

Decentralization and Balanced National Development

Mr. Bong-Heum Park, Minister of Planning and Budget,
Mr. Choong-Soo Kim, President of KDI,
Mr. Robert Ebel, Lead Economist of the World Bank,
distinguished participants, and experts from Korea and around the world.

It is my pleasure to attend this meaningful international conference on fiscal decentralization, jointly hosted by the World Bank and KDI.

The world is at a point in time where significant changes from an analog age characterized by industrialization, to a digital age in which knowledge and information are becoming driving-forces for the creation of new values, are taking place.

In order to lead this new paradigm of the 21st century, the Participatory Government has set "Democracy with the People", "A Society of Balanced Development", and "Era of Peace and Prosperity in Northeast Asia" as the 3 main goals to pursue during the administration.

In order to achieve such goals, the Participatory Government will:

Start an era of participatory democracy in which the citizens and civil servants autonomously participate in and reform the government,

and achieve an economically well-off nation through innovative decentralization and new balanced development policies.

In addition, an era of peace and prosperity in Northeast Asia will begin by establishing a Korea-centered Northeast Asian cooperation system.

One of the unique goals set by the Participatory Government, which is different from those of past administrations, is that the government will strongly implement a localization strategy through decentralization and balanced development plans.

During the course of achieving rapid economic growth, excessive centralization and urbanization of levels unseen anywhere else in the world, have taken place in Korea.

Now, Korea has reached a point where securing national competitiveness and achieving sustainable growth have become difficult due to excessive centralization.

Moreover, unbalanced national development is causing further conflicts and hindering social unity, resulting in the inability to concentrate national energy.

Decentralization and balanced development strategies, undertaken by the Participatory Government, will be the key in resolving such problems.

Decentralization encourages the self-awareness of local citizens and autonomies by promoting a sense of ownership, and building a foundation for inventiveness.

This will enhance the efficiency in the distribution of national resources and accelerate the improvement of national competitiveness.

In addition, decentralization will allow balanced regional development, which will result in less regional discordances, playing a positive role in achieving sustainable development.

For a successful decentralization, intergovernmental functions and administrative responsibilities need to be clarified. In addition, administrative and fiscal autonomy need to be transferred, along with the functional responsibilities, to the local governments.

The Participatory Government will devolve all affairs, other than those that are clearly defined as central government affairs, to the local governments. Corresponding fiscal resources will also be comprehensively transferred.

In transferring fiscal resources, taxing autonomy of the local governments will be strengthened by choosing to convert national taxes into local taxes, instead of simple transfers.

Furthermore, autonomy in fiscal management, such as the budget, organization management, and issuance of local government bonds, which is currently being controlled by the central government, will be expanded.

The Participatory Government has announced a "Decentralization Roadmap", containing the above implementation plans, earlier this month.

The Participatory Government will strongly implement "National Restructuring" through which a centralized nation will be completely transformed into a localized nation, as a result of innovative decentralization strategies.

Distinguished participants!

I hope the discussions will enhance the understanding on decentralization policy directions of the Participatory Government. It will also be a good occasion to gather the opinions of various experts and scholars.

Your policy recommendations will be actively reflected in the policies of the Participatory Government.

I would like to express my gratitude for your participation, and I trust that this conference will be a valuable opportunity to share expert knowledge on fiscal decentralization.

Thank you.