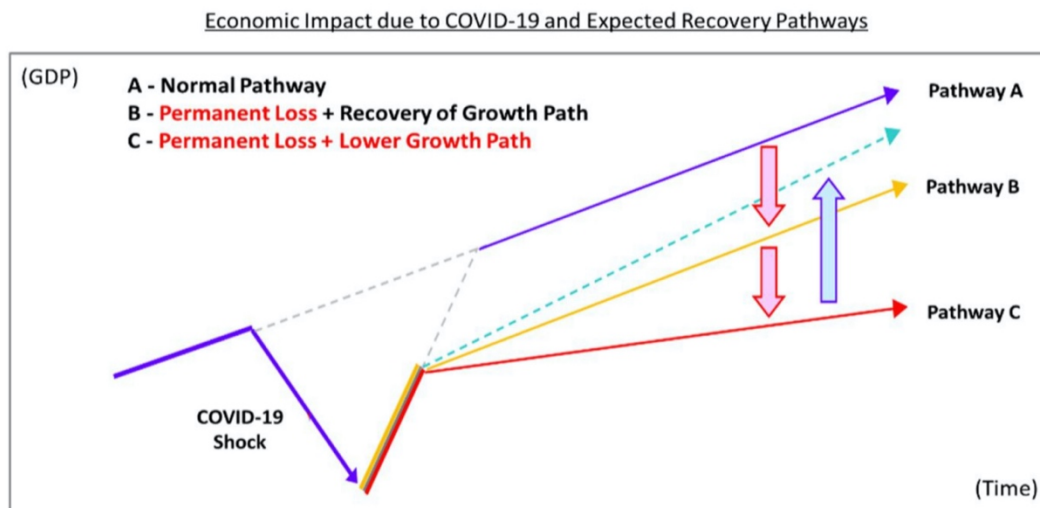


Figure 2. The Post-pandemic Recovery Pathways (Source: The Government of Republic of Korea)



Figure 3. The Korean New Deal and its Policy Design (Source: The Government of Republic of Korea, 2020)

Subsidies and UBI - Policy Measures for Reconstruction of Resilience

Along with the macro-level policy reform through the New Deal, the government has continued to provide subsidies. It was quite an aggressive policy effort to provide subsidies five times throughout the pandemic in 2020 and 2021. One interesting change between the early and later subsidies was the eligibility. With the OECD recommendation being out in July, the difference between the first and the second subsidies was the change in policy target. More selective, specifically targeted subsidies were delivered except the very first one for everyone. They were given to small and medium enterprises (SMEs), self-employed people, and vulnerable groups while the eligibility was getting expanded later. The latest subsidies were offered to about 80% of the entire nation. There were some immediate positive impacts of grants among the least income groups. The consumption increased among the 1st and the 2nd quantiles while the money could be spent on the essential, necessary items (Nam & Lee,

2021). As more people were eligible for subsidies later, there were some learning effects since some people experienced the social benefit and its positive impact for the first time. After several subsidy distributions, the public support for taxation and welfare policies became wider. A recent study on the impact of subsidies found that people's satisfaction with the subsidies creates a more welcoming atmosphere for other welfare policy agendas (Nam, 2021).

South Korea's Emergency Relief Subsidies throughout Five Distributions 2020-2021

	1st	2nd	3rd	4th	5th
Sum	14.3 (Trillion, KRW)	7.8 (Trillion, KRW)	9.3 (Trillion, KRW)	20.7 (Trillion, KRW)	15.7 (Trillion, KRW)
Date	May 2020	September 2020	January 2021	March 2021	August 2021
Target	Universal	Selective SMEs, Self-employed, Freelancers, Vulnerable groups	Selective SMEs, Self-employed, Freelancers, Social/Public service workers	Selective SMEs, Self-employed, Freelancers, Social/Public service workers, Vulnerable groups	Selective People in the bottom 80% income bracket, Extra subsidies for those in the least income groups
Benefits	Maximum 1,000,000 (KRW)	1,000,000 ~ 2,000,000 (KRW)	1,000,000 ~ 3,000,000 (KRW)	1,000,000 ~ 5,000,000 (KRW)	Maximum 20,000,000 (KRW)

Figure 4. A Summary of Korea's Five Subsidies from 2020 to 2021 (Source: IMF)

Aggressive subsidy offering has now turned the policy discourse to the possibility of universal basic income (UBI) as a policy means to increase the socio-economic resilience of South Korea. According to Philippe Van Parijs, who organized the Basic Income Earth Network (NIEN) and invented the concept of UBI, UBI is based on the norm of “real freedom for all” (Lee, 2021, p.147). Four core attributes of the concept of UBI are (i) cash payment, (ii) individual beneficiary, (iii) unconditionally, and (iv) regularity (periodical). Due to such features, UBI is fundamentally different from general social welfare policies that are targeted specific socio-economic cohorts. Finland is the only country to have implemented a nationwide trial of UBI, while there are many other countries considering or used to consider the introduction of UBI as part of their welfare policy reform. It is not a new idea, and in Korea, it has been gradually growing its significance in policy venues. According to a national survey in March and April 2021 (Gyeonggi research institute, 2021), more than half of the respondents agreed with both 200 and 500 USD UBI. And about 70-80% answered that they want it to be implemented in 3 or 5 years. As a policy response to reduce income inequality, UBI can contribute to more fair redistribution and give people better lives than low market wages can support. It would also strengthen the social safety net by reaching all of the needy since UBI targets everyone regardless of income levels or any preconditions (Hoynes and Rothstein, 2019). UBI-related policy talk could come to the front due to the broad acknowledgment of inadequacies of the current safety net and system. Furthermore, a policy window seems ready to open for USI as well. One presidential election candidate openly discusses the introduction of UBI as part of this pledge. If he won, there could be political traction of implementing UBI soon, making South Korea the first Asian country to adopt a national UBI. Moreover, UBI is not a strange policy idea to Korean people. Youth

dividends of many sorts are available for some age groups of youth since they had been fallen into the blind spot of the national welfare system. Such partially UBI-like policies have been continuously implemented to close the inequality gap, which has gradually laid the ground for further policy talks and discourses on the possibility of introducing UBI.

Discussion

As the concept of resilience is too broad and vague, it does not give specific guidelines to policymakers. It leaves enough room for policy experts to reinterpret resilience as a policy concept and recreate (or reform) resilience-building policies in a context-specific, localized manner. Thus, using resilience in policymaking is not without limitation or contention. Korea's case of resilience-building also has some limitations, among which the somewhat unsophisticated use of resilience and the lack of public involvement in the policy process.

First, the Korean New Deal policies and other resilience-building policies do not distinguish the resilience to different kinds of shocks or stress. However, according to Giacometti and Teras (2019), the resilience to slow burns and shocks cannot be the same. The high unemployment rate, the high concentration of wealth, and the resulting social inequality are all chronic problems. However, it is quite unclear whether the policy measures aimed to solve those issues are effective enough to change the systemic wrongs by bringing any positive long-term impact. Even using some keywords is advised to have them for separate applications; Especially, the usage of 'stability and 'vulnerability' in resilience discourses has been warned to have more sophisticated definition and understanding since those two are related but different in nature (). Moreover, some media criticize policymakers in that the root cause of low youth unemployment is a lack of jobs. The cash-pouring policy of giving subsidies and introducing UBI is no more than vote-buying, albeit radical, because it cannot fix the underlying causes of the structural problems that are economically and socially embedded in society (Lee, 2021; Baek, 2019). More theoretical and conceptual effort for studying resilience itself and its application in policymaking should follow for better policy implementation of the Korean New Deal.

Last but not least is that public participation in the so-far policy processes and people's policy perception are missing in the recent discourses. However, policy perception is essential in effective resilience building. According to Marshall (2007), there are two dimensions of resilience: the risk assessment and the ability to cope with the risk. If people have good policy perception, they are more likely to understand the risk and control it because they would "understand and respect the need for change and will be more likely to incorporate its requirements into their working lives" (Marshall, 2007, p.224). Moreover, involvement and participation in the policy process for meaningful resilience building is significant since an inclusive policymaking process involving wider participation of people is the source of policy satisfaction, trust-building, and preparedness to change (Ibid). Such subjective factors that can enhance resilience are missing in the Korean New Deal and the current policy efforts for resilience reconstruction. The hopelessness and anger from long economic and social inequality should also be included in the resilience discourses as the policy goal of the Korean New Deal is to strengthen the basis for a people-centered and inclusive country.

Conclusion

As the pandemic has eroded and worsened society's economic and social dimension, resilience has emerged and been popular among policymakers and governments as a policy

concept and framework encompassing the different but connected dimensions of national resilience. The Korean government also came up with a new policy package, the Korean New Deal. With the new policy agenda, Korea has continued distributing subsidies targeting vulnerable groups to increase stability. The possibility of introducing UBI has also been seriously discussed to secure economic and social resilience in general while gaining more public agreement and support after the pandemic experience. Economic and social resilience are determined to have a sort of a cause and effect relationship, so the policymakers are trying to tackle the economic resilience for improving the social resilience as the policy outcome. Tightening the social safety net was put at the core of economic resilience-building via digital innovation and a low-carbon economy. However, cautions are needed to encourage participation in the policy process and deeper policy perception among people and to understand resilience as a policy term clearly: resilience to slow burns and shocks.

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