ABSTRACT SUBMISSION

AUTHOR

1. City, Country (corresponding author only.)

Route des Morillons 4   CH 1211 Geneva 22, Switzerland

2. Name	3. Position / Institution
Sangheon LEE	Director a.i., Research Department & Special Advisor to Deputy Director-General for Policy, International Labour Office

*If there are more than two co-authors, please add more rows and write their names, positions, and institutions.

4. E-mail (corresponding author only.)

lees@ilo.org

ABSTRACT

5. Theme (Choose one of the Themes in the list on the Call for papers.)

Macroeocnomics & Contemporary Crises

6. Title

"Income-led growth" in Korea: Great expectation or wishful thinking?

7. Abstract

This paper reviews a range of analytical and policy issues relating to the "income-led growth", a Korean variant of the Post-Keynesian "wage-led growth". While the term "income-led growth" may be seen as conceptually weak or even tautological (i.e. growth is defined by income growth), the rationale underlying this model is the clear recognition of the economic potential that improving income distribution in both functional and personal income distribution can contribute to boosting aggregate demand and enhancing economic stability. Yet, translating such economic possibilities into specific policy actions is not

simple or straightforward, often with creating misunderstanding and confusion, as demonstrated in recent debates in Korea. This paper, of commentary nature, discusses the major issues which concern the "income-led" growth: (i) the extent to which the model of "income-led" growth is conceptually solid and empirically supported, particularly in Korea; (ii) if the model is concerned only about demand, while ignoring supply or other measures to boost productivity, including innovation; (iii) how sustainable the model is or whether it has an inherent short-term bias; (iv) whether the model is simply reduced to introducing wage growth shocks; (v) how the issue of self-employed and SMEs can be featured in the model; (vi) what socio-political conditions are needed to support the model.