

Background, Current Situation, and Future Tasks of
Agrarian Basic Income Policies of Local Governments in Korea
- 한국 지방정부 농민기본소득정책의 배경, 현황, 향후 과제 -

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1. What is the agrarian basic income?

Definition of 'Agrarian Basic Income(ABI)'

- ABI is a cash paid by the government on an equal and periodic basis to all farmers regardless of the size and type of farming.
- It basically follows the five principles of universal basic income(UBI): universal, individual, unconditional, periodic, and cash payment
- It is different from agricultural direct payment, which is paid differently depending on the size and type of farming.

Definition of 'Agrarian Basic Income(ABI)'

- The Agrarian Basic Income (ABI) is to be understood as a right allocated to **every food producer**, on an **individual** basis. It is an **unconditional** cash payment delivered every month **automatically** to its beneficiaries and can be **cumulated** with other sources of income, i.e. production gains, other insurance cover and social benefits.

- UBIE Research Report, 17th BIEN congress 2017

Definition of 'Agrarian Basic Income(ABI)'

Can 'the agrarian basic income' be called basic income?

➤ ABI can be more accurately called a **partial** basic income, a **categorical** basic income, or a social allowance(benefits).

* Here, the agrarian basic income includes **farmers' allowance** in Korea.

Two goals of the agrarian basic income

1. To maintain and promote the public value of agriculture and rural areas

- Since the public value of agriculture and rural areas tends not to be traded in the market, the state and society need to compensate.

- * Public value of agriculture in Korea: about 16 trillion won(RDA, 2013)

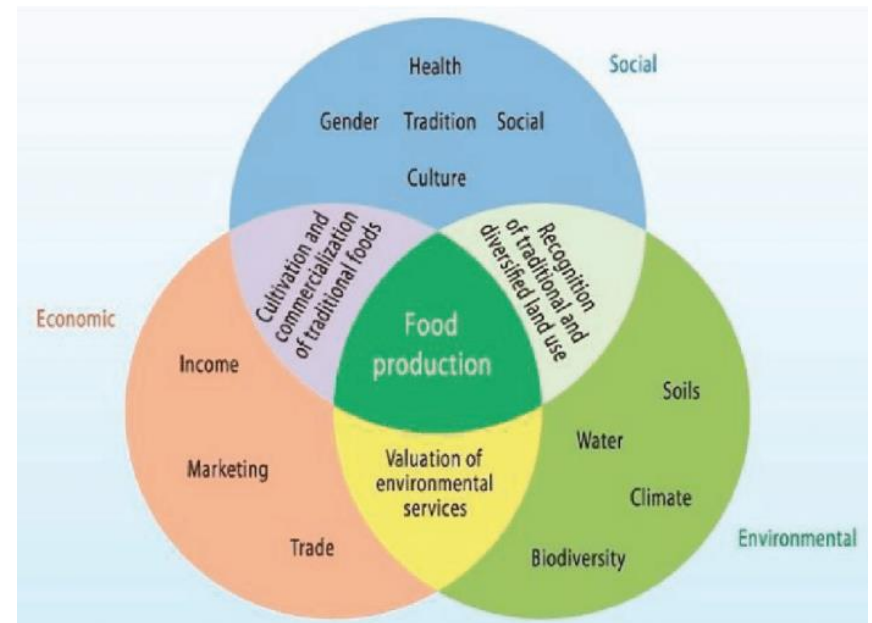
2. To guarantee the basic economic and social rights of farmers who are in difficulties due to free trade, etc.

- Korean farmers have been excluded from the process of industrialization, urbanization, market openness, and climate crisis and have faced with many difficulties in surviving.

Public function of agriculture and rural areas

1. Stable supply of food
2. Conservation of the national environment and natural scenery
3. Formation and cultivation of water resources
4. Prevention of Soil Loss and Flood Flood
5. Conservation of the ecosystem
6. Preservation of unique traditions and culture of rural societies

source: The Basic Act on Agriculture, Rural area and Food Industry
(Section 3 Paragraph 9)



source: <https://www.researchgate.net/>

2. Why is basic income needed for farmers in Korea?

- The Indiscriminate opening of agricultural market brought about the collapse of farmers and rural areas.
- Korean farmers have resisted on free trade, but to no avail. If the recent CPTPP and RCEP have concluded, it will be even more difficult for farmers.



Figure1. Protests Against UR Agricultural Products Agreement In Seoul, 1993



Figure2. Protests Against WTO In Mexico, Cancun, 2005



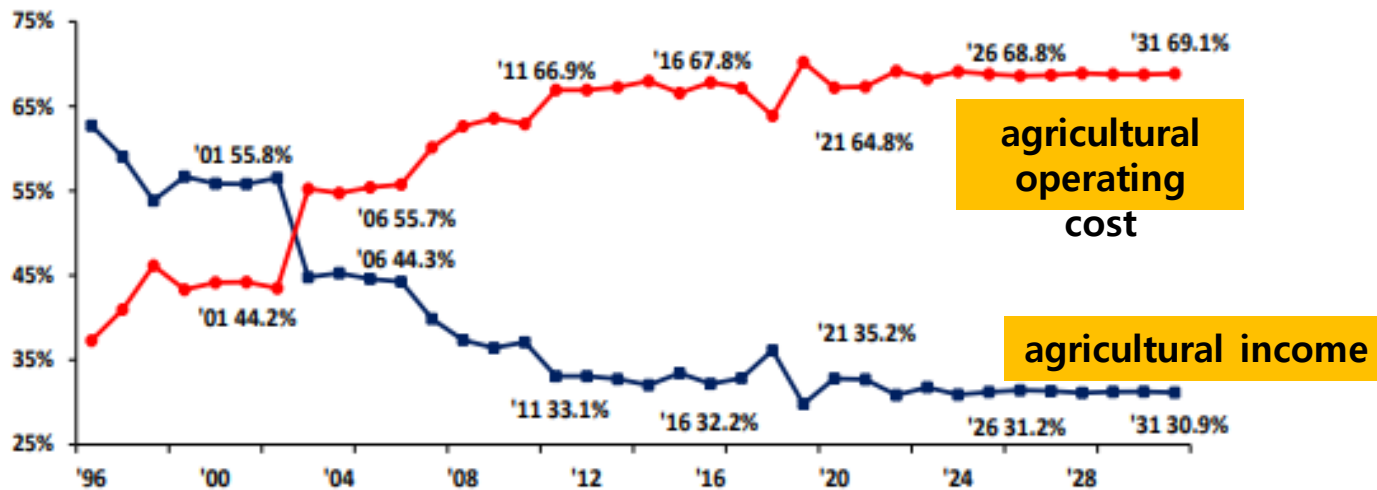
Figure3. Protests Against KOR-US FTA in Seoul, 2008



Figure4. Protests against CPTPP in Seoul, 2022

- Since the 1990s, as agricultural market openings such as the WTO and FTA have been expanded, the proportion of farm households' agricultural income has decreased and agricultural operating costs have continued to rise, resulting in increased economic difficulties for farm households.

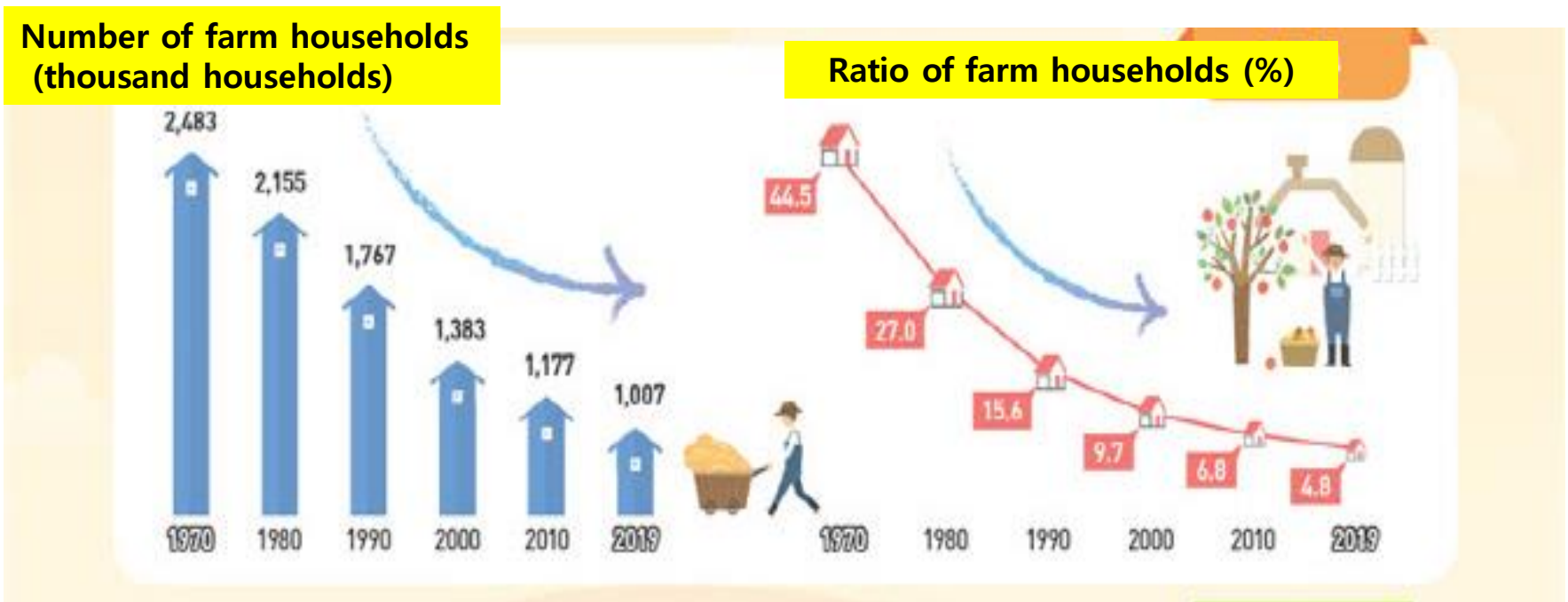
Figure5. Trends and Prospects of Agricultural Operating Costs and Agricultural Income



source: Korea Rural Economic Institute(2022)

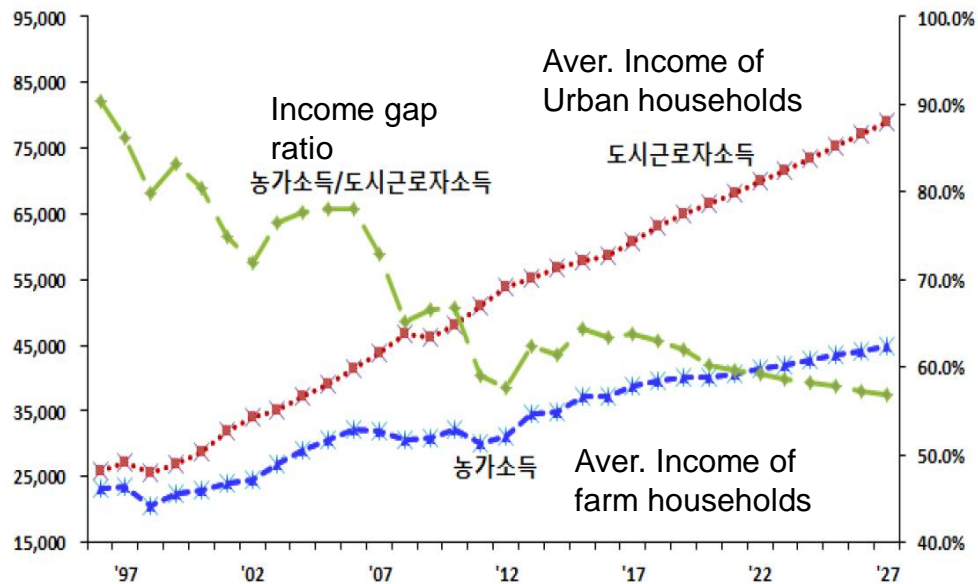
- With the expansion of free trade, the farm household population declined sharply. In 1970, the number of farm households was 2.48 million, but in 2019, it decreased to 1.10 million.(1.02million in 2022)
- The proportion of farm households in total households also decreased from 44.5% in 1970 to 4.8% in 2019.(4.2% in 2022) Currently, rural areas in Korea are facing the risk of 'population extinction'.

Figure6. Decrease in the number of farm households in Korea



- the heart of Korea's agricultural and rural problems is **income inequality**. The **income gap between urban households and farm households is widening** due to the expansion of free trade and wrong agricultural policies.
- The recent income gap between urban and farm households is **63%**, but is expected to widen to **57% in 2027**.

Figure7. Prospect of the income gap between urban households and farm households



source: Korea Rural Economic Institute, Agri. Look 2018

- In Korea, **various agricultural direct payment systems** have been implemented since 1999 to guarantee the income of farmers, but they caused the following problems. (2017)
 - First, since direct agricultural payments were paid on the basis of farmland, **the problem of the rich and the poor within the farms was aggravated**. The top 12% of farmers received 50% of the total direct payment.
 - Second, **agricultural direct payment was concentrated on rice farming**, so field farming farmers did not receive much benefit. Rice farmers received about 80% of the total direct payment.
 - Third, **small farms**, which account for most of the farm households, had little benefit from the direct payment system and **were rapidly disappearing**.

3. Current status and issues of the agrarian basic income in Korea

- In 2019, **Haenam-gun**, Jeollanam-do, provided basic income for farmers (farmers' allowance) **for the first time**, and then expanded nationwide.



Figure8. Establishment of ‘Basic Income Supporting Act for Farmers’ in Haenam-gun council(2018. 12. 21)



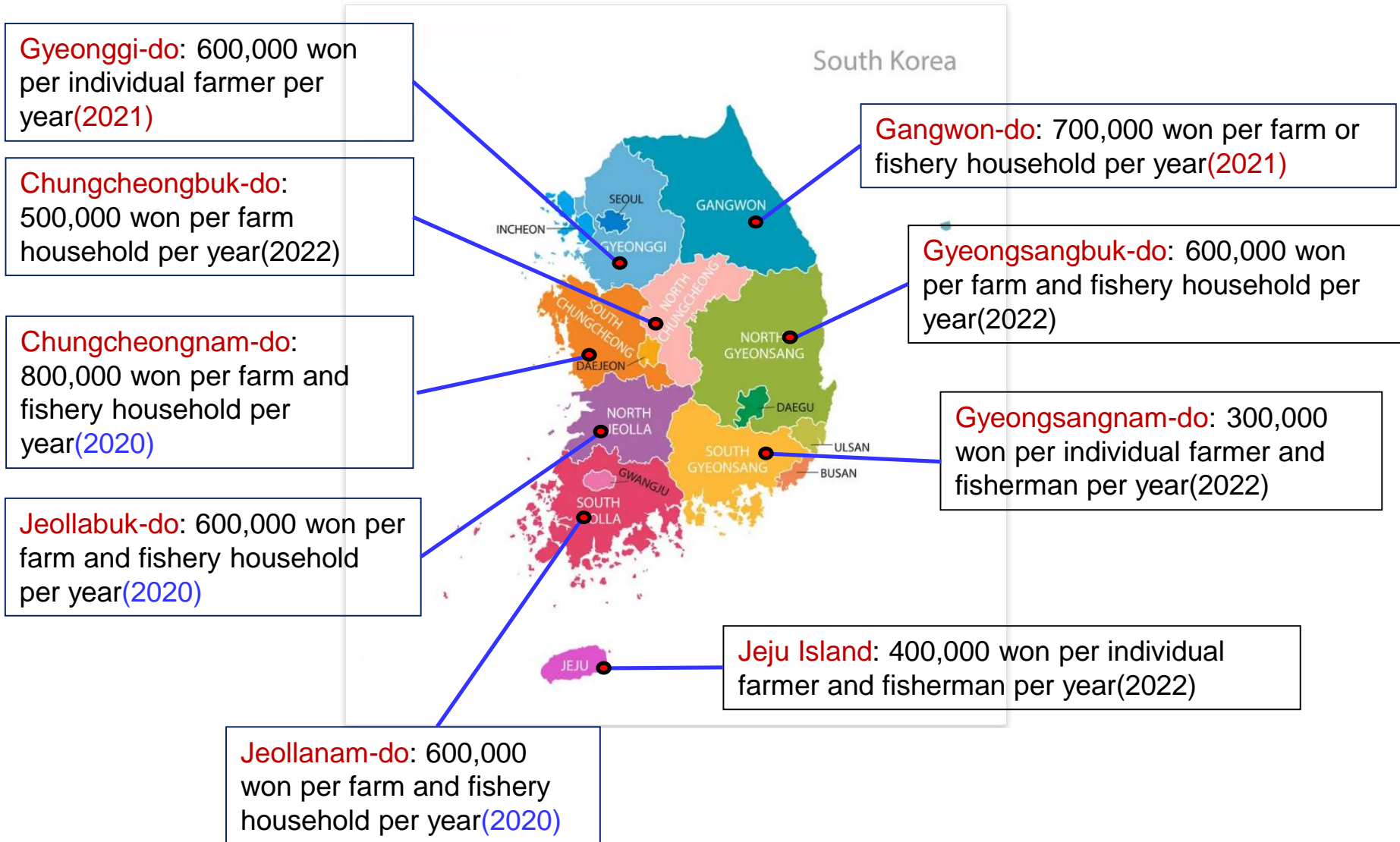
Figure9. Status of the agrarian basic income in Major Local Governments in Korea (2019. 02. 15)

- The spread of the Agrarian Basic Income was accompanied by **active efforts and struggles** by **progressive peasant groups, progressive parties, and the Korean Agrarian Basic Income Movement Headquarter**.



Figure10. Activities of peasant groups, progressive parties, and social groups for the introduction of the agrarian basic income(farmers' allowance) (source: Google image)

Current status of introduction of the agrarian basic income by local governments in Korea



- As of 2022, all local governments with rural areas are implementing the agrarian basic income (farmers' allowance), but the implementation method and name are different.
- Some local governments (Gyeonggi-do, Gyeongsangnam-do, Jeju-do, Chungcheongnam-do(2023)) pay basic income for farmers per individual while some local governments (other local governments) provide basic income for farmers per farm household.
- The amount of the agrarian basic income(farmers' allowance) varies by local government: from 300,000 won to 600,000 won for individual farmers, from 500,000 won to 800,000 won for farm households

- The biggest feature of the agrarian basic income (farmers' allowance) implemented by the local government is that it can be used only in the region where farmers live and is paid in local currency (cash card or paper currency) with a fixed expiration date, thereby can revitalize the local economy.



Figure11. Local currency issued by the local government (cash card and paper currency)(source: Google image)

■ Issues in implementing the agrarian basic income in Korea

1) Qualifications(criteria) of farmers to be paid

* debate issues: farmland area(0.1ha and more), non-farm income (less than 37 million won), actual farming in residence, etc.

2) Insufficient local government finances

3) Budgets for other parts of agricultural policy may be cut

4) Some overlap with the basic agricultural direct payment of the central government.

5) Discrimination against other classes

6) etc.

4. Future tasks of the agrarian basic income in Korea

- The following five measures are necessary for the success of the local government's agrarian basic income (farmers' allowance) policy in Korea.
 - First, farmers' Allowance should be paid on an individual peasant basis, not on a farmhouse basis. In this way, the rights of female farmers and young farmers within the farm will be strengthened.
 - Second, The amount of the agrarian basic income should be increased. Since the local government's finances are currently limited, the central government's financial support is absolutely necessary.
 - Third, In order to expand the agrarian basic income (farmers' allowance), it is important to form a national consensus. For it, it is necessary to more actively promote the importance of the public value of agriculture and rural areas in times of climate and food crises, population decline(extinction), etc.

➤ **Fourth** , it is **necessary to integrate and strengthen** the local government's the agrarian basic income and the central government's **basic agricultural direct payment**.

* basic agricultural direct payment: Since 2000, the central government has paid agricultural direct payments of 1.2 million won annually to all farmhouses with less than 0.5ha of farmland.

➤ **Fifth**, along with the agrarian basic income, it is also necessary to **introduce basic income for rural residents** to maintain the people in the rural areas.

* basic income for rural residents: Since March 2022, Gyeonggi-do has been implementing a basic income pilot project for rural residents, which provides 150,000 won per month to all residents of Cheongsan-myeon, Yeoncheon-gun.

Thank you!