



Green Industrial Transition and Citizen's Dividend

To create a better cycle of innovation and distribution





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- Candidate of Basic Income Party of Korea in the 20th Presidential Election(2022)
 - Co-Chairperson of Basic Income Party
 - Director of Basic Income Policy Institute
 - Books: "Mission State: Three Keywords for the Future-Green Transition, Innovation Nation, and Lifetime Dividend"(2023), "Korea's Future Report 2050"(2020), and "Basic Income Changes the World" (2017)
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- A white crosshair graphic consisting of a horizontal line and a vertical line intersecting at the bottom right corner of the slide.

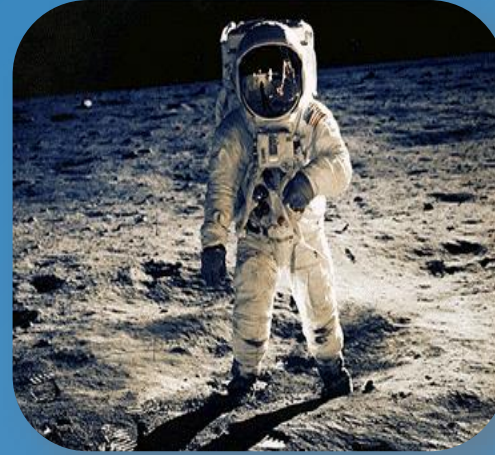
“What were they thinking when they cut down
the last palm tree?”
- Jared Diamond <Collapse>



To overcome 'Short-Termism' 'Mission-Oriented-Approach' is needed

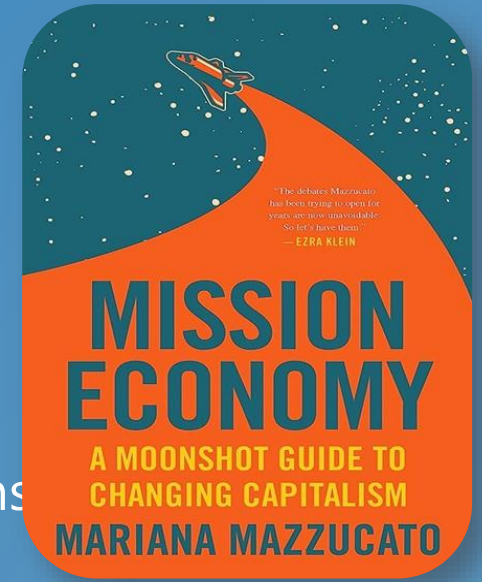
Historical experiences

- 1960s Apollo Project
- Government-led industrialization of S. Korea in 1970-80s
 - To foster the car industry, Korean government banned imports of foreign cars and required Korean companies to develop original models.



What's Mission-Oriented Approach

- To tilt playing field in the direction of The Economy We Want
 - To organize collaboration between public and private for missions
 - Public financing in long-term to drive technological innovation.
- "Government are also value creators. Public investments can play a main role in opening new markets." (Mariana Mazzucatto, 2022)



Transition Korea with Missions

- Challenges and Missions of Korea

Challenge	Mission
Climate Crisis	Green Transition : Carbon Neutral until 2040
Inequality-Polarization Crisis	Citizen Lifetime Dividend : Korea Citizen Wealth Fund

- Approximate budget for transitions :
 - ₩600 trillion for Green Transition(\$500 billion)
 - ₩100 trillion for starting money for Citizen Wealth Fund(\$80 billion)
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Mission 1. Green Transition

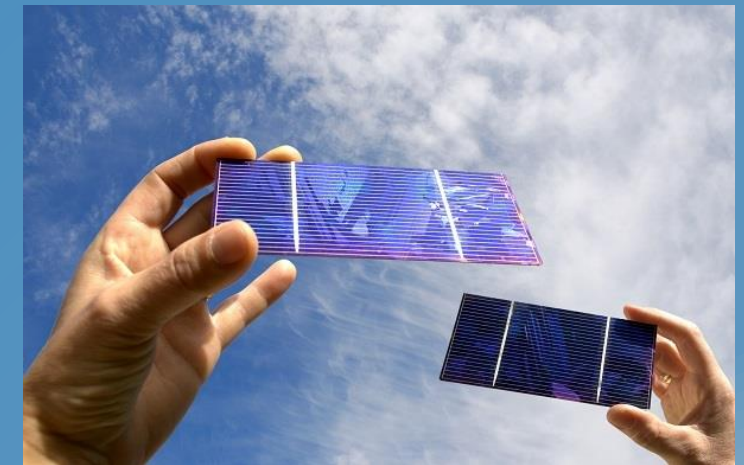
- 'Climate Trade Regime' begins for carbon neutral by 2050
 - CBAM(2026-), RE100(2030-), Climate Club(established by G7)
 - S. Korea's export-oriented economy could lose ₩250 trillion a year if it is excluded from the climate trade regime. (Kang, 2023).
 - However, Korean government's efforts for carbon neutral are woefully inadequate.
 - The Yoon administration prioritizes nuclear power over renewable energy, despite nuclear power is not acceptable by RE100.
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Mission 1. Green Transition



Mission 1. Green Transition

- Task : Achieving Carbon Neutral by 2040
 - Decarbonization of electricity, transportation, heating by mid-2030s
- Government's mission-oriented industrial policies
 - Procurement to build renewable energy infrastructure
 - Investment in green innovations
 - Perovskite solar cells, Offshore wind power, AI smart grid, etc.



Mission 1. Green Transition

- 'Land of no oil' to 'Land of solar and wind'
 - Government's will is a key. Germany, at a higher latitude than Korea, is a great power of renewable energy.
 - The initial investment will be recovered. Korea will save ₩150 trillion a year by reduction of energy imports.
 - How much money is needed for carbon neutral in Korea?
 - The generation capacity for RE100 is 500GW(solar) and 100GW(wind) in Korea .
 - Budget is about ₩600 trillion. (Park, 2022)
 - Government can raise money by issuing 'Climate(Green) Bonds'.
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However -

- When government's investment create innovative growth, is it right that the benefits come to only corporations?
 - How do we create a system where public investment and innovation returns to citizens' income security?
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Mission 2. Korea Citizen Wealth Fund

- Innovation is the engine of growth(J. Schumpeter), but it also worsen inequality.
 - We need a virtuous cycle of innovation and distribution.
 - Society has taken the risks together, and should share the rewards.
 - Basic income is a solution linking innovation and distribution.
 - However, raising money for enough BI through taxation alone is unrealistic.
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- Look at an alternative: Social Wealth Fund.

Mission 2. Korea Citizen Wealth Fund

- Social Wealth Fund
 - It is created by the state(or local government) for public benefit.
 - It includes Sovereign Wealth Fund, Citizen Wealth Fund, etc.
- Sovereign Wealth Fund
 - Currently 133 sovereign wealth funds are in operation(2021) and the largest is the Norwegian GPF(\$1 trillion).
 - States own funds and decide how the money is spent.
 - However, some funds are for specific purposes or civic dividends :
Alaska Permanent Fund, Texas Permanent School Fund, etc.



Mission 2. Korea Citizen Wealth Fund

- Citizen Wealth Fund came in public discussion after Pandemic.
 - people own fund, and the fund's profits are distributed to people
- Proposals to create Citizen Wealth Fund :
 - Joseph Stiglitz's support for 'Universal Basic Capital'
 - People's Policy Project's 'American Solidarity Fund'
 - Resources are donations, profit on issuance of currency, IPO tax, etc.
 - Sam Altman(Open AI CEO)'s 'American Equity Fund'
 - Resources are 2.5% corporate tax(stocks) and land tax each year.
 - Fund's profits is distributed to all citizens over 18.



Mission 2. Korea Citizen Wealth Fund

- Task : Founding 'Korean Solidarity Fund'(citizen wealth fund)
 - Citizens co-own the fund and receive citizen dividend.
 - State raise the fund, and the fund invest companies for the mission.
- Investment decision is based on carbon neutrality, technological innovation, and ESG contribution.



Mission 2. Korea Citizen Wealth Fund

duration	total capital	total amount of dividend	dividend per capita(yr)
1yr	₩100 trillion	₩5 trillion	₩100,000(\$80)
10yr	₩1300 trillion	₩65 trillion	₩1,300,000(\$1000)
20yr	₩3500 trillion	₩175 trillion	₩3,500,000(\$2700)
30yr	₩7060 trillion	₩378 trillion	₩7,500,000(\$5800)

- Korea Solidarity Fund Dividend Amount
 - Founding the fund with ₩100 trillion(\$80 billion) and increase the investment each year reflecting economic growth.
 - Assume economic growth rate of 3%/yr, stock value growth rate of 3%/yr, and dividend return rate of 5%/yr.
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Mission 2. Korea Citizen Wealth Fund

- Resources of Korea Solidarity Fund
 - Increased tax revenues from government green investments
 - Inheritance tax, gift tax, data tax(new).
 - Revenue from public property(state-owned land, frequency, etc.)
 - Royalties from state-owned technology
 - Equity as collateral for government-guaranteed loans to companies.
 - 'Alaska Permanent Fund Dividend' is possible in Korea, too.
 - The Korea Solidarity Fund is a fund based on economic common wealth instead of natural resources, making people owners of capital.
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Mission of Great Transition Korea

- Green Industrial Transition
- Lifetime Dividend for All Citizens

We can create a better cycle of innovation and distribution.



New Book written by Junho Oh



■ Mission State

Three Keywords for the Future :

Green Transition, Innovative State, Lifetime Dividend

A photograph of an offshore wind farm with several white wind turbines on yellow and grey foundations in the ocean. The sky is filled with large, grey, dramatic clouds. In the foreground, there are dark, jagged rocks with waves crashing against them. A thick white horizontal bar is positioned at the bottom of the image.

Thank you
for your attention