A study of the Social Model of The Korean Welfare State

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Abstract: This study1 is an exploratory study to identify the characteristics and level of Korean Welfare state. In order to clarify the characteristics of the welfare state in Korea, a social model that explains the development of the welfare state was applied and various social indicators in the social welfare sector of OECD countries were used to categorize it. To achieve the purpose of this study, cluster analysis was used as a research method and the most recent OECD data were used. For this, SPSS version 20 and AMOS 21 were used. As a result OECD countries were classified into five types, and Korea was included as an underdeveloped welfare state along with Mexico and Chile, despite its enormous economy. The implications of this study show that the Korean government should expand social welfare institutions and services to suit the current economic level.

1. Introduction

Korea can be categorized as one of the developing welfare states that have not built a basic framework of welfare state. Social insurance and public assistance did not become a basic framework until the 1990s, and in the early 2000s, the framework of state provision of social services began to be established. In particular, Korea is classified as a Confucian welfare state, which emphasizes Confucianism as well as China, Japan, and Taiwan. However, it is very difficult to distinguish or to typology the welfare states[1]. When we apply Esping-Andersen(1990)' typology; liberal, conservative, and social democratic welfare states, South Korea can be included in liberal welfare states. Also, according to Sapir(2006) welfare state classification: Nordic country, Anglo-saxon country, the continental country, and the Mediterranean, Korea can be clarified as an Anglo-Saxon. The welfare state standardization is mainly centered on European countries or European countries including North American countries[2]. As an Asian country, Korea has many limitations to be classified into the above-typified groups.

Most of Asian countries have a short history of welfare stateand social expenditure is about 10% of GDP compared to that of European countries, and the development of charitable welfare provision centered on family or private organization is developed. White and Goodman(1998) point out that differences in the social model of East Asian countries are as follows: first, low expenditure on welfare; second, as a provider of social rights related to citizen rights in the social role of welfare, Third, it emphasized the preference based on selectivity rather than tax-based payment or universalism-based social insurance. The social model that explains the development of Korean welfare state maintains the three characteristics of East Asian countries pointed out by White and Goodman(1998)[3]. In other words, Korea has low welfare expenditure and a strong preferential advantage, and is mainly responsible for providing social welfare to the family rather than state. One peculiar point is that, in Korea, private non-profit charities or organizations have been in charge of providing important social services with their families. This is based on the historical fact that the missionary-oriented religious organizations from Western countries have made a great contribution to social welfare in the period of capitalism's implementation before 1950s and the fact that many refugees and charitable organizations for children and women have been active in Korea since the Korean War. The social welfare services provided by these religious and charitable private organizations continued until 1970s. Since the 1980s, Korea has grown to become an economic powerhouse that leads the Asian economy, not an absolute poor country in need of further assistance. The social welfare services provided by these private organizations have been changed since the social welfare service law was revised in 1983 and the social welfare service has been converted into the subsidized state business. The government subsidies have become the background for the role of the agency to provide social welfare through the contract with the state.

Since the mid-1980s, Korea has begun to formulate and implement social insurance for the physical foundation of the welfare state. By 2000, the public assistance system for all citizens, called the National Basic Livelihood Security System, has started to operate. In the first half of the 2000s, national spending on social services began to be provided in earnest. In particular, since the Basic Law on Social Security was enacted in 1995, the history of the welfare state is very short. However, from an economic point of view, Korea is a member of the OECD in 1996

and is the world's 10th largest economy (10th in 2010 and 13th in 2016) in terms of the size of the economy represented by GDP. Has risen to the point where it has surpassed GNI $ 30,000 to achieve economic growth to some extent. In terms of economic size, it can be said that Korea has been slow to develop into an advanced welfare state.

This study deals with the characteristics of Korean welfare state in earnest. In particular, we apply the social model that explains the characteristics of welfare state, identify characteristics of Korean social model, and try to typify Korean welfare state through comparative analysis of country by using various social indicators based on quantified and objectified data from OECD[4].

2. Theoretical background

1) The Korean Welfare State

In the case of Esping-Andersen (1990), the liberal welfare states represented by the United States, including Australia and Canada have a low level of de-commodification while limiting the scope of social rights. It is a group of countries where benefit from income-asset survey, low level of universal cash transfers and low level social insurance system are dominant. Conservative welfare states (Austria, France, Germany, and Italy) also called corporatist welfare states, emphasizing the country's substitution as a welfare provider, so private insurance and workplace benefits play a limited role, Family-centered protection is emphasized. Social insurance also excludes women who are not traditionally male-centered, and family benefits encourage parental rights. Day care and family services have relatively underdeveloped characteristics, which are based on the principle of complementary intervention only when the country is unable to provide services to its members. The social democratic welfare states represented by Sweden have extended the de-commodification of universalist principles and social rights to the new middle class, socializing the costs of family services and maintained the principle of maximizing the ability for independence. The characteristics of the Esping-Andersen welfare state type are that the welfare state, which maintains welfare capitalism, is classified as a welfare regime by distinguishing it from the political economy side.

Kuhnel and Alestalo (2000) found that countries in the continent (Austria, Germany, France, Belgium), Scandinavian countries (Denmark, Finland, Norway, Sweden), southern European countries and the United Kingdom. According to Kuhnel and Alestalo, the Scandinavian countries play an important role in providing the welfare of the state, and Southern European countries (Italy, Spain, Greece and Portugal) have suggested that the role of family and voluntary organizations is more important than other welfare states. These types of welfare state are distinguished in that they firstly classify the welfare state by geographical area, and analyzed the characteristics of the welfare state by applying factors such as state, market, family, and civil society.

The welfare states of Sapir (2006) suggested is classified as Nordic countries, Anglo-Saxon (liberal) countries, Continental countries, and Mediterranean countries. Nordic countries (Denmark, Finland and Sweden Netherlands) have very high social protection spending. Anglo-Saxon (liberal) countries (Ireland, UK) are characterized by a relatively large social aid system, particularly with a focus on the labor force based on active policy instruments. In terms of the labor market, it is characterized by relatively weak labor unions, low wage employment and wage deviations. The continent countries (Austria, Belgium, France, Germany, and Luxembourg) are based on social insurance such as unemployment benefit and pension, membership is declining, but trade unions still have strong bargaining power. In addition, the Mediterranean countries (Greece, Italy, Spain, and Portugal) are focusing social spending on old-age pensions and providing welfare benefits through a detailed separation of rights granting. In particular, social welfare systems are typically tailored to those who are early retirement in employment protection and the labor market. The wage structure is strongly suppressed and is achieved through collective bargaining. The welfare state classification of Sapir (2006) was based on the three criteria proposed by Boeri (2002), namely: first, elimination of income inequality and poverty; second, protection of unwarranted labor market risks; Third, it is compensation for labor market participation.

In addition, the study of European welfare states is based on the findings of the European scholars mentioned above, and some initial discussions have been made in Korea to identify the characteristics of Korean welfare state[5]. There is no question that Korea is composed of mixed models of market - state - private - nonprofit - family in welfare provision. In the case of Korea, the type of American liberalism emphasizing marketization and the type of southern Europe such as Spain or Italy, where the roles of family and voluntary organizations are more important, also it is claimed that it also includes some of the characteristics of a conservative welfare state like Germany. However, most of these discussions can be interpreted as an arbitrary level analysis applied to the typology model proposed by foreign scholars considering the characteristics of Korean welfare state. The Korean welfare state represents a welfare regime with unique characteristics of Korea. Although welfare states have

developed various systems and policies from developed countries, the important point is that the Korean welfare state model has been developed based on political, socio-cultural characteristics based on the economic foundation of Korean welfare capitalism.

According to the above classification system, South Korea is close to the model of liberal welfare state in political ideology, and it approaches the model of welfare state in southern Europe according to the model typified by characteristics of geographical area. Based on objective figures, Korea is only one of the least developed welfare states with the lowest level of national spending in all areas of social welfare. In other words, the nature of the Korean welfare system is based on the lowest level of social welfare spending in the OECD countries, providing low-level national direct services, participating in the welfare provision of high-level non-profit voluntary organizations. It is characterized by a market structure[6].

2) The Social Model

The social model can be explained as a theoretical framework that explains the nature of welfare state and a very different type of welfare state depending on the social model. Most welfare states that maintain the form of welfare capitalism, regardless of whether they are European, North American, or Asian, can be characterized by the characteristics of the social model. In order to distinguish the characteristics of the welfare state, Walker (2009) analyzed the role of family, market, and state, the social expenditure level relative to GDP, the welfare decision model that determines the welfare provision, the degree of de-commodification of the people and the degree of poverty and inequality[7]. On the other hand, Gough (1997) presented the European social model as a characteristic with high social protection rates, high expectations of citizens, and high spending in GDP[8]. The characteristics of Gough's social model are relatively weak criterion compared to various criteria suggested by Walker as a standard in financial aspect.

European countries have a social model that reflects the collective characteristics of European countries, while North American countries have a social model that fits North American countries and Asian countries have a social model with the characteristics of Asian countries. Of course, in addition to the features of the Asian social model that can be applied in common, it is natural that there are unique characteristics or characteristics of individual Asian countries. However, it can be said that it is difficult in terms of relative comparison by country. Among the Asian countries, China, Japan, Korea, and Taiwan can be grouped into East Asian countries. Europe can also be classified into Western Europe, Eastern Europe, and Northern Europe. This grouping is characterized by the commonality of social models that reflect group characteristics should be derived. In other words, countries that are grouped into a homogeneous social model should all have the characteristics or characteristics of a common social model[11], [12].

Taylor-Gooby (1998, 2004) suggested national acceptance of national responsibility for welfare as an important characteristic of western European social model among European countries, which leads to the development of income security and health protection for the elderly in terms of welfare policy. On the other hand, Jones (1990, 2003) and Rozman (1991) emphasized Confucianism as an important characteristic of the East Asian social model. However, the religious beliefs centering on the Catholic Cathedral in Europe influenced the lives, attitudes and values of Europeans for thousands of years, while Confucianism influenced Asian, especially East Asia, as ideology and values rather than faith. It is difficult to interpret Confucianism as an important criterion and character to explain the social model of East Asian welfare states.

The welfare state social model of Korea is shown by applying Walker (2009)'s eight social model comparison criteria as follows.

Table 1. Characteristics of Social Model of the Korean Welfare state

Criteria		Role
Family	High	• Care is the responsibility of the family: emphasizing individual and family responsibilities in care and nurturing. As of 2017, family benefits (including cash and in-kind) among 36 OECD member countries accounted for 1.2% of public spending on GDP, ranking 32st (OECD average 2.0%). The fact that government spending on family benefits is so low indicates that family members are responsible for family welfare[10] = Household spending to private insurance is very high: The number of households with private insurance due to weakened health insurance coverage is 4.64 in 2012 and the average monthly payment is 343,488 won (about $320). The number of households covered by private insurance reached 3.5 million as of 2013[1] = Public education expenditure ratio to GDP is slightly high[2]: Spending 4.0% as of 2015(OECD average 3.5%, 6 out of 33countries) = Private spending on education of GDP in 2015 is very high, 0.513%(OECD average .323%). Ranked 8th out of 35 OECD countries) = Average monthly amount of households entering private tutoring per child is as high as 291,000 won (about $ 255) in 2018[12] = Public spending on health is very low (4.3% of GDP in public spending by 2017, OECD average 5.3%, 30 out of 36 countries)[3] = Government benefits account for about 56% of the national health expenditure per capita, so family or individual burden is very high (as of 2016, health expenditure per capita is $ 2,729, government burden is $ 1,538, individual or family burden is $ 1,191).[18]The share of family income in household income as of 2015 is 5.1%, the highest among OECD countries excluding Switzerland.[18]
Market	High	• Health and care services (infants, children, the elderly, the disabled, etc.) are mostly commercialized as a mixture of welfare, • In the community social service investment projects and long-term care services launched in 2007 and 2008, care-giving businesses, children's psychological emotional development projects, and Home-bound long-term care services for the elderly are largely monopolized by profit commercial enterprises. = Child care facilities: Commercial childcare facilities account for 89% of the total in 2014.[3] = Nursing facilities: 91% of the elderly care facilities by commercial households in 2015.[14] • In the area of health services, 1,706 (about 53%) out of 3,205 hospitals nationwide by 2015 are for profit.[17]
State	Low	• The state plays a pivotal role in planning and financing the entire social welfare service and managing private institutions. The role of the state in terms of provision of services is limited and is primarily provided by private nonprofit and commercial organizations. • The proportion of countries providing direct welfare services differs by area under the premise, but it does not exceed 10% on average in all areas. = In the area of health services, 64 out of 3,205 hospitals in the national and public hospitals.[17] = In the area of child care services, national and public child care facilities are 7.8% by 2017.[13] = In the area of social services, disabled and elderly care services, national public facilities in 2012 accounted for 0%.[16] = In the long-term care sector, only two out of 2,707 elderly nursing and residential facilities are operated by government in 2015.[14] = In the long-term care service, government spend about 0.8% of GDP in 2015.[18]Average expenditure in OECD countries is 1.7%

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Social spending on GDP (%)	Low	• Among the 36 OECD countries in 2018, the lowest rate excluding Mexico & Chile, 34(11.10%) out of 36 OECD countries (OECD average 20.1%, 2018)[10]
welfare decision model	Individual, family, private organization	• Although there are differences in social welfare areas, except for public assistance and some social insurance, non-profit organizations and commercial organizations are mostly
Range of solidarity	Family	• Due to family based and personal thoughts of the people, solidarity is mainly family-centered. Thinking about social responsibility or good will for society is very low. = Average of 3.47 in the survey on social commitment (58 countries surveyed) (5 points scale, higher score means less sense of social commitment). Perception having good will for society is very low.[11] = The community consciousness is also low. 6.6% responded that they do not think that they are members of the community, which is higher than the US (4.1%), a multi-ethnic society[11] = Trust in the government is very low. As of the end of 2016, the OECD average is about 42%, and Korea is 24% • Korea has a very low level of social capital that represents solidarity and community awareness = Very low level of solidarity from friends and family: OECD 2017 data on the quality of support networks from friends and relatives accounted for 76%, ranking 35 out of 35 countries, Very low.[7] = Low trust in others: 26.59% in 2013 and 36.02% in OECD average in 2010.[11]
Degree of de-commodific ation	Low	• The degree of de-commodification by the people is low. = Welfare generosity ratio 0.63 (31nd among 34 OECD countries) as of 2017 (OECD average 0.91%)[19]. = Because of low level of public spending on pensions, level of de-commodification is low. Public spending on pensions 3.0% of GDP as of 2017 (OECD average 7.5%).[8] = Low level of degree of the de-commodification due to low level of public spending on guaranteed income of working population. Spending 1.3% of GDP as of 2014 (OECD average 4.2%)[8] = Public spending on labor markets is low as of 2016 (0.7%, 18th among 29 OECD countries, OECD average 1.17%) = Public spending on health services is low. Spending 4.3% of GDP as of 2017 (OECD average 5.3%).[8] = Public spending on social services is low. Spending 6.0% of GDP as of 2017 (OECD average 7.4%).[8] • Very low level of recipients of out-of-work benefits in the working-age population indicates low level of declining de-commodification. As of 2016, the recipients of out-of-work benefits ratio is 2.2% (OECD average 5.8%, 29th among 31 OECD countries)[9]
Degree of poverty / inequality	High	• Since 2015, Korea has been operating income security policies using relative poverty rates. The level of income guaranteed by public assistance is below 30% of median household income (OECD poverty standards are generally below 50% of median household income) • Korea's relative poverty rate (below 50% of OECD median household income) is 14.4% as of 2014. The OECD average is very high at 11.4%.[15] • Income polarization is intensifying every year. The top 10% of income in 2015 is about 120 million won (about $100,000) based on the integrated income*, and the lower 10% of income is 1.66 million won (about $1,500). The gap is about 72 times.[4] •S90/S10 income decile share is highly polarized (15th among 36 OECD countries, 9.0% as of 2016, OECD average 9.27%)

* Integrated Income: Income from working income or business income, rent, investment, interest income, etc.
1) Seo, et al. 2013. In-depth Analysis Report of Korean Medical Panel in 2013

2) OECD. 2018 Education at a glance. 3) OECD Stat Extracts. Health data.

4) www.yonhapnews.co.kr/bulletin/2017/10/11/0200000000AKR20171011156800002.HTML

5) The standard for the selection of benefits for the National Basic Livelihood Security System is 30% of the median income in the case of the livelihood benefit. As of 2017, 30% of the median income is 495,879 won for 1 person's household and 1,340,214 won for 4 persons. (50% of median households are 2,233,690 won for 4 person's households)

6) Gallup World Poll (www.Gallup.com). 2016/2.

7) % of those who answered that they have friends or relatives who can solve the problem together when the problem occurs. OECD. 2016 Better life index.

8) OECD. Society at a glance. 2016. OECD Social Expenditure Data Base(SOCX). 2016.

9) OECD. Benefit recipients Database (SOCR).

10) OECD. Social Expenditure Data Base(SOCX). 2016.

11) World Values Survey (Wave 6),

12) KOSIS Statistical indicator.

13) Ministry of Welfare. 2014. Childcare Statistics

14) Ministry of Welfare. 2015. Status of Elderly Welfare Facilities.

15) OECD. Income Distribution Database. 2016.

16) Ministry of Welfare. 2012. Community social service investment projects guide.

17) National statistical portal. 2015. http://kosis.kr.

18) OECD. 2017. Health statistics. Social Expenditure rate / Unemploment rate + Age over 65 rate

Castles. 2004

   Applying the criteria for the welfare state classification of Kuhnle and Alestalo(2000), the characteristics of the Korean welfare state are shown in the figure below. Kuhnle and Alestalo(2000) classify welfare states by market, state, family, and social organizations (voluntary organizations or civil society). In the case of Korea, in addition to the fact that there are many welfare institutions that are entrusted with government subsidies from the state rather than voluntary organization of pure informal sector, family has played an important role in welfare provision traditionally, and the case where the state directly provides welfare is limited, and the welfare mix is made so that people receive welfare services directly from the market have. The following picture shows the characteristics of Korean welfare provision. Market and state participate in welfare provision but it is weaker than family or voluntary organization (non-profit organization) to be.

Figure 1. Characteristics of Korean welfare provision
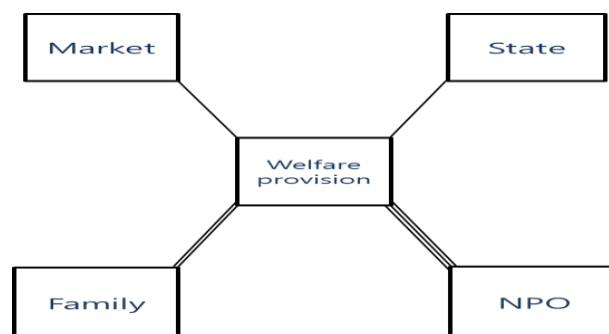
* - : low impact, = : medium impact, ≡: high impact

■ **State**

   The limited welfare provision of the state is an important factor that regulates the character of the welfare state in Korea. The reason why the welfare services are relatively high quality and relatively low compared to the welfare provision characteristics of Korea with low social expenditure is that since the private nonprofit organization with low-cost private social workers combined with a higher level of technical expertise and knowledge has been introduced into the social welfare area since the mid-1980s, it has led to the qualitative development of welfare services. The state has the greatest effect by planning social welfare policies and services and providing financial support to the private sector at a low cost even with the weak foundation of public direct provision less than 10%.

■ **Market(Quasi-Market)**

   Since the marketization of commercial hospitals (including private clinics) in the area of health insurance to preserve costs by third party payment methods, rapid marketization has been achieved in the care services of elderly, handicapped, and infants in Korea since the middle of 2000. Some argue that the area of care service is not a marketization but a quasi-marketization. However, in order to receive services in the care service area, state

finance and family burden occur simultaneously. There is a limit. In particular, entry into the caring area of the private commercial organization that emphasizes the interests of the individual rather than the social value or the realization of the public value can be regarded as the main cause of the turmoil in the Korean caring service area.

In the provision of social services in Korea, quasi-markets have not been established and have not been worked. In 2007, the government launched a social services project to lower barriers to entry in social service provision and to improve the quality of services through competition among private service providers in order to provide users with choice, and in 2008, started long-term care services for the elderly, and the government insisted that these markets were quasi-market. However, in reality, nonprofit social service providers are striving to provide integrated services through cooperation and coordination rather than competition. Actual competition can be achieved through psychological counseling services or home-visiting care services among the profit organizations. Thus, it is appropriate to consider marketization rather than quasi-marketization. In addition, the quasi-marketization is based on the principle that the users receive the service benefit by the full financial support of the state without the burden of their own expenses. However, in case of Korea, the additional cost is incurred in order to receive the social service, care and nursing service. In order to secure the profit of the institution, it operates as a mechanism to select users, which means that Korea's quasi-market is neither established nor operated. In conclusion, in Korea, social welfare marketization is rapidly progressing rather than quasi-marketization in the area of social services since 2007.

■ **Family**

The most basic standard of Korean social welfare allocation is screening. In other words, the family is primarily responsible for the welfare of its members, and the state has adhered to the principles of minimum burden and family burden that provide benefits only to those who are at least able to benefit. As a result, the National Basic Livelihood Security System, which is a representative public assistance system, provides livelihood protection benefits to only about 35% of the medium income households. Moreover, care services for the elderly and the disabled also provide services only to poor families. Long-term care service for the elderly is also based on the principle of minimum burden. When additional home care services are needed in addition to the basic time, the cost is the responsibility of the family member.

■ **Voluntary organization (non-profit organization)**

Although Korea shows the characteristics of social welfare services centered on non-profit organizations such as social welfare corporation, school corporation, and judicial corporation, about 60% or more of financing for voluntary organization welfare has characteristics of providing welfare from the state have. Therefore, the government grants subsidy program is characterized in that the state and nonprofit corporations represent a typical principal-agent relationship in which they provide services through contractual relations with the government. However, not-for-profit organizations do not only provide welfare benefits that are planned by the government but also have the characteristic that they are not merely acting as agents in planning and providing welfare benefits through their own financial or private subsidies. The development of the Korean welfare state centered on the provision of nonprofit organizations is largely driven by the sense of calling and social value-oriented efforts of nonprofit organizations.

3. Research Method and analysis

Analyzing and confirming the characteristics of the welfare state through the level of the Korean welfare state is a fundamental effort to improve the social development and social quality of Korea and is an important contribution to the relative comparison with other welfare states. As shown in the analysis of the welfare provision analysis of the states, markets, families, and voluntary organizations described above as important criteria for defining the characteristics of the Korean welfare state, Korea is building a welfare system that focuses on family and nonprofit voluntary organizations. It represents a mixed model in providing typical welfare benefits that provide direct welfare benefits. In addition, Walker's classification of the characteristics of the welfare state social model is based on the eight criteria, the responsibility of the family is more important than the state in the welfare decision, and the market has an important influence on the care and health service area. The level of direct welfare provision of the state remains at less than 10% of the total, including childcare services, and social expenditure as a percentage of GDP is the lowest among OECD countries, excluding Mexico.

In this study, we compare the characteristics of the welfare state in Korea more specifically by comparing with OECD data. To this end, we try to analyze the nature of Korean welfare states based on the most recent OECD data. The data used to identify the characteristics of the welfare state are the pension expenditure ratio to GDP, the income support ratio to the working population, the health service expenditure ratio, the social service expenditure ratio, the total social expenditure ratio, the family welfare expenditure ratio (cash + in-kind benefit), and the welfare

generosity ratio. Among the seven variables, the welfare generosity ratio is the ratio of social expenditure to GDP, which is the sum of the elderly population and the unemployment rate. The other six variables represent the ratio of spending to the "social" sector in GDP, expressed as quantified value. For the purpose of this comparative survey, the OECD countries are comparatively analyzed with the above seven indicators for the welfare level of 34 countries, excluding Slovakia, where the data for each region is the most lacking.

As a research method, cluster analysis was used. For this SPSS 20.0 and AMOS 21.0 statistical programs were utilized. The collected data is mostly based on 2015; however, the data of 2015 and 2013 are used simultaneously when the data of the country in 2015 is insufficient. The following table shows the results of cluster analysis[9], [10].

Table 2. Cluster analysis results

	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	F	P
Pension expenditure	14.38	8.72	2.47	5.55	9.25	27.953	.000
Income support	4.65	4.34	1.37	3.90	6.18	5.538	.002
Health service	6.78	6.28	3.50	5.71	6.77	4.012	.010
Social service	1.57	2.44	1.70	1.79	5.43	7.532	.000
Social expenditure	27.92	22.3	9.20	17.23	28.80	78.330	.000
Welfare generosity ratio	.86	.94	.67	.83	1.08	3.676	.015
Family benefit(cash, in-kind)	1.78	2.36	.97	1.95	3.35	3.647	.016
	The highest expenditure on pension and health protection in social spending	The proportion of spending on social services and welfare generosity ratio is relatively high	The lowest social spending and welfare generosity ratio in the whole social category	Social spending on the social domain and the proportion of the welfare generosity ratio are little below the average	The highest welfare factors except the second ranked health protection and pension expenditure		

* p< 0.05

The table below is a type of welfare state that classifies 34 OECD countries that have been grouped by analysis of data through cluster analysis.

Table3. Type of welfare state (34 OECD countries)

Type	Group 1	Group 2	Group 3	Group 4	Group 5
State	Greece Spain Austria Italy Portugal France	Netherlands Norway Germany Luxembourg Slovenia United Kingdom Japan	Mexico Chile Korea	New Zealand Latvia United States Switzerland Iceland Ireland Estonia Israel Canada	Denmark Belgium Sweden Finland

		Czech Republic Poland Hungary		Turkey Australia	
Total	6 States	10 States	3 States	11 States	4 States

■ Group 1: The states included in the group 1 are Spain, Austria, Italy, Portugal, France, Greece and Austria. These states include the welfare states of the Mediterranean and western countries of Europe. In terms of the characteristics of group 1, the proportion of total social expenditure to GDP is very high (second place in total group, about 27.92% spending), and spending on pension accounts for about half of social spending(1st place in total, OECD average 14.38%), while expenditure on health services was high (1st place in total, about 6.78 in spending), while income support for the workforce was high (2nd place in the overall group, about 4.65 spending)。 However, spending on services was the lowest among the other groups (about 1.57 spending, fifth place in the overall group). In addition, the welfare generosity ratio was the third among the overall group (.86). However, the ratio of public welfare expenditure to GDP-related family benefits including cash and in-kind was about 1.78%, ranked 4th among the total 5 groups. As a result, considering all variables in seven areas as a whole, group 1 can be defined as "the stable welfare state".

■ Group 2: The states included in the group are the Netherlands, Norway, Germany, Luxembourg, Slovenia, England, Japan, Czech Republic, Poland and Hungary. In terms of the characteristics of group 2, total social expenditure as a percentage of GDP accounted for more than 20% (22.31) (third among all groups), and expenditure on pensions accounted for third place (about 8.72 expenditures) (About 6.28% of expenditure), and the income support for the working population was the third (about 4.34 of expenditure) in the whole group. Social services (about 2.44 of expenditure) and welfare generosity ratio (. 94) occupied the second place in the whole group. The ratio of family welfare to GDP, including cash and in-kind benefits, was 2.36%, the second highest among the five groups. In other words, group 2 can be defined as "the developing welfare state" considering all the variables in the seven areas as a whole.

■ Group 3: The three countries included in the group are Korea, Chile, and Mexico. The characteristics of the group are that all six indicators except for the social service area (4th in the whole group) show the lowest level. In other words, group 3 can be classified into "the underdeveloped welfare state" considering all variables in the seven areas as a whole. In all three countries, the proportion of social expenditure to GDP is below 10%, and the welfare generosity ratio, which represents the ratio of the unemployment rate to the social expenditure and the elderly population, is .67. In public expenditure on GDP, the proportion of family benefits, including cash and in-kind, was about .97%, ranking fifth among all five groups, and income support for the working population was fifth (about 1.37%) respectively.

■ Group 4: The states in the group 4 are 11 countries, including New Zealand, Latvia, Iceland, the USA, Switzerland, Ireland, Estonia, Israel, Canada, Turkey and Australia. It can be seen that there is a mix of several continental nations and countries that have been classified as the liberal welfare states. In terms of the characteristics of group 4, total social expenditure as a percentage of GDP accounted for about 17.23% (4th among all groups), and expenditure on pensions accounted for 4th place (about 5.55% spending) (5.71% of total spending), and the income support for the working population was 4th among the total group (3.90% expenditure, 4th overall). The proportion of the welfare generosity ratio (.79) was 4th in the total group. The ratio of the public expenditure to the family benefits including cash and in-kind was about 1.95%, the third among the total 5 groups. In other words, group 4 can be defined as "a conservative welfare state" considering all the variables in seven areas as a whole.

■ Group 5: The states included in the group 5 are Belgium, Denmark, Sweden, Finland, mostly the Nordic welfare states. As for the characteristics of the group, the total social expenditure as GDP accounted for about 28.80%, the highest expenditure (1st in total group), and the expenditure on the pension accounted for the second place (about 9.25% spending) The expenditure on health services (about 6.77% expenditures) was the highest among all groups, and the income support for the working population was the highest among all groups (6.18% expenditures), social services (about 5.43 expenditures). In addition, welfare generosity ratio (1.08) occupied the first place in the whole group. The ratio of public expenditure to the family benefits including cash and in-kind benefits was also high, about 3.35%, ranking first among all five groups. In other words, group 5 can be defined as "the developed welfare state" because they record the highest level when all the variables are considered in seven areas as a whole.

The results of the cluster analysis are classified the level of the welfare state as developed, developing, stable, conservative, and underdeveloped states.The developed welfare state like Sweden in group5 has the well-developed welfare system and institutions in all aspects. The developing welfare state like Germany in group2 is the second highest group in all welfare factors. The stable welfare state like France in group 1 is ranked the third in welfare factors. The conservative welfare state as USA in group 4 is approximately is ranked 4th place in welfare factors. Finally, the underdeveloped welfare state like Korea in Group 3 has the least level in all welfare factors.

4. Conclusion and Implication

According to the cluster analysis based on OECD data set, Korea is one of the under- developed types of welfare state with Mexico and Chile. According to the results of this comparative study, Korea shows that low welfare generosity ratio and low level of public spending on family benefits. It means that the degree of de-commodification is low. In addition, the level of social expenditure is low in all areas of social welfare and social service, so the level of welfare state is generally low. Most of the data about the Korea social model show that Korea welfare state is "underdeveloped one".

However, it can be seen that the level of the Korean welfare state is not consistent in terms of economy. Unlike Chile and Mexico classified at the same level as Korea, the level of economic development of Korea represented by GNI or GDP is very high, and the economical basis for enhancing the level of state spending on welfare and the degree of de-commodification is superior to Mexico or Chile. It can be concluded that Korea is likely to enter "conservative welfare state" or "stable welfare state" in a short period of the future. The table below compares the economic indicators of New Zealand and Spain, which are similar to the economical basis of Korea.

Table4. Comparison of Korea's Economic Level ($, 2015)

State	GNI per capita	GDP per capita
Korea	34,515	34,421
Mexico	17,382	17,894
Chile	22,586	23,210
New Zealand	36,379	37,724
Spain	34,793	34,867

* Source: https://data.oecd.org

Among the OECD countries, Spain and New Zealand are the countries with similar GNI and GDP scale. According to previous study(Kuhnel and Alestalo, 2000; Sapir, 2006), Spain is a welfare state in the Mediterranean or Southern Europe, and New Zealand is a type of liberal welfare state. However, in the above analysis framework, Spain is included in group1 (a stable welfare state) and New Zealand is included in group4 (a conservative welfare state). Therefore, it can be concluded that Korea has enough economic capacity to enter toward group1 or group4 from group 3 (an underdeveloped welfare state), if social expenditure on the entire social welfare area is around or above the OECD average level (about spending 23 % of GDP in 2019) at present economic level. As Korea has established an economic foundation for the development of a welfare state, it is necessary to more aggressively increase expenditures on social welfare areas to ensure the quality of life for the people.

The limitation of this study is that it is difficult to secure the objectivity of the study due to the limitation of the data because the statistical data of the OECD were used. In the future, it is necessary to study concretely what kind of welfare policy or institution is needed for the development of the Korean welfare state.

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