

# Cash-based transfers as a response to COVID-19

## Comparative notes on Italy and South Korea

September 2020

Feminist Economics Workshop Group

Our analysis draws evidence from the concrete examples on emergency cash-based fiscal policies and derives from the intrinsic tensions and gender dynamics which the working group has been exploring during a 4-days workshop on Feminist Economics as part of the Summer Academy for Pluralist Economics 2020.

# The Case Study

## 1

### Introduction on gender and labour

In order to analyze economies from a feminist perspective one has to carefully consider the role women play in the current economic setting. This regards their situations, opportunities and decisions as economic agents in general and at the market in specific. Despite large inter-country differences one can identify some global trends with respect to women in the economy.

#### Women in the labour market

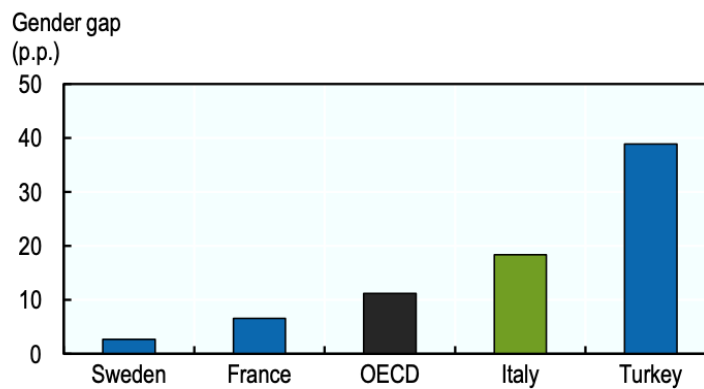
- Since the market liberalisation trends in the 1970s women have increasingly joined the labour markets (where labour is exchanged for wages) with female labour participation rates reaching about 50% - 60%.
- However, with overall labour participation rate declining in the most recent period the share of women participating in the labour market fell as well. In 2019 female labour participation rate reaches around 47% of women aged 15 or higher (Gentilini et al., 2020).
- South Korea and Italy, the two countries under consideration here, differ in terms of level of participation rates but show similar developments. Female labour participation in Korea ranges at 59% while Italy shows participation rates of around 41% (Gentilini et al., 2020).
- For the past 10 years **participation of women in the labour market has risen.**
- From a feminist perspective the participation of women in labour markets is crucial for **economic and therefore social independence** and can be an source of women empowerment.

- However, the conditions women face in the capitalist labour markets are far from ideal. Women regularly experience several forms of discrimination regarding their paid labour of which some are discussed below for the cases of the Republic of Korea and Italy.

## Market Participation

- While an increasing number of women participate in the labour market it remains large differences between men and women.
- The overall gender gap in participation being 27 p.p.
- Both countries denote an above OECD average gender gap in female labour participation with around 18 p.p. (OECD average ranging around 13 p.p.).

### Gender employment gap, 2016



Notes: Male minus female difference in employment rates for 15-64 year-olds. See [Figure 11.1](#)

Figure 1

## Type of labour

- Large differences remain between men and women in terms of type of employment and employment status.
- Women are **dominating in informal employments and irregular work** and face in consequence more precarious working conditions for example earning considerably less than men in regular employment.

- For the case of Korea approximately one third of the economy's employment is informal while for women about 40% are in the informal sector. This means that women are highly **over-represented** in this kind of work.
- In terms of employment status women are **more likely to be employed as a contributing family worker** and less likely to be an own-account worker or employer than men.
- **Poor working conditions** in informal employment such as low pay, no insurance, long hours and high risk of poverty are expression of the discrimination of female labour in comparison with men and threaten the independence and empowerment of women.

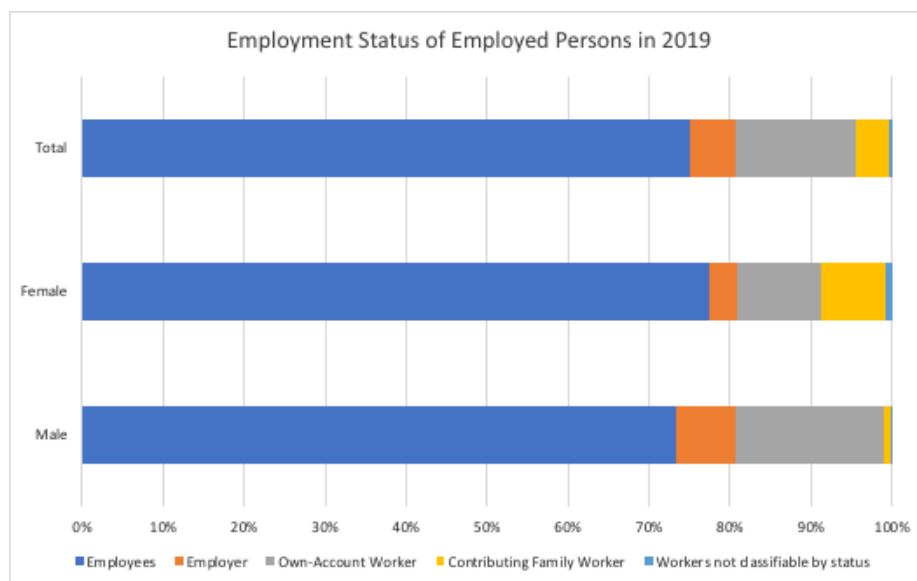


Figure 2

## Horizontal and Vertical Segregation

- Related to the type of employment is also the type of occupation of female workers. Women and men are **segregated** in the labour markets according to **special occupations**. This segregation of gender across different occupations is referred to as horizontal segregation.
- For Korea the case can be made that a higher share of women is working as clerical support workers, service and sales workers and elementary occupations and skilled agricultural, forestry and fishery workers with no relevant changes in the past 20 years.

- In general **women tend to be over-represented in occupations with face-to-face interactions.**

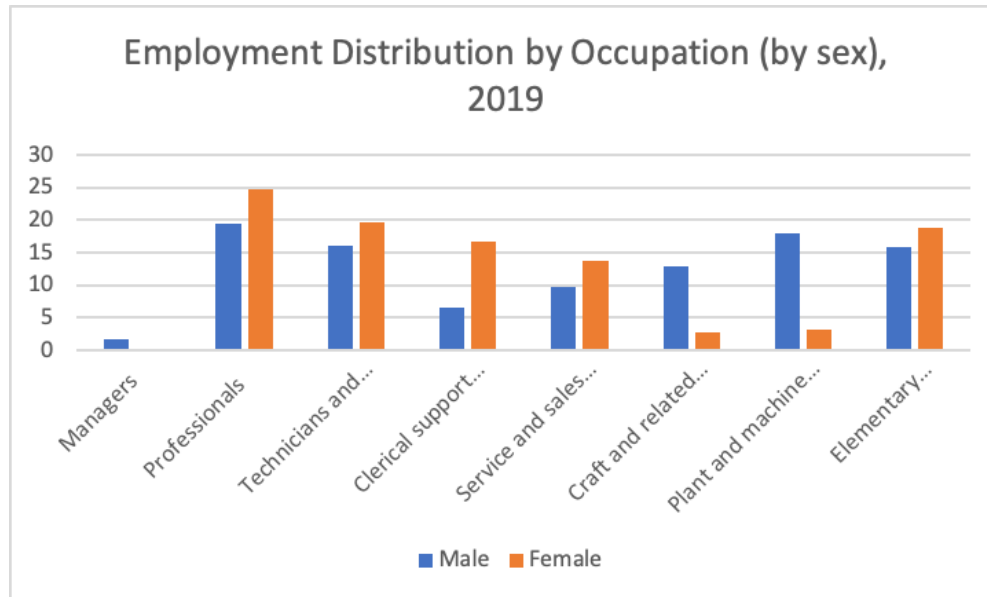
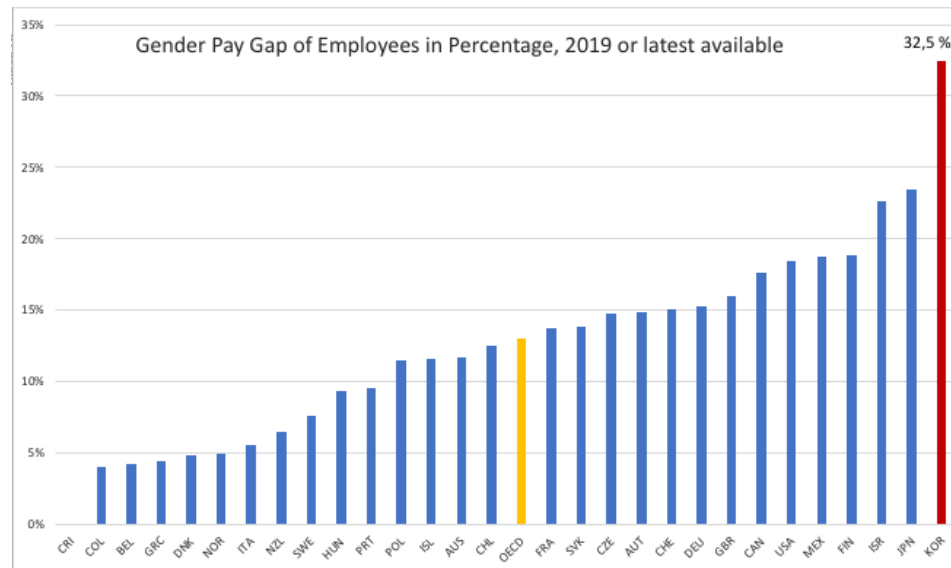


Figure 3

- Vertical segregation instead refers to the segregation by gender regarding the status of occupations. This is often described by the term of the **glass ceiling**, being invisible and especially informal barriers for women or other minorities to reach higher ranks in hierarchical organisations.
- Thus, women are still highly under-represented in managerial positions even though there has been some progress in the past 20 years in the case of South Korea.
- Another form of vertical segregation becomes visible in the level of payments. Women have a **higher incidence of being low-paid workers** (earning less than two-thirds of the gross median earnings of a full-time worker).
- Large differences can be seen in this incidence across the countries under examination. While Italy has a rather low incidence for low-paid female workers (with 6.9% compared to 5.4% of men) South Korea has one of the highest segregation globally. Roughly 35% of Korean women are low-paid workers compared to only 14% of men.
- Generally, the differences in men and women earnings are captured by the gender wage gap. Here also South Korea leads the ranks with an earnings gap of 32% while the wage discrimination in Italy is much smaller with only 5%.

- Additionally, little advances are made in closing the gender gap while women education attainment has improved significantly reducing the incentives for women to further



educate themselves.

Figure 4

All of these several forms of discrimination of women in the labour market are an expression of the **lower value that is structurally determined for female labour in the capitalist labour markets**. Due to childbearing, care work in general and other family related tasks (such as the mental load itself) women experience interruptions of their participation in the labour market. This in turn forces them into temporary employment, often informal employment, in occupations with lower hours, less pay and poor working conditions even though female labour contributes in the same way to the economy as male labour. This can lead, comparatively to men, to a depletion of a woman's human capital on the long run and thus to a skills and experience trap in the relation with the labour market participation opportunities.

## Care work

- Feminist economists emphasise the important role of care work for the economy, which is usually neglected by neoclassical economists, for the following reasons:
  - it produces and reproduces the labour force,
  - its exclusion means to have an incomplete diagnosis of the economic system's functioning, and

- the organisation of care work accounts for a substantial part of gender inequalities (e.g. gender employment gap).
- Four different actors may contribute to care work, as represented in the care diamond:

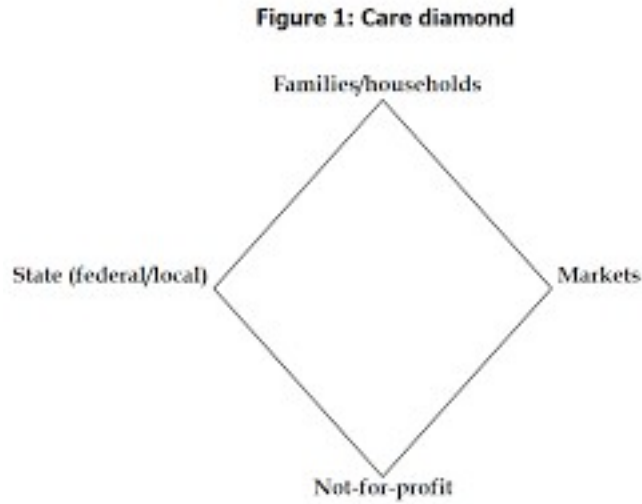


Figure 5

- Care work is divided into unpaid and (increasingly) paid care work.
- Generally, women do most of the care work:

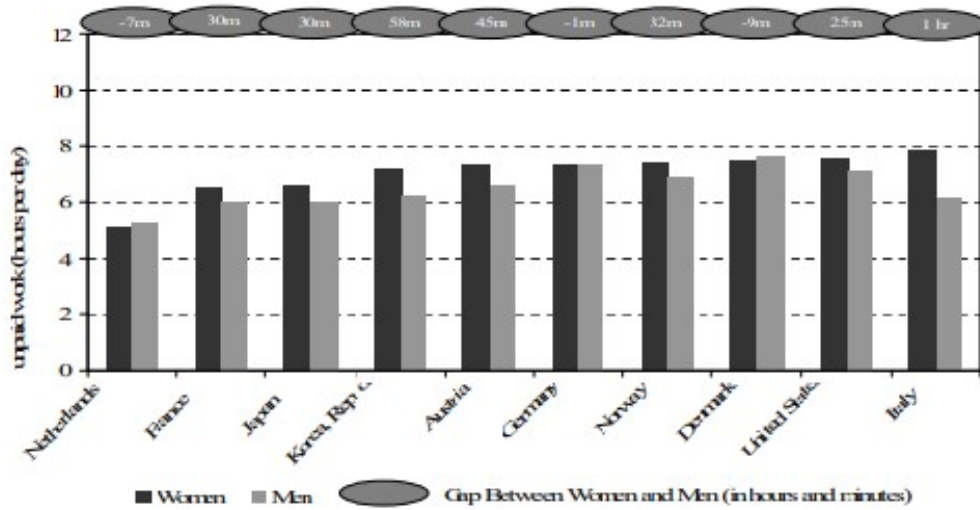


Figure 6

## Care work in South Korea

- South Korea has been characterized as a familialistic male breadwinner welfare regime. However, in the recent years, it has made significant social policy reforms in an effort to encourage women to participate in paid employment. The government has introduced a significantly expanded public childcare or publicly funded childcare and as well introduced long-term care insurance to provide publicly funded and/or publicly provided long-term care for the older people.
- At the same time, labour market deregulation reforms have also made employment more insecure, and created greater pressures on women to seek and maintain paid work outside the home.

IJSSP 32,11/12	Japan		Korea	
	Average household size	3.41 (1970) → 2.46 (2010)	5.2 (1970) → 2.69 (2010)	
Total fertility rate	2.13 (1970) → 1.37 (2009)	4.53 (1970) → 1.15 (2009)		
Percentage of elderly <sup>a</sup> living with adult children	80% (1981) → 39% (2006)	69.0% (1980) → 45.0% (2005)		
Single-person households as percentage of all households	24.9% (2009)	23.9% (2010)		

**640**

**Table II.** Structural changes in Japan and Korea

**Notes:** <sup>a</sup>Elderly – people aged 65 and over in Japan; people aged 60 and over in Korea  
**Source:** Japan Statistical Bureau (2011b, c), Japan MOHLW (2006, 2009), Statistics Korea (2011), Jones (2008) and OECD (2011a)

Figure 7

- The number of children per family and average household size decreased in the past decades. Still, motherhood affected women's working time more than domestic work.
- Most respondents relied on their family or family-in-law or themselves (=unpaid care work), rather than childcare institutions. Besides, employers do not offer workplace nurseries and the government does not offer enough public nurseries.
- There is increasing demand for care work due to the ageing population of South Korea. According to Suh (2019) paid care work is already the largest growing segment of the labour force. In the field women are still highly overrepresented.
- The working conditions are precarious in many ways, e.g. most wages in the care sector are below 50% of the average wages (across all industries) according to Kim et al. (2020). In particular, one very vulnerable group of care workers are the migrant care workers, especially of Chinese with Korean origin. Migrant workers are likely to be even older (due to visa restrictions) and in a more precarious situation as shown by the table below.



Table 4. Characteristics of Korean Native Care Workers vs. Migrant Care Workers

	Korean Native Care Workers	Migrant Care Workers
Size	300,000 – 600,000	30,000 – 80,000
Occupations	Domestic helper, childminder, elder care helper, and others	Domestic helper, carer for children, the frail elderly, and pregnant women, and others
Ages	Late 40s – 60s	50s and 60s
Education	70 percent of them are high school graduates	Varies from primary school to college
Previous jobs	Housewife, work in restaurant, cleaning, manufacturing	Farming, cleaning, restaurant, housewife
Hours	2-4 hours per client/customer	6 days a week, live-in personal care workers, about 16 hours a day
Source: The Korean Alliance of Home and Personal Care Workers, 2017, “Report on migrant workers and policies of their rights.”, page 81.		

Figure 8

### Care Work in Italy

- Care work is mostly done by women, more frequently than in other European countries.

	Time spent in work, by sex (minute per day) Latest year			
	Italy		OECD Average	
	Men	Women	Men	Women
Unpaid	130.7	306.3	135.8	262.4
Paid	220.8	133.1	317.4	217.7
Total	351.5	439.5	453.2	480.1
Source: OECD Stat				

Figure 9

- Care work is mainly organized within households, often as a responsibility of women because of strong patriarchal structures.
- State invests little in care sector, see figure below.

**Figure 3.6. Public expenditure on selected care policies as a percentage of GDP, and employment-to-population ratio of women with care responsibilities, latest year**

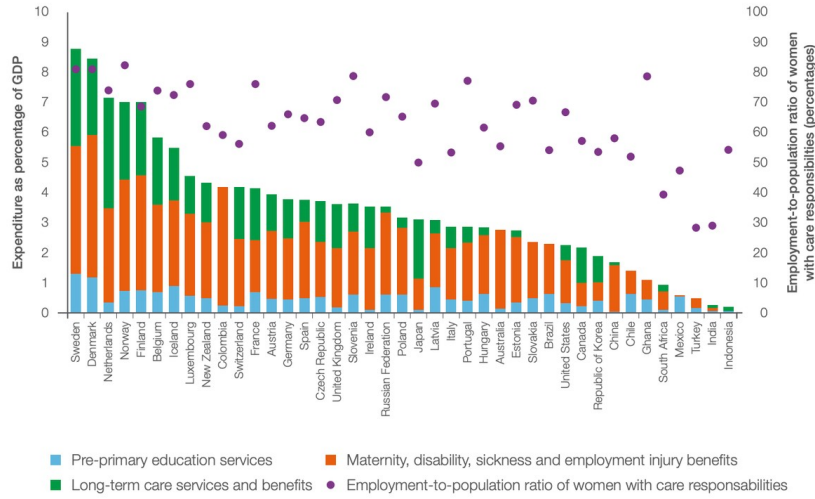


Figure 10

- Commodified domestic work is widespread in Italy (highest share in Europe, together with France and Spain), mainly done by migrant women from Eastern Europe.
- Almost 70% of health and social workers are women which is less than EU25 average.

# 2

## The Covid-19 context in Italy and South Korea

### Italy overview

**Italy's current virus cases:** net inflows of COVID-19 cases have become negative. As of July 29, the number of active cases has been stable at about 12,500, number of hospitalized patients and those in intensive care units is also declining. About 35,000 people have died.

**Italy's reopening of the economy:** the nation-wide lockdown expired on May 4. Since then, manufacturing and construction reopened under new safety rules. In addition to retail shops, restaurants, cafes and hairdressers reopened on May 18. Sports facilities reopened on May 25, followed by cinemas and theatres on June 15. Regional governments are allowed the discretion to adjust the dates in both directions. People can now travel within their own region, and mobility restrictions across regions have been lifted on June 3, when international borders also reopen without restriction to and from other EU countries.

### ITALY

#### OVERVIEW

All Time

Past Day

Past Week

Past Month

Confirmed Cases

286,297

Deaths

35,603

Figure 11: source: Johns Hopkins Coronavirus Resource Center (2020a).

## South Korea overview

Korea's number of infections was once 2nd in the world after China, but now Korea went below the top 30 with a flattened curve of infection growth. Coronavirus in South Korea began on January 23rd with a tourist from China. The number slowly increased for about a month and then began to increase exponentially from the 31st patient who is known as a super propagator. In Korea, where the population density and social contact is high, group infection was initiated quickly and the number of new cases per day peaked on February 29, with 909 cases. South Korea's response to COVID-19 stands out because it flattened the epidemic curve quickly without closing businesses, issuing stay-at-home orders, or implementing many of the stricter measures adopted by other high-income countries. The country has shown early success across three phases of the epidemic preparedness and response framework: detection, containment, and treatment. From the outset, decision making in South Korea has been a collaboration between the government and the scientific community.

### SOUTH KOREA

#### OVERVIEW

All Time

Past Day

Past Week

Past Month

Confirmed Cases

22,176

Deaths

358

Figure 12: source: Johns Hopkins Coronavirus Resource Center (2020b).

## Italy and South Korea sex-disaggregated data

The total number of confirmed cases and Deaths in Italy and South Korea are compared in the table below. Italy's total number of confirmed Covid-19 cases are much higher with a total of 252,235 compared with 14,873 in South Korea. While the number of Coronavirus deaths revealed that the fatality rate is much higher for men in Italy and South Korea, women represent higher infections rate than man. In some countries, COVID-19 infections among

female health workers are twice that of their male counterparts. Due to the large number of women that work in the healthcare sector.

<b>COVID-19</b>	<b>Italy</b>	<b>South Korea</b>
<b>Population</b>	62,402,659	51,835,110
<b>Total Confirmed Cases</b>	252,235	14,873
<b>Total Deaths</b>	35,231	305
<b>Deaths (Female)</b>	41%	46%
<b>Deaths (Male)</b>	58%	53%
<b>Confirmed (Female)</b>	54%	57%
<b>Confirmed (Males)</b>	45%	42%

Table 1

## Infections of health-care workers

### The case of Italy

According to the OECD, women globally make up almost 70% of the healthcare workforce, exposing them to greater risk of infection, while they are under-represented in leadership and decision-making processes in the healthcare sector. The UN Women calculations based on data from Italy's Istituto Superiore di Sanita ("Report bisettimanale") women represented 69% of the total cases.

**Total** cases of health-care workers in Italy **20.797**

**Female** 14.350 (**69%**)

**Male** 6.447 (**31%**)

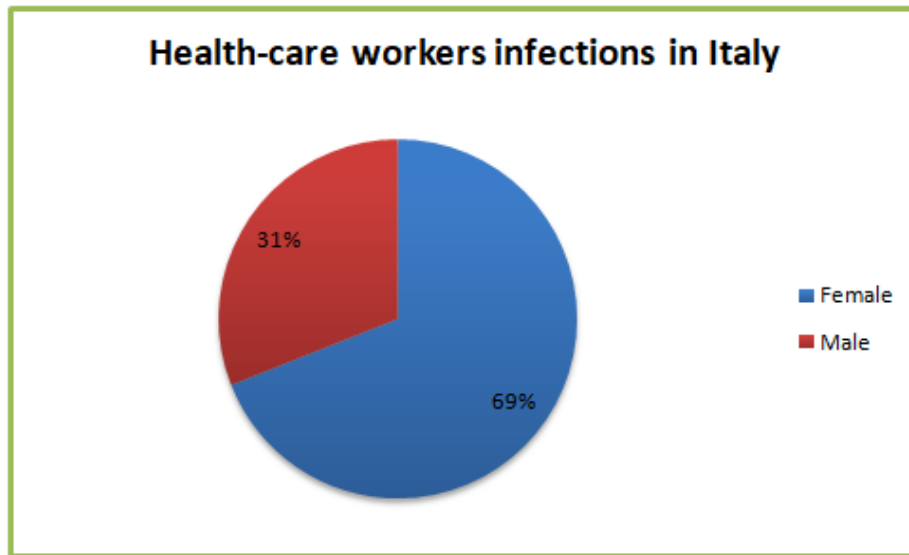


Figure 13

The case of South Korea

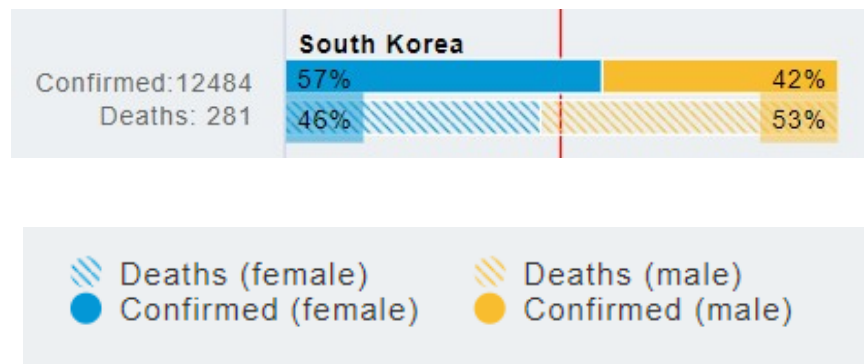


Figure 14: source: UN Woman (2020).

The status of COVID-19 infection in healthcare workers in Korea as of April 5, 2020 is described in Seong-Kyu Kang (2020) in a recent publication.

## How governments reacted to the Covid crisis

The case of Italy

The Italian government put in place three main measures:

- The “**Cure Italy Decree**” (released on 17 March 2020 and converted into Law no. 27, dated 24 April 2020), introducing urgent measures to limit the spread of Covid-19. This

Decree pushed on parental leaves as it has provided for a special parental leave. In particular, as of March 5, 2020 and limited to the current year, parents-workers with children not older than 12 years will be entitled to take a special leave for a continuous or split period not exceeding 15 days, with the consequent payment of an allowance equal to 50% of their remuneration and with notional coverage of the contribution. Such special leave is granted to only one parent per household for a total of 15 days.

- The “**Liquidity Decree**” (released 8 April 2020 and converted into Law no. 40, dated 5 June 2020) includes measures that are intended to assist businesses by providing loan guarantees, government assumption of non-market risks, and certain targeted tax relief.
- The “**Relaunch Decree**” (released 19 May 2020) includes urgent measures to support healthcare, employment and the economy, and social policies. It allocates €155 billion in terms of net balance to be financed and €55 billion in terms of borrowing. It reinforces parental leave and babysitter vouchers, which can also be used for summer camps, the number of days of assistance for disabled family members has been increased, funds have been allocated for assistance and services for the disabled.

#### The case of South Korea

Between February 7 and March 3, the financial sector (from both state-invested banks, private banks and credit card companies) provided financial support directed at SMEs worth € 2.1 billion. On March 4, the Ministry of SMEs and Start-ups announced its plan to provide support worth € 1.2 billion as supplementary budget, including the following measures:

- An Emergency Fund, providing direct financial support to SMEs and self-employed, aimed at encouraging these firms to keep their employees;
- Government guarantees, and insurance on loans.
- Sanitary support for the reopening of SMEs that closed due to exposure to infected patients;
- Encouraging brick-and-mortar shops to open their business online.
- Simplification of procurement processes by limiting on-site inspections.

Priority is given to regions that were affected the most.

- 19 March: the Government announced a further USD 39 billion package including emergency financing for small businesses and other stimulus measures, and loan guarantees for struggling small businesses with less than USD 78 000 in annual revenue to ensure they can easily and cheaply get access to credit. Domestic commercial banks

and savings banks will also allow loans to be rolled over for small businesses if they cannot afford payment when due.



# 3

## Cash-based policies in context

We selected cash-based interventions as a response to the Covid-19 impact on living standards and needs. In the spectrum of high income countries the Republic of Korea and the Republic of Italy present 2 different approaches to support unemployment, relief payments and childcare support. Our feminist analysis focus on two emergency measures which want to address crisis poverty and support living needs: the Italian Emergency Income and the Korean universal relief payments.

Country	Social Assistance				Social Insurance				Labour Markets			
	Cash-based transfer	Public works	In-kind (in-kind/school feeding)	Utility and financial support	Paid leave/unemployment	Health insurance support	Pensions and disability benefits	Social security contributions (waiver/subsidy)	Wage subsidy	Activation (training)	Labor regulation adjustment	Reduced work time subsidy
Italy	X		X		X				X	X	X	
South Korea	X	X	X	X	X	X		X	X	X	X	X
BRAZIL	X		X	X	X		X	X	X		X	X
DENMARK									X			
GERMANY	X				X		X	X	X			X
KENYA	X	X		X								
SPAIN	X				X			X				
SUDAN			X									
UGANDA	X			X				X				
UK	X		X	X	X		X		X			

Figure 15: Gentilini et al. (2020).

### Italy and the Emergency Income

Italian social protection instruments implemented as a response to the Covid-19 crisis included 5 main cash-based transfers with overall a particularistic approach and poverty focus.

#### Cash based transfers in Italy

Government intervention addressed poverty alleviation since the “Relaunch decree” in May 2020 with the suspension of conditionality standards for the eligibility to the **guaranteed minimum income program** (“*Reddito di cittadinanza*”) until the end of July 2020. It further addressed unemployment, work discontinuity and digital divide with two one-off cash transfers: a monthly **bonus** of 600€ for April and May for self-employed or professional workers in specific sectors

and a 100€ bonus for the month of March for low- and middle-income workers that had to continue to go to the regular workplace. Finally, a **childcare** support scheme with an alternative between a 15 day parental leave for children up to the age of 12 or a (up to) 1200€ bonus for private-sectors workers or professionals in case of renounce to the use of the parental leave.

One last specific emergency measure addresses the crisis-specific living needs of low-income households excluded from other forms of social insurance and social assistance.

### The Emergency Income

An Emergency Income (“*Reddito di Emergenza*”) which have to be requested by and is directed to the household as a whole is under implementation. The support lasts 2 months and varies approximately between 400 and 800 euros depending on the composition of the household (a total budget of €954.6 million), which is calculated with the following table:

Composition of the household (adults and minors)	Equivalence scale	Household threshold for April 2020
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Composizione del nucleo	Scala di equivalenza	Soglia del reddito familiare ad aprile 2020
Un adulto	1	400 euro
Due adulti	1.4	560 euro
Due adulti e un minorenni	1.6	640 euro
Due adulti e due minorenni	1.8	720 euro
Tre adulti e due minorenni	2 *	800 euro
Tre adulti (di cui un disabile grave) e tre minorenni	2,1**	840 euro

Figure 16: Examples for the calculation of the household income and emergency income size; source:

<https://www.inps.it/nuovoportaleinps/default.aspx?sPathID=%3b0%3b53216%3b&lastMenu=53216&iMenu=1&itemDir=53736>.

The **eligibility** criteria are cumulative:

- having the **residency** in Italy at the time of the application;
- a maximum **household income** for the month of April equivalent to the support the household would be entitled (aforementioned table);
- (“observable”) property **assets and income index** (“ISEE”, Equivalent Economic Situation Indicator) limited to a low threshold;
- not being beneficiary of an other existing Covid-19-related social protection schemes (including for instance the guaranteed minimum income program or the paid-care-workers support bonus), not being beneficiary of a pension and not being in jail or in other publicly funded structure.

### Criticism

The Italian approach attempts to fill the gaps of a particularistic measures which recognise different social protection instruments depending on the specificity of the recipient. The Emergency income was initially thought to address approximately 2 million people but resulted in half a million application and only half of those transformed in transaction by July.

The informal economy is not largely addressed and the **residency** requirement rules out part of seasonal and migrant workers, particularly in the agricultural and care sector. Moreover, the identification of the **household as the unit of calculation** and of access to the measure performs a structural enforcement of the status quo of household dynamics and of the unequal access to benefits inside the unit. Also the system determines a lower payment per capita for larger households for which instead the unpaid care work more heavily impacts on the family time budgeting; so even when considering **unpaid care work** as “largely” convertible in paid service this is not extensively valued in the distribution of the cash benefit.

## South Korea and the Universal Relief Payments

There are **three types** of cash-based transfers in South Korea: Cash transfer handed to low-income households getting employed and those under COVID19 treatment quarantine, universal relief payments and childcare support.

### The Universal Relief payments

- The main instrument used are the **universal relief payments** which are structured as follows: 1 million to households with 4 or more members (US\$842) , 800.000 to 3 or more person households (US\$674) , 600.000 two person households (US\$505), 400.000 one

person households (US\$337). Payments were started in March 2020 and will end in August.

Classifications	Cash transfer
One person household	285€ (₩ 4,000,000)
Two persons household	428€ (₩ 6,000,000)
Three persons household	600€ (₩ 8,000,000)
Four persons household	720€ (₩10,000,000)

Table 2

- The form of cash varies from direct-cash transfer to local market voucher, electronic currency, and gift cards. People started to apply for it from May 4 and it will expire on August 31.
- All people who are eligible as recipients can receive money, but if it is not necessary for them it can be donated.
  - When people apply for it, they can choose ‘donation’ (when people donate they can receive 15% deduction of ‘Year End Tax settlement’ at the end of year).
  - When people do not receive it before 31st of August, the money is automatically donated.

#### Recipients are based on family

- When it comes to a separated family, depending on the situations people are able to receive money separately.
  - Parents and grown-up children living separately, can receive money separately.
  - Separated family living separately can receive separately, but if receiving together brings more benefits, then receiving together is also possible.
  - Divorced people living separately receive separately.
  - Married migrants and migrants with residence cards can also receive.
- Korean citizens living abroad more than one month are out of the recipients’ list (for not paying the universal health insurance).
- Foreigners who are not included in this universal health insurance are out of the list.

## Criticism

If it is given to the family, not individuals, there are inequality problems.

1. When it comes to families who are under divorcing process or out of contacts but officially living together, then there are people who truly need cannot receive it.
2. Since the head of the household, mostly men, have priority of receiving, this can result in gender inequality. (The head of household can firstly apply for it and if this is not possible, other family member can apply it).
3. The system allocates less money per capita to bigger households.

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Figures and tables are mainly drawn from the articles in the bibliography. Due to the limited time and due to the “notebook” nature of such analysis all references could not be reported entirely.