



# The Pandemic of the COVID-19 and its Impacts on Work and Life in South Korea

Shin Kwang-Yeong

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and  
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\* This article was written before the third wave of COVID-19 infection started in December 2020.

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## Executive Summary

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The COVID-19 pandemic has transformed the economy, politics, and social life in South Korea.

The government has attempted to contain the spread of the COVID-19 employing aggressive testing and tracking since the beginning of the coronavirus outbreak on January 20, 2020.

Due to the effective response against the coronavirus, the Korean economy has been less damaged by the COVID-19 than many other OECD members. Amid the COVID-19 pandemic, the ruling party won a landslide victory in the General Election on April 15, 2020, due to the government's swift response to the COVID-19. However, social distancing has rendered an immediate economic depression as the service sector almost collapsed. The Green New Deal, proposed by the government, seems to provide a new vision for Korean society in the post-COVID-19. However, it falls short of a genuinely new provision for the post-COVID-19 pandemic simply because it is an extrapolation of the current rather than a rupture from the current.

# The outbreak of the COVID-19 in South Korea

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Now, the COVID-19 became a historical term to depict the global infection by the coronavirus in 2020. The first infection by coronavirus was identified in Wuhan, the city of auto manufacturing in China, in December 2019. The World Health Organization (WHO) christened the coronavirus "the COVID-19" on February 12, 2020. One month later, it declared the coronavirus pandemic, the global coronavirus epidemics, on March 11, 2020. It warned the global infection of coronavirus out of control of the COVID-19 in the early stage. By disrupting social life, the coronavirus pandemic has brought about the health crisis first and then the social and economic crisis in almost all over the world since March 2020. It halted global value chains and the consumer market, as many governments imposed lockdowns to cope with the COVID-19.

The first attempts to stop the spreading of the COVID-19 completely failed after the WHO announced the pandemic of the COVID-19. The second wave of the upsurge of the COVID-19 in November exacerbated the health crisis and the employment crisis. Since political leaders and citizens in some countries did not follow the primary preventive measures such as mask-wearing and social distancing, the spread of the COVID-19 swept the entire globe in a month. Major cities in Europe and the USA were bombarded by the COVID-19 in March and April, paralyzing hospitals' basic functions and then the entire city.

In South Korea, the outbreak of the COVID-19 took place on January 20, 2020, when a 32-year-old Chinese woman entered the Incheon International Airport from Wuhan, the city of the outbreak of coronavirus in China. On January 23, 2020, a 55-year-old man was confirmed as the first infection by Koreans who worked in Wuhan. South Korea officially became the fourth country of the outbreak of the COVID-19 in the world, following China, Thailand, and Japan.

Since the Korea Center for Disease Control and Prevention (KCDC) announced an emergency of a health crisis due to the coronavirus in February, the COVID-19 has fundamentally transformed the national economy, politics, and society in South Korea. COVID-19 has reinforced the already polarized labor market and severe income inequality. The untact eco-

nomy has damaged the small self-employers in the service sector, comprising one-fourth of the economically active population, and the precarious workers, including various non-regular workers in all sectors. It has also transformed domestic politics, strengthening the ruling party and weakening the opposition party, as the connection between the opposition party and conservative Christian churches responsible for the infection has been identified. The relationship between the opposition party and conservative Christian churches had continued even during the period of widespread of the COVID-19 in April 2020.

South Korea has experienced several outbreaks of the fatal virus before the outbreak of coronavirus in the 2000s. In the 21<sup>st</sup> century, there were two lethal epidemics in South Korea. First, the outbreak of SARS (Severe Acute Respiratory Syndrome) was a global health threat on March 15, 2003. It was first detected in Guangdong province in China in November 2002. Eight thousand ninety-eight were infected and 774 died, mostly in China, Hong Kong, Taiwan, and Singapore. In January 2004, the National Disease Control and Prevention (NCDC) was established to cope with the epidemics by combining the National Health Institute and 13 quarantine stations. In 2009, the new respiratory disease division was created within the HCDC to deal with the new respiratory epidemics effectively.

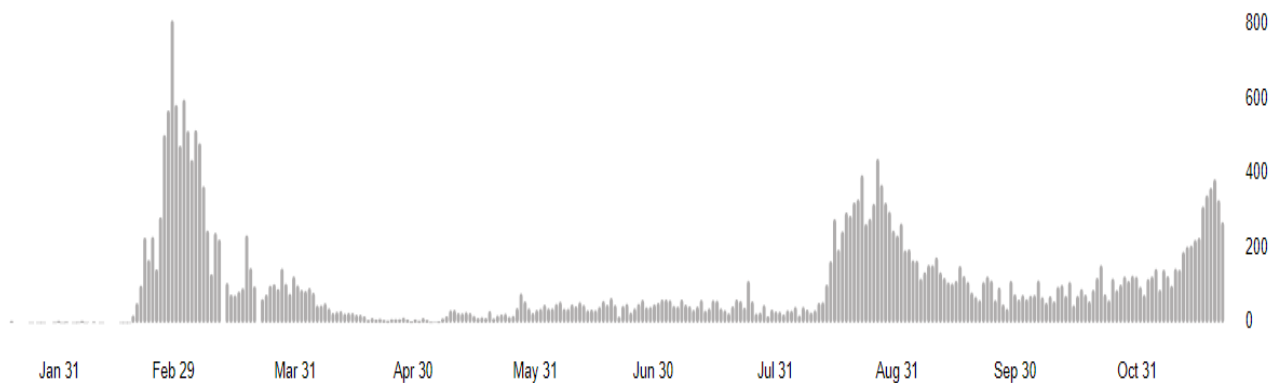
Second, in 2015, there were 186 cases of deaths infected by Middle East respiratory syndrome (MERS), a virus transferred to humans from infected dromedary camels, in South Korea. It took place at Samsung Medical Center in Seoul, one of the major hospitals where patients from all over the country visited. The infection of MERS at Samsung Medical Center threatened the nationwide quarantine against MERS. On May 4, 2015, a 68-year-old man, after a 10-day business trip to countries in the Middle East, was confirmed as infected by MERS when he returned to South Korea. Sixteen thousand seven hundred fifty-two cases were isolated and 186 deaths were reported.<sup>1</sup> It was an unexpected virus to public health authorities and medical staff, and infection prevention and control over the virus were not fully developed yet in South Korea. It was an unexpected virus to public health authorities and medical staff, and infection pre-

vention and control over the virus were not fully developed yet in South Korea. When the MERS broke out, the Korean government and the WHO immediately formed a joint commission to investigate the outbreak and Korea's response and recommend measures to prepare for outbreaks of the virus.<sup>ii</sup> Through the past SARS and MERS outbreak, the KCDC could develop systematic responses to other epidemics' outbreaks.

As the coronavirus spread out worldwide, the KCDC has played a role in organizing the government's responses to the coronavirus pandemic. As the role of the KCDC became more important than before, the KCDC, a part of the Ministry of Health and Welfare, was upgraded into the Korea Disease Control Agency (KDCA), an independent organization, to cope with the COVID-19 in September 2020.

<Figure 1> shows the trend of the outbreak of confirmed coronavirus infection from January 1 to November 23, 2020, in South Korea. There were three peaks in which the third peak is an on-going outbreak in November 2020. The first peak was associated with the cluster infections in Shincheonji church in Daegu city. The second peak was a mass outbreak associated with the demonstration by far-right groups partly associated with the Sarang Jeil church in Seoul, a conservative Christian church, where a conservative priest organized an 8.15 demonstration in Gwanghwamun Plaza in Seoul, violating the regulation on quarantine. The third peak was a consequence of the relaxation of the regulation on quarantine from level 2 to level 1 as the government tried to boost up the service sector with the diminishing numbers of the outbreak of coronavirus less than 100.

**<Figure 1> Trend of Coronavirus Infection in South Korea, 2020 (January 1 ~ November 23)**



Source: WHO (COVID-19) Homepage (accessed Nov. 23)

# The policy response to the COVID-19

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As the first case of infection by the COVID-19 was identified during the quarantine at Incheon International Airport on January 20, 2020, the KCDC issued the Concern Level regarding the coronavirus contamination. A woman living in Wuhan in China was quarantined upon arrival when she had a fever, muscle aches, and other symptoms. The KCDC also announced the guidelines for preventing infection from COVID-19, including washing hands longer than 30 seconds, mask-wearing, notifying one's traveling records to the doctors, etc. The next day on a regular Cabinet meeting, President Moon Jae-in vowed diehard efforts against the COVID-19 in local areas during the Lunar New Year holidays. The KCDC took countermeasures in full scale to prevent the spread of COVID-19, asking refraining visitors to China from visiting traditional markets and hospitals.

On January 27, the Ministry of Health and Welfare raised the Concern Level to Alert Level as the number of confirmed cases increased by four, after the first meeting of the Central Disaster and Safety Countermeasure Headquarter, headed by the Prime Minister. The Korea Center for Disease Control and Prevention (KCDC), a governmental agency responsible for disease control, has aggressively attempted a fast test, continuous tracking, and better treatment strategy to cope with the coronavirus outbreak. The KCDC played a key role in the government's responses to the COVID-19. It did not block airports while it imposed strict quarantine measures to check passengers' temperatures, and all unconfirmed passengers were sent to public facilities for isolation for two weeks. Those who were confirmed were sent to special hospitals equipped with beds and ventilators. It also segregated passengers with fever from passengers without symptoms by setting separate inspection clinics for passengers at airports.

Because of the fear of the spread of the COVID-19, the Ministry of Education allowed schools to shorten mandatory school days in elementary, middle, and high schools. Schools are required to run at least 190 days of classes in an academic year. It recommended schools to provide alternative academic courses to make up for the reduced school days. It was the second time for schools to close to prevent the coronavirus spread after the closure of schools in 2015 due to the MERS outbreak.

On February 12, 2020, the Korean government officially called the coronavirus Corona-19. Instead of the coronavirus, "Wuhan coronavirus" was used by the media and public discourse. When the first infection was identified, the coronavirus was also called "Wuhan pneumonia." The WHO officially called the coronavirus the COVID-19. But the Korean government uses Corona-19 as an official term for the coronavirus in 2020 since corona was a much more familiar term than Covid in South Korea. On February 20, 2020, confirmed coronavirus cases soared when a 61-year-old woman, known as "patient 31", was found to be a "super-spreader" infecting other worshippers Shincheonji Church of Jesus in Daegu city, the Southern city of Korea. Shincheonji Church of Jesus is a cult of Christianity with more than 230,000 members nationwide. She visited Wuhan and contacted many people in the church gatherings, infecting 1,766, 80% of the total confirmed patients in Daegu city. Even though the government did not lock down the city of 2.5 million people, the city became a ghost town, suspending the entire economy and social life until April 20, 2020, when the new confirmed cases became zero.<sup>iii</sup>

On 23 February 2020, the government raised the Crisis Alert Level to the highest (Level 3). The prime minister became the head of the Central Disaster and Safety Countermeasure Headquarter (CDSCH), consisting of several ministers of the government, to orchestrate the government-wide responses to coronavirus. In practice, the KCDC has served as the commander of the prevention and control efforts against coronavirus. The CDSCH decides major policies related to the COVID-19, whereas the KCDC is responsible for daily activities for fighting the COVID-19. On March 22, 2020, the Prime Minister announced the mandatory social distancing by prohibiting worships at religious organizations and sports events for 15 days from March 23 to April 5, Children's Day.

The KCDC aggressively began to adopt tests, tracking, and treatment of the confirmed patients. Installing separate screening clinics for the public places, the KCDC attempted to prevent the spread of the coronavirus. One of the requirements for quarantine was to protect medical staff from infection so that a "drive-thru testing facility" was introduced to restrict

the contact between medical staff and patients. For arriving passengers from abroad at airports, the public buildings have been allocated for staying two weeks as a quarantine purpose.

One of the characteristics of tackling the COVID-19 in South Korea has been extensive utilization of digital technology, from the spread of information on confirmed cases through Social Networking Services (SNS) to QR codes for keeping lists of visitors in public buildings and spaces. Incorporated with the police and telecommunication companies, the KCDC could test and trace the people whom the confirmed patient of COVID-19 met or possibly contacted. Through the SNS, the public authorities have disseminated information about infection in the local community, without notifying personal identity who stayed in the same area to visit the inspection clinics. It has been an effective way to trace the clusters of the people potentially infected by COVID-19. Thus, the test and tracking were key components of the KCDC to contain the outbreak of COVID-19.<sup>iv</sup>

However, it provoked privacy issues as the KCDC could know whom and where confirmed patients made contact. When each local government tried to identify whom patients met to trace the spread of COVID-19, it could inflict patients' privacy. Thus, the authorities informed residents of the case without personal identity. For example, specific geographic information such as churches or restaurants has been posted in the text messages.

The quarantine policy changed from cluster-quarantine to life-quarantine as the control over the outbreak of coronavirus related to churches became less urgent. While cluster-quarantine focuses on social groups such as churches, life-quarantine pays attention to a multitude of open and public spaces such as restaurants, supermarkets, gyms, theaters, sauna, among others. Therefore, it is much harder for the KCDC to implement life-quarantine than cluster-quarantine.

Another measure against the coronavirus was a mandatory mask-wearing from November 13, 2020. Mask-wearing has been required for a public place such as public transportation, mass rallies, wedding halls, and other public venues. However, those who didn't wear masks were not penalized. Public authorities could fine those who are not wearing masks in public spaces not more than 100,000 Won

(US\$ 93.00). While in October, the government lowers the alert level to Level 1, it imposed mandatory mask-wearing to all in the public space.

At the same time, on November 2, 2020, the Central Disaster and Safety Countermeasure Headquarter revised the social distancing system from three-level to five-level to reduce economic costs of social distancing system based on the three-level system. It attempts to set the level of an acceptable risk according to the medical system's capacity, allowing flexible economic activities in the economic sectors and regions divided by seven zones. Since the three-level alert system mostly damaged the service sector, it made the alert system more flexibly applicable by setting two more intermediate levels of social distancing and setting each zone's levels.<sup>v</sup>

In February and March, the Korean government sent airplanes to evacuate Koreans in other countries embroiled in coronavirus crises such as China, Iran, Italy, Japan, Peru and Uzbekistan. As many countries imposed lockdowns, Koreans living as residents or visiting as tourists were isolated in those countries. The government sent civilian airplanes or military airplanes to bring back those Koreans to South Korea.

Since March 2020, President Moon has convened the Emergency Economic Council Meetings (EECM) every week to monitor the economy and decided policy responses to mitigate the coronavirus pandemic impacts. The significant policy response was the "Korean New Deal" Plan that was announced at the 7th EECM on July 14, 2020. It attempted to seek structural reform, analogous to the "New Deal" in the mid-1930s as a policy to overcome the great depression in the USA. The Korean New Deal Plan has three main policy goals: 1) promoting the digital new deal with 5G, AI, and software; 2) pursuing the green new deal, promoting an environment-friendly economy by developing renewable energy and reduction of CO<sub>2</sub> emission; 3) the labor market reform and strengthening social protection.<sup>vi</sup> The Plan included the budget plan in which the government would invest 49.0 billion Won (\$44,340 million). As an executive committee, the Deputy Prime Minister and the chair of the policy in the ruling party, the ruling Democratic Party, orchestrate the Plan, while the president is the chair of the committee.



# Impacts of quarantine without lockdowns on the economy and employment

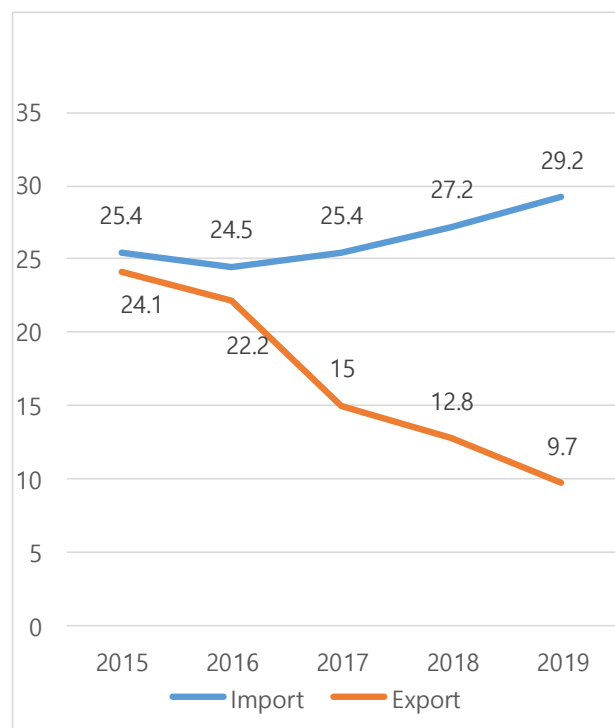
South Korea did not impose a lockdown until now, November 30, 2020. While many European countries such as France, Italy, Germany, Britain, and Belgium imposed lockdowns to cope with the coronavirus pandemic, South Korea has tried to curb the coronavirus spread without lockdown. Thus, compared to European countries, the disruption of industrial production has been less severe. For example, on April 3, 2020, the French government imposed the people to stay at home and the people needed permits to leave home, while schools and universities, pubs, restaurants, and nightclubs were closed for more than a month in March and April, 2020. EU members violated the Schengen Agreement on the abolition of border control among the Schengen Area member states. The EU leaders and later Emanuel Macron, accused other EU leaders of imposing border control in the past, reintroduced stricter border controls as a measure for fighting the coronavirus spread. Thus, about 20 percent of workers in the world experienced lockdown in full scale, while 69 percent of workers experienced partial lockdown in March and April 2020.<sup>vii</sup>

Though South Korea did not impose lockdowns, it could not completely escape the global pandemic's impacts on the economy and the labor market. An immediate impact of the outbreak of the COVID-19 was an economic depression. Globalization that has swept the globe for several decades abruptly halted due to the coronavirus pandemic in 2020. The condensed trade and labor mobility has collapsed as each state has closed its' borders to prevent the spread of COVID-19.

One of the immediate consequences was the disruption of the global value chain, resulting in the abyss of economic depression and the upsurge of the unemployed. Thus the global supply chain in Asia was disrupted as the first outbreak of the COVID-19 occurred in Wuhan in China. Wuhan was the city of the automobile industry in China, representing almost 20% of its economy and more than one million jobs associated with the automobile.<sup>viii</sup> Wuhan is called China's "Detroit," accounting for almost 10 percent of cars in China and home to hundreds of parts suppliers.<sup>ix</sup> The spread of coronavirus fast to the

whole China resulted in the disruption of auto industry in China and many other countries. Because of the high dependency on auto parts from China, almost 30 percent of the import for auto parts, the breaking down of the supply of car components in China compelled automakers in South Korea to temporarily shut down the factory in South Korea. Hyundai Motor Co., the biggest carmaker in South Korea, suspended all domestic car assembly plants due to the disruption of China's parts suppliers from February 4 to 11, 2020. It was the first time Hyundai Motor Co. suspended all of its domestic production lines since 1997, due to the shortage of parts supplied by parts factories in China.<sup>x</sup> SsangYong Motor also stopped production lines due to the depletion of wiring parts due to the suspension of production in Leoni Wiring System Korea in Yantai city, Shandong province in China.<sup>xi</sup>

**<Figure 2> Import and Export of Parts with China in the Auto Industry**



Source: A meeting of economy-related Ministers (2020), Stabilization Policies for the Supply of Auto Parts, February 7, 2020, p.1.

The electronics industry has also shown the extensive global value chains in which China and other East Asian countries play a key role in importing and exporting intermediate goods.<sup>xii</sup> Thus, the outbreak of coronavirus in China had immediate repercussions for the production of electronics goods. For example, Foxconn, the biggest Taiwanese electronics contract manufacturers in the world, reduced to 50 percent of its operation due to the coronavirus outbreak. It has produced 60 percent of the iPhone devices and 40 percent of all consumer electronics sold worldwide, with more than one million workers in Zhengzhou. The network of supply chains would bring problems in assembling components if the supply of components halted. Simply because hundreds of components involved in a mobile phone could not be produced, the entire supply chain was disrupted.<sup>xiii</sup>

The quick recovery of the production of parts by companies in China could mitigate the impact of the outbreak of coronavirus in Wuhan on the Korean automakers. As China ended a two-month lockdown in Hubei, where Wuhan, the epicenter of coronavirus, is the capital city on March 24, industrial production could restart in the manufacturing industry, recovering the global supply chains. Although the coronavirus pandemic began spreading to the rest of the world in March, the manufacturing sector in South Korea could escape from the worst situation of the complete shutdown of production. In other words, the aggressive measures against the coronavirus contributed to reducing the pandemic's negative impact on the economy by minimizing the disruption of the global supply chains.

The Korean economy has been deeply integrated into global value chains. Its global value chains participation rate was about 65 percent, ranked second among 33 OECD countries in 2009.<sup>xiv</sup> Thus, the partial breakdown of the global value chains damages the Korean economy seriously, if proper measures against the coronavirus are not taken. While the Moon government took an aggressive quarantine against the coronavirus with the KCDC, it also took a series of economic policies to mitigate the pandemic's impacts on the economy and employment. Policy responses focused on the employment crisis among the employees and the self-employed suffering from the lowering income due to social distancing. On March 19, 2020, President Moon held the 1st emergency economic council session to minimize the coronavirus pandemic's fallout. The council decided to

implement an emergency program package to stabilize the household economy and finance. It included strengthening financial support for small businesses, reducing the precarious population's financial burden, and stabilizing the financial market.<sup>xv</sup>

The coronavirus pandemic also resulted in an employment crisis with the disruption of the production and the market. The explosion of unemployment became so acute in March and April as the KCDC imposed the quarantine measure of Level 2, social distancing, and restriction of social gatherings. It immediately damaged jobs in the precarious status. More than one million lost their jobs in a month. However, the unemployment rate did not rise up sharply, as most of them didn't try to find jobs and remained as economically non-active population.<sup>xvi</sup>

The Ministry of Employment and Labor supported companies to retain surplus workers by the employment supporting fund. It increased the financial support for small business by temporarily increasing the level of support from 67 percent to 75 percent of the total of the suspension assistance from February 1 to June 30, 2020. The level of assistance was raised again for small employers from 75% to 90% on April 1, 2020, as the impacts of the coronavirus on employment became much more serious in the labor market.<sup>xvii</sup>

The Korean government took income supporting measures for compensating the loss of income in the name of an Emergency Disaster Relief. It has three purposes; supporting low-income households, stimulating consumer demand, and supporting the small owners mostly damaged by the coronavirus pandemic. President Moon raised the issue of direct cash transfer as an emergency measure for boosting the economy and helping citizens in mid-February 2020. The opposition party opposed it as the general election scheduled on April 15, 2020, would be affected by the disaster relief cash transfer. The Ministry of Economy and Finance proposed to grant "emergency disaster relief money," 1 million won (US\$820), to 14 million households, low 70 percent of the total households from May 1, 2020.<sup>xviii</sup> The ruling party proposed the universal disaster relief cash transfer to the entire households, 21.71 million households. As mass unemployment and economic depression became a serious social and political issue, the Parliament passed the 14.24 trillion won (\$11.46 billion) emergency relief budget on April 30, 2020,.

differentiating the amount of transfer only by its household size.<sup>xix</sup>

The second disaster relief provided cash for the household except for the upper 30 percent of income groups on September 24. The Parliament passed the supplementary budget of 6.3 trillion won (\$5.7 billion). Unlike the first disaster relief, the second disaster relief set the order of priority of cash transfer among the people below the upper 30% of income. Thus, the government attempted to help social groups in urgent needs, including SMEs, atypical workers, freelancers, and households requiring childcare. The largest proportion of the disaster relief fund, 3.8 trillion won (\$3.44 billion), was given to SMEs. It purported to provide financial support for small employers suffering from plummeting sales due to social distancing.

It contributed to temporarily mitigate inequality and poverty in the second quarter of 2020. <Table 1> shows that the composition of household income and the rate of changes in 2020. Changes in the weight of transfer income occurred; 13.0% in the 1st quarter, 18.7% in the 2nd quarter, and 13.5% in the 3rd quarter. It displays that transfer income became a large part of the household income in the 2nd quarter. In contrast, many income components show negative growth in the 2nd quarter and 3rd quarter. It indicates that compared with the same quarter in 2019, the other income components' absolute amount decreased. For example, the second quarter's business income in 2020 decreased by 5.3%, compared with the business income in the second quarter in 2019. In contrast, the transfer income increased by 80.8%, and the public transfer income increased by 127.9% due to the disaster relief fund in May 2020. Because the government provided the second disaster relief fund to the households below 70% of the income distribution, its transfer income growth was less dramatic. The ratio of income of the highest 20% to the lowest 20% significantly changed a lot; 5.41 in the 1st quarter, 4.23 in the 2nd quarter, and 4.88 in the 3rd quarter displaying apparent redistributive effect by the disaster relief fund in the 2nd quarter.

**<Table 1> Composition of Household Income and the Rate of Changes (%)**

|                    | 1 <sup>st</sup> quarter | 2 <sup>nd</sup> quarter | 3 <sup>rd</sup> quarter |
|--------------------|-------------------------|-------------------------|-------------------------|
| Income             | 100.0 (3.7)             | 100.0 (3.8)             | 100.0 (1.6)             |
| Regular income     | 97.2 (2.4)              | 98.3 (4.3)              | 98.5 (1.2)              |
| Earnings           | 65.9 (1.8)              | 61.1 (-5.3)             | 65.5 (-1.2)             |
| Business income    | 17.5 (2.2)              | 17.9 (-4.6)             | 18.7 (-1.0)             |
| Property income    | 0.8 (22.4)              | 0.6 (-11.7)             | 0.8 (18.5)              |
| Transfer income    | 13.0 (4.7)              | 18.7 (80.8)             | 13.5 (17.1)             |
| Public             | 8.4 (13.4)              | 14.7 (127.9)            | 9.5 (29.5)              |
| Private            | 4.6 (-8.2)              | 4.0 (2.1)               | 4.0 (-4.3)              |
| Non-regular income | 2.8 (79.8)              | 1.7 (44.4)              | 1.5 (33.3)              |
| P80/P20            | 5.41                    | 4.23                    | 4.88                    |

Note: The numbers in parentheses refer to the change in income component compared with the same quarter in 2019.

Source: Statistics Korea (2020), Report on Household Trend Survey.

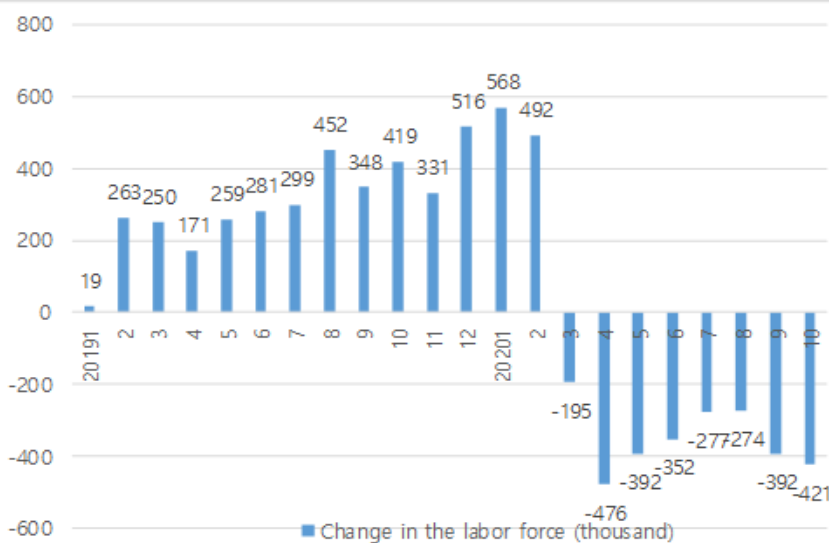
## Polarization in the labor market

Employment and the labor market were transformed considerably in 2020. The segmentation of the labor market that has been already developed after the Asian financial crisis in 1997 has been further intensified as the coronavirus pandemic has spread throughout the world. We observe four trends in the Korean labor market; the rise of unemployment, intensification of casualization, the enhanced precarity of non-regular workers, and precarious self-employment.

First, the disruption of production and market immediately resulted in shrinking labor forces in total. Though the government has tried to keep employment secured in various ways, employers' numbers decreased, and employers in trouble were more likely to reduce employees' numbers. The employment crisis took place. However, the unemployment rate did

not show much change. It increased from 4.1% in January to 4.5% in May and returned to 4.0% in June 2020. It further went down to 3.1% in August 2020. Statistics Korea reported the unemployment rate used the definition of unemployment by those who do not have jobs and are seeking jobs. The official unemployment rate does not capture the changing dynamics of the labor market fully. But the changes in the workforce reveal the changing employment system. Large numbers of unemployed people exit the economically active labor forces. However, following the ILO's unemployment definition, Statistics Korea does not count them as the unemployed in the employment statistics. Figure 3 reports the changes in the labor forces in 2019 and 2020. The increase in the number of labor force halted from March 2020, showing the continued decline of the labor forces, compared with that in 2019.

<Figure 3> Changes in the labor force



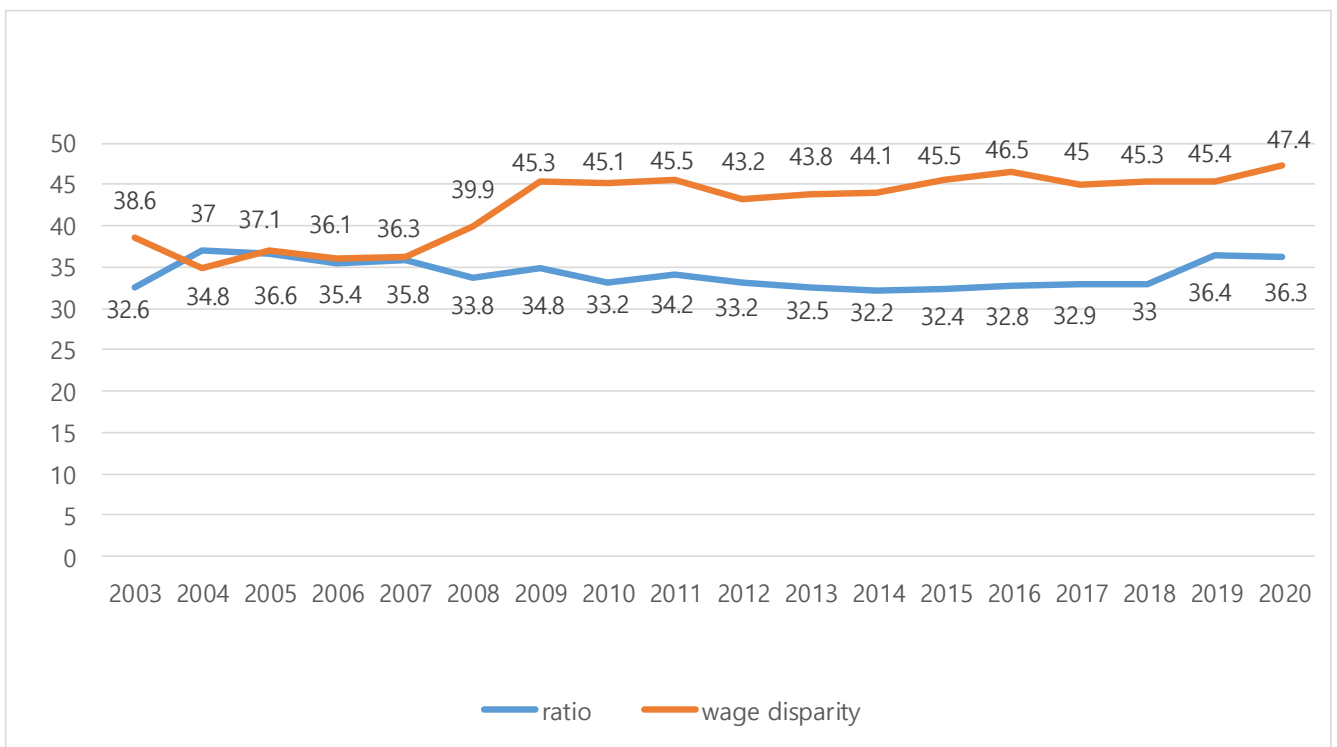
Note: The changes in numbers indicate the changes compared with the same month in the previous year.

Source: Statistics Korea (2020), Press Brief on Employment Trends in October 2020

Second, casualization of work has been intensified as COVID-19 has spread throughout Korea. While the relative size of regular workers had declined in the 2010s, the wage disparity between regular workers and non-regular workers had increased continuously, showing that deprivation of non-regular workers had been intensified. <Figure 4> displays the trend of the relative size of non-regular workers from 2003 to 2019 and the relative average wage of non-regular workers to that of regular workers. The ratio of non-regular workers had gradually declined until the outbreak of the COVID-19 in 2020. As critiques and resistance against the casualization of work have increased in the first half of the 2000s, the government legislated

the regulation over non-regular workers' employment on November 30, 2006. Firms have been cautious about hiring non-regular workers since. However, it increased again from 33.0 percent to 36.4 percent between 2018 and 2019. The average wage disparity has been widened since 2013 as the relative wage difference grew up from 38.6 percent in 2004 to 47.4 percent in 2020. While the relative size of non-regular workers has been decreasing, the relative wage gap between regular workers and non-regular workers has been widening. Though there have been continuous protests against the deprivation of non-regular workers, the socio-economic status of non-regular workers has not been significantly improved in the 2010s.

<Figure 4> Ratio of non-regular workers and their wage disparity



Note: Ratio refers to the proportion of non-regular employees out of the total employees. The wage disparity refers to the ratio of the mean wage of non-regular employees to that of regular employees.

Source: Korea Labor Institute (2019), Korea Non-regular employment data archives

Third, the Covid-19 exacerbated the precariousness of non-regular workers. Now, non-regular workers experience lower wages and less secure but more risky than regular workers. While non-regular workers who are doing indispensable works such as cleaning, caring, cooking, and supporting works should keep their jobs, they are more likely to be exposed to the coronavirus infection. Ironically, as the un-tact economy has rapidly expanded, the number of platform workers associated with delivery services has also drastically increased. Thus, Coupang, one of the largest E-commerce company, becomes the third-largest employer in South Korea, hiring by 47 percent more from 29,397 to 43,171 in the third quarter of 2020.<sup>xx</sup> Delivery service workers as typical platform workers reveal an irony of the un-tact economy in which a large number of workers are doing contact labor as precarious workers. Overwork of delivery service workers caused a series of death of delivery workers. In 2020, 15 delivery workers allegedly died of overwork.<sup>xxi</sup> The ruling Democratic Party investigated delivery workers' working conditions, revealing parcel delivery workers working almost 71.3 hours a week and getting 4.6 million won(\$ 4,123) a month. The working hour is far longer working hours than the 52-working hour maximum a week for a particular industry exempted from the restriction of 40 hours of work a week.<sup>xxii</sup> The delivery companies do not directly employ delivery workers, and they are subcontract workers whose earnings are determined by the number of parcels they delivered. Delivery companies have competed for fast delivery, such as overnight delivery or early morning delivery of groceries. Delivery workers could not avoid the high risk of infection as well. Group infections, called cluster infections, broke out at the workplaces in the service sector, such as delivery centers or call-centers.<sup>xxiii</sup>

Fourth, a high proportion of self-employment sector rose, and the precarity of the self-employed becomes much worse. The labor market shrunk drastically, and some of the unemployed moved to the self-employment sector. Reversing the gradual declining trend of self-employment sector, the absolute size and the relative rate of self-employment increased substantially in 2020. The self-employed without employees increased by 2 percent, from 4.119 million in the second quarter of 2019 to 4.2 million in the second quarter of 2020. The large self-employment sector has served to absorb the pressure from the labor market when the unemployment rate has increased.<sup>xxiv</sup> However, the service sector also has

been deeply damaged by social distancing as the level of alert has been heightened, disrupting economic activities in tourism, accommodation, entertainment, wholesale, and retails.<sup>xxv</sup> Therefore, the economic status of the self-employed has been worsening further.



# The politics of quarantine

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While the outbreak of the COVID-19 completely transformed the normality of everyday life in South Korea, the contested politics has continued even during the coronavirus pandemic. The general election scheduled for April 15, 2020, was the critical moment against the COVID-19 in South Korea since mass gatherings were banned as a countermeasure against the spread of the COVID-19 in April. Though the opposition United Future Party demanded the general election's postponement, the ruling party insisted upon the general election on the predetermined schedule, keeping the rule imposed by the KCDC. It argued that the general election was held even in the middle of the Korean War in 1952. Forty-seven countries, including Bolivia, Ethiopia, Hong Kong, New Zealand, and Sri Lanka, put off the general election due to coronavirus spread.<sup>xxvi</sup> It might be hard to choose between a healthy democracy and public health if elections would be held during the coronavirus pandemic.

South Korea attempted to keep the health of democracy while keeping public health at the same time by collective quarantine, sanitization, mask-wearing, and social distancing at the queue in front of polling booths. In addition, the National Election Commission introduced voting in advance to avoid crowding at the polling booths in the day. More than a quarter of voters, 26.7%, cast their votes in advance. Special polling booths were installed for infected voters, isolated voters in public facilities, and those who were on self-quarantine.

The conservative United Future Party blamed the ruling Democratic Party for utilizing the pandemic for the election, demanding the general election's postponement. Leaders of opposition parties warned that the general election would bring about an explosion of confirmed patients if the general election would be carried out. Because the opposition party was far behind the ruling party in the opinion poll and many other countries in the world postponed the election, it strongly asked to put off the election. Nevertheless, the general election was carried out.

The general election brought about a landslide victory to the ruling party as voters recognized the government's effective responses to the coronavirus pandemic. Inpouring news on COVID-19 from abroad contributed to the ruling party's favorable votes, with exploding infections and death tolls from Italy and

Spain. The outbreak of COVID-19 caused thorny problems for the government to protect the people from the coronavirus. It also gave the ruling party a good chance to display its governability and capability to deal with the public health crisis. As the fear about coronavirus aggravated, the role of the state became more important than ever before. The KCDC has contributed to enhancing trust in the government and the ruling party.

The coronavirus pandemic has also revealed the conflicting interests between medical doctors and politicians. The government attempted to introduce the "public doctor system" to reduce health inequality between rural and urban areas. The Ministry of Health and Welfare announced the health care reform to raise the admission quota in medical schools and establish new public medical schools to increase doctors in rural areas. However, the doctors and students at medical schools opposed the government's policy, arguing that doctors are not enough. They argue that the real cause of doctors' shortage in the rural area is not the shortage of medical doctors but the low charge for medical treatment due to the national health insurance system.<sup>xxvii</sup> The Korean Medical Association staged a workout on August 14, 2020, and trainee doctors, called interns and residents, participated in the nationwide stoppage of medical services. Students at medical schools also boycotted classes as a protest against the state's healthcare reform. Eighty-four percent of 4<sup>th</sup> year medical students should take licensing exams also boycotted them as a protest, directly causing the shortage of trainee doctors at hospitals next year.

The dispute over the medical workforce reform disclosed the dilemma rooted in the health care system in South Korea: The private health care service by private hospitals and the public finance for health care service cost. The majority of hospitals are private, so that doctors should compete for patients in urban areas, and the National Health Insurance set the price of medical service. The National Health Insurance collected insurance contributions by individuals and set each medical treatment cost except several dental treatment and plastic surgery treatments. As the National Health Insurance expanded the covered health services, doctors' income shrank, and some clinics in metropolitan areas bankrupted. Doctors have complained the medical

service costs are too low. Thus the government's policy for raising the number of medical student quota became a hot issue that medical students immediately opposed. Although the strike ended, the talks about healthcare reform were suspended. The dispute is a pending issue without much progress until December 2020.

## The coronavirus pandemic as a momentum of structural reform

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The Korean government met the mounting challenges due to the public health crisis and the employment crisis-cum-economic crisis. It has attempted to keep the economy stable by keeping public health safety. While it might be an issue of the tradeoff between keeping public health and the economic recovery, the Korean government prioritized keeping public health. The KCDC has played a key role in keeping control over the spread of coronavirus from the beginning. With aggressive testing and tracing, it could relatively well prevent the spread of coronavirus in the early stage. As the ILO suggested, testing and tracing coronavirus's economic effect has been remarkable by reducing the unemployment rate by half. Compared with the previous quarter, the GDP growth rate was -1.3% in the first quarter, -3.2% in the second quarter, and 1.9% in the third quarter, respectively, in South Korea. South Korea shows a much milder impact of the coronavirus on the economy than many OECD countries. Germany showed a smaller impact of the coronavirus on the economy in the beginning. But the negative impact increased sharply by -9.8%, though it was much smaller than that of the USA and France.

**<Table 2> Growth rate of GDP (percentage change over the previous quarter)**

|             | 1st Q | 2nd Q | 3rd Q |
|-------------|-------|-------|-------|
| South Korea | -1.3  | -3.2  | 1.9   |
| Germany     | -1.9  | -9.8  | 8.5   |
| France      | -5.9  | -13.8 | 18.7  |
| US          | -1.3  | -9.0  | 7.4   |
| China       | -10.0 | 11.7  | 2.7   |
| Japan       | -0.6  | -8.2  | 5.0   |
| Euro Area   | -3.3  | -11.3 | 11.6  |

Source: OECD (2020) Quarterly National Accounts: G20-Quarterly Growth Rates of GDP in volume

However, the relatively successful quarantine is insufficient for managing the economy as the global economy plunged into the abyss of depression with the disruption of the domestic market and the global market. In particular, the COVID-19 crisis led to the rise of unemployment and the sharp decrease in household income unprecedentedly. Concomitantly, there has been growing warnings about global warming and climate change, limiting traditional economic policies' effectiveness for recovery. Since the Moon government promoted sustainable development and renewable energy policy, restricting nuclear power plants' operation. It needs both eco-friendly and pro-growth economic policies.

On July 14, 2020, President Moon unveiled the Korean version of the "New Deal," called "Green New Deal," as a policy package for his term's remaining period. Considering policy challenges, he seeks a fundamental policy reorientation for sustainable economic growth. He proposed it as a new blueprint for the next 100 years and an immediate policy package to overcome the COVID-19 fallout. President Moon presented the Green New Deal's blueprint that consisted of two pillars, the green new deal and the digital new deal, with a 160 trillion won investment (\$132.67 billion).<sup>xxviii</sup> Besides, it includes social protection package for reinforcing the social safety net. The government plans to invest 11.4 trillion won to the Green New Deal. Local governments and the private sector raise the remaining investment. It will expect 1.9 million new jobs between 2020 and 2025; 903 thousand jobs in the digital new deal, 659 thousand jobs in the green new deal, and 339 jobs in social safety net projects.



The Green New Deal project attempts to solve several problems that the Korean society is confronted with in the COVID-19 pandemic. While the quarantine is the most important aim of the government, the government should promote sustainable economic growth by creating decent jobs. However, it is not as radical as the New Deal in the 1930s. The New Deal was a turn away from a liberal market economy to a regulated market economy, institutionalizing state intervention in distribution and redistribution and legalizing labor unions despite piercing business opposition. The Green New Deal introduces already well-known environmental policies such as renewable energy, electric cars, carbon cars, and smart eco-factory. While the government claimed the Green New Deal as a paradigm shift, it assembled many policies and projects already pursued by the current government and foreign governments.<sup>xxix</sup> Critiques argue that the Green New Deal is a policy package, not a paradigm shift but a concerted effort to promote safe, sustainable economic growth. It also displays the developmental state's legacy in planning and guiding industrial development by providing its financial support and regulation.

## Concluding Remarks

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The outbreak of coronavirus in 2020 has completely changed everyday life and work, sweeping the globe. Human civilization in the 21<sup>st</sup> century has been engulfed by an unseen and untouchable virus called COVID-19. Regardless of the level of economic development and industrial power, more than 1.5 million died of coronavirus until the end of November across the world. When the WHO announced the COVID-19 pandemic as a global health crisis on March 11, 2020, even some political leaders defied the WHO's caution about the coronavirus pandemic by rejecting mask-wearing and social distancing. Now, it seems to be clear that simple measures such as mask-wearing, hand sanitization, and social distancing are likely to lower the possibility of infection of coronavirus substantially.

The South Korean government quickly responded to the outbreak of coronavirus in Wuhan, China, by concentrating the KCDC's efforts on testing and tracking. The KCDC has been ready for the outbreak of viruses after the KCDC experienced SARS and

MERS before. More than eleven months have passed after the first case of infection was confirmed on January 20, 2020, showing three times of explosive increase in confirmed infection and death toll. The Korean case has shown a relatively low infection and death toll, compared to other countries, though the peak of infection showed over 1,000 in March. Now the "K-quarantine Model" was cited by foreign media as an effective measure against the coronavirus spread.<sup>xxx</sup>

Nevertheless, the COVID-19 pandemic has disclosed many problems embedded in the economy and social safety net in South Korea. The abrupt disruption of global value chains triggered chain reactions in production and the labor market. At the same time, social distancing imposed by the state has restricted all types of social activity, severely damaging the service sector. Telework and online class become a new normal as employees, students, and teachers adjusted to the new conditions. Simultaneously, the COVID-19 resulted in mass unemployment and

casualization of work, deepening cleavages between secure workers and precarious workers. While mass unemployment took place from the second quarter of 2020, the unemployed gave up seeking jobs and exited from the labor forces, substantially lowering the official unemployment rate.

What will the world be like in the post-COVID-19 era? The Korean government provided the Green New Deal package for the future vision of Korean society. Although the Korean government attempts to provide the Green New Deal as a completely new Korea vision, its details fail to show a genuinely new vision. Now the coronavirus pandemic demands us to figure out a significant transformation, radical breakdown, and ways of living more than some mild modification.

# Endnotes

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- <sup>i</sup> Kim K. H., T. E. Tandj, J. W. Choi, J. M. Moon, M. S. Kim. 2017. "Middle East respiratory syndrome coronavirus (MERS-CoV) outbreak in South Korea, 2015: epidemiology, characteristics and public health implications," *Journal of Hospital Infection* 95: 207-213.
- <sup>ii</sup> The Ministry of Health and Welfare, 2015, Middle East Respiratory Syndrome, Republic of Korea and the World Health Organization Joint Commission, Press Release, October 1, 2015.
- <sup>iii</sup> The total confirmed cases were 6,852 in Daegu. 4,261 cases, 62.2%, were related to Shincheonji (Daegu Metropolitan Government, 2020, *Coronavirus-19*). Because the outbreak of the COVID-19 was close to the beginning of the new school year, the students' health issues became critical. As a response to the concerns over students' health, the Ministry of Education postponed the new school year for one week nationwide. That was the first time for the new school year to postpone in Korean history. When the MERS broke out in 2015, the Ministry of education adjusted school terms in some regions only. *Infection Brief* (76), April 30, 2020, p. 1.
- <sup>iv</sup> ILO reports that the loss of working hours due to the coronavirus is negatively correlated with testing and tracking. The loss of working hours could be reduced by half when a country carried out aggressive testing and tracking. See ILO, *ILO Monitor: COVID-19 and the world of work*, Fourth Edition, 27 May, 2020, p.5
- <sup>v</sup> The new five-level social distancing system, 1, 1.5, 2, 2.5, 3, was based on infection scope and speed. The scope of infections includes the weekly pattern of infections, the medical capacity to accommodate patients in critical condition, and the number of old patients over 60. The speed of infections includes an average number of secondary infections by a single infected person. Level 1 refers to a manageable level of transmission with ordinary lives while wearing masks and following social distance rules at different facilities and regions. Level 1.5 restricts the use of multi-use facilities. Level 2 can be issued when the virus spreads nationwide, prohibiting nonessential outdoor visits and gatherings. Level 2.5 can be issued when the outbreak of the virus exceeds the health system's routine response levels to restrict people to stay at home. Level 3 will be lockdown when more than 800 confirmed daily cases are reported. The scope of infections includes are the weekly pattern of infections, the medical capacity to accommodate patients in critical condition, and the number of old patients over 60. The speed of infections includes an average number of secondary infections produced by a single infected person. The municipality can issue levels 1 and 1.5, while the central government can issue 2, 2.5, and 3. The Ministry of Health and Welfare (2020) *Regular Briefing on Coronavirus-19*, November 1, 2020.
- <sup>vi</sup> The 7<sup>th</sup> Emergency Economic Council Meeting (2020), "A Comprehensive Planning of the Korean New Deal," *Press Brief*, July 14, 2020.
- <sup>vii</sup> ILO (2020), *ILO Monitor: COVID-19 and the world of work*, Third Edition, p. 2.
- <sup>viii</sup> Philippe Jaque (2015) "Wuhan's drive to become China's car city," *The Guardian* April 6, 2015.
- <sup>ix</sup> Norihiko Shirouzu and Yilei Sun (2020), "As Wuhan hub comes back up, automakers fear disruptions," *Automotive News*, March 9, 2020.
- <sup>x</sup> Yonhap (2020) "Hyundai suspends all assembly lines over parts shortages," *The Korea Herald* February 7, 2020.
- <sup>xi</sup> Michael Herh (2020) "SsangYong Motor May Have to Halt Production Lines Due to Wuhan Coronavirus Outbreak," *Business Korea*, January 31, 2020.
- <sup>xii</sup> Timothy J. Sturgeon and Momoko Kawakami (2010) *Value Chains in the Electronics Industry: Was the Crisis A Window of Opportunities for Developing Countries?* World Bank Policy Research Working Paper, 5417.
- <sup>xiii</sup> Yin Yeping (2020), "Apple takes a hit as supply chains not fully restored amid coronavirus outbreak," *Global Times* February 20, 2020.

<sup>xiv</sup> De Backer K. and S. Miroudot (2013), "Mapping Global Value Chains," *OECD Trade Policy Paper* No 159, p. 12.

<sup>xv</sup> *The Korea Herald* (2020) "Moon to hold 1<sup>st</sup> emergency economic council session against coronavirus impact," March 19, 2020.

<sup>xvi</sup> Kim Yoo-sun reported that the unemployed increased by 120 thousands only and the number of the unemployed and economically non-active population increased by 1,050 thousands in April 2020. See Kim Yoo-sun (2020), "The coronavirus crisis and the employment trend in April 2020," Korea Labor & Society Institute, *Issue paper 2020-10*.

<sup>xvii</sup> The Ministry of Employment and Labor (2020), *Press Brief*, April 28, 2020.

<sup>xviii</sup> *The Korea Herald* (2020), "S. Korea to grand 'disaster relief money' for households, vows extra budget plan," March 30, 2020.

<sup>xix</sup> The amount of transfer was 400 thousand won for a single household, 600 thousand won for a two-member household, 800 thousand won for a three-member household, and 1,000 thousand won for a household with four or more members. Households could choose to receive their relief funds in credit or debit card points, prepaid cards, gift certificates, or cashpoints.

<sup>xx</sup> *The Korea Herald* (2020), "Coupang now among 3 biggest employers in Korea," November 17, 2020.

<sup>xxi</sup> Lee Heyri (2020), "15th death of delivery workers, inevitable disasters caused by the long working hours," *Kyunghangshinmun* October 29, 2020.

<sup>xxii</sup> Jun-tae Ko (2020), "S. Korea rolls out measures to shorten couriers' work hours," *The Korea Herald* November 12, 2020.

<sup>xxiii</sup> Major cluster infections occurred at the workplaces in the service sector where people work in a close environment such as logistics centers for delivery such as Coupang in Bucheon, Gyeonggi province, and at call-centers in Guro-gu, Seoul, nightclubs, and bars in Itaewon, Seoul.

<sup>xxiv</sup> Right after the financial crisis in 1997, the number of self-employed without employees increased by 8.5 percent between the first quarter and the third quarter in 1998. Discharged workers moved into the self-employment sector.

<sup>xxv</sup> Compared with the employment size in October 2019, the large decrease in employment occurred in accommodation and restaurants, 22.7 thousands, wholesale and retails, 188 thousands, and education service, 103 thousands in October 2020. Statistics Korea (2020), "Employment Trends in October 2020" *Press brief*, October 11, 2020.

<sup>xxvi</sup> According to *CNN*, 47 countries have delayed elections due to COVID-19, including United Kingdom, France, New Zealand, Sri Lanka, and Ethiopia. Julia Hollingsworth and Seo Yoonjung (2020), "South Korea is holding an election during the coronavirus crisis. Others are postponing theirs. Either way, democracy may suffer," *CNN*, April 15, 2020. In New Zealand, prime minister, Jacinda Ardern, delayed the general election scheduled on September 19, 2020, to October 17 due to the outbreak of Covid-19 in Auckland, New Zealand. Because campaigning was impossible under the level restriction, one month delay was compromised by political parties and the electoral commission. Eleanor Ainge Roy (2020), "New Zealand delays general election by a month amid Auckland Covid-19," *The Guardian* August 17, 2020. Bolivia postponed the general election without consultation with opposition or agreement among different political parties. Daniel Ramos (2020), "Bolivia delays general election to October, as pandemic bites as opposition cries foul," *Reuters* July 24, 2020.

<sup>xxvii</sup> The Ministry of Health and Welfare reported that the number of doctors per 1,000 in Korea was 2.3, far lower than the OECD average of 3.4. It planned to increase the number of medical school students by 400 each year from 2022-2032. Kim Arin (2020), "Why are Korean doctors striking?" *The Korea Herald* August 11, 2020.

<sup>xxviii</sup> Bae Hyun-jung (2020), “Korea’s W160tr ‘New Deal’ project aims to create 1.9m jobs by 2025,” *The Korea Herald*, July 14, 2020.

<sup>xxix</sup> Civil society organizations criticized the Green New Deal as an economic growth policy or industrial policy, rather than a new paradigm. The People’s Solidarity for Participatory Democracy (2020), “The Green New Deal for whom?” July 20, 2020.

<sup>xxx</sup> For example, Britt Robinson (2020), “K-quarantine: The condemnation or Resurgence of LGBTQ rights in South Korea,” *The Diplomat* May 22, 2020. Choe Sang-Hun (2020), “New Covid-19 Outbreaks Test South Korea’s Strategy,” *The New York Times*, September 2, 2020.

### About the author:

**Shin Kwang-Yeong** is Emeritus Professor of sociology at Chung-Ang University in Seoul, Korea. His research interests include the impact of the transformation of the labor market and population on social inequality, historical social democracy in Scandinavia, and neoliberal turns and the rise of precariat in East Asia.

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Rm. 1101, 88, Yulgok-ro, Jongno-gu  
Seoul, 03131 Republic of Korea

Responsible:

**Henning Effner** | Resident Representative

**t** +82 (0) 2-745-2648

**f** +82 (0) 2-745-6684

E-mail: [info@fes-korea.org](mailto:info@fes-korea.org)

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