Local Autonomy and Decentralization

Local autonomy refers to various activities through which an autonomous body representing the residents makes decisions over matters that concern the residents. This involves the promotion of residents’ welfare; the promotion of industries; the establishment and management of public and private facilities; the promotion of agriculture, forestry, trade, factories; local development; natural disaster prevention and rehabilitation; and the implementation of national policies in the regions. Local residents have the right to vote for the heads of the local autonomous bodies and to participate in local elections, thus being able to make policies while maintaining relative independence from the national government. The basic right to vote, for example, is granted to those who have been in residence for at least a year.

In 2018, the 7th Nationwide Simultaneous Local Election took place. Local elections elect the heads of local governments. In addition, there are 240 primary-level local autonomous bodies, including 77 small counties (including 2 non-autonomous cities), 82 towns, and 81 villages (including 32 non-autonomous towns). There are also 225 eups, 1,184 myeons, and 2,098面 local autonomous bodies in Korea: macro-level bodies such as the Special City, Metropolitan City, Jeju Special Self-Governing Province, and primary-level bodies such as eups, towns, and villages. In 2018, the macro-level local autonomous bodies in Korea were the Seoul Special City, six metropolitan cities including Busan, Daejeon, Incheon, Gwangju, Daegu, and Ulsan, the Jeju Special Self-Governing Autonomous City, eight do (including Gyeongbuk-do, Gyeongsangbuk-do, Chungcheongbuk-do, Jeollabuk-do, and Gyeongsangnam-do), and the Jeju Special Self-Governing Province. In addition, there are 260 autonomous bodies for educational autonomy. Local elections grant representatives of macro-level autonomous bodies and local autonomous bodies. Among all macro-level autonomous councils, the Democratic Party of Korea became the majority party in 15 macro-level autonomous councils across the nation, while the Liberty Korea Party became the majority party of the macro-level autonomous councils of Dangdo and Gyeyangdo. The Democratic Party of Korea accounted for 652 members of macro-level autonomous councils, representing 79.13% of a total of 824 elected members of 27 macro-level autonomous councils. Elected by the Liberty Korea Party (23 people, 3.36%), the Justice Party (10 people, 1.43%), and Party for Democracy and Peace (1.5 people, 0.21%). The Justice Party was successful in the proportional representation election, with no elected as proportional representatives.
for the heads of primary autonomous bodies and the members of Party Autonomous Councils, which were formed by the vote in the Honam region, where the People’s Party won the 19th traditional stronghold of the Liberty Korea Party, and regained its Party of Korea secured many heads of primary autonomous bodies across the nation. The Democratic Party of Korea also stood out in the primary autonomous bodies transfer revenue to local offices of education. As a result, the actual expenditure of local autonomous bodies, and local offices of education totaled about 770.9 trillion won. The central government transfers *Note: The Fiscal Self-Reliance Ratio and Financial Independence Ratio of a macro-level autonomous body are calculated using net budget adjustments, to the budget of the local autonomous body. The fiscal self-reliance ratio is the degree of self-sufficiency in financing the autonomous body, while the financial independence ratio is the degree of autonomy of the autonomous body’s use of financial resources. The financial independence ratio of the autonomous body is calculated in consideration of the transfer revenue from the central government to the macro-level autonomous body or the primary autonomous body and the transfer revenue from the macro-level autonomous body to the primary autonomous body. Based on the 2019 original budget, the fiscal self-reliance ratio of ten macro-level autonomous bodies among 17 macro-level autonomous bodies, which is 48%, of 226 primary autonomous bodies, is less than 50%, and the overall fiscal self-reliance ratio of autonomous bodies is poor. On the other hand, the average financial independence ratios of the macro-level autonomous bodies and the primary autonomous bodies are 19.2% and 61.3%, respectively. The financial independence ratio is higher than the fiscal independence ratio because the financial independence ratio includes the transfer revenues from central government to macro-level autonomous bodies. Compared to the fiscal self-reliance ratio, the financial independence ratio of macro-level autonomous bodies is 22.1%, of 226 autonomous bodies, and the financial independence ratios of state, public, and gas are 30%, 47%, and 10% higher on averages, respectively. Dependent financial resources have a huge impact on the local autonomous bodies for which dependent revenue was greater than local revenues, including Gwangju, Chungbukbukdo, Jeollabukdo, Jeollanam-do, and Gyeongbukgndo. In the primary autonomous bodies, 118 local autonomous bodies had dependent revenue transfer revenue. Local revenues of local autonomous bodies are steadily increasing due to the increases of local tax revenues. However, both fiscal self-reliance ratios and financial independence ratios for local autonomous bodies have declined because their budgets grew faster than their revenues. The central government tends to increase the ratios by adjusting the ratios of national and local taxes.

### Table: Fiscal Self-Reliance Ratios and Financial Independence Ratios

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Primary Autonomous Bodies (Macro)</th>
<th>Local Autonomous Bodies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>46,272</td>
<td>2,688 (25,272)</td>
<td>1,994 (11,000)</td>
<td>10,380</td>
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<tr>
<td>2019</td>
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</tr>
</tbody>
</table>

### Diagram: Financial Independence Ratio

- **Fiscal Self-Reliance Ratio**
  - The Fiscal Self-Reliance Ratio of local autonomous bodies (macro) and local autonomous bodies (primary) is calculated using the budget of central government and the budget of autonomous bodies. The Fiscal Self-Reliance Ratio is defined as the total budget of local autonomous bodies divided by the total budget of central government.

- **Financial Independence Ratio**
  - The Financial Independence Ratio of local autonomous bodies (macro) and local autonomous bodies (primary) is defined as the ratio of local autonomous bodies’ self-generated revenue to the total budget of local autonomous bodies. The Financial Independence Ratio is calculated using the net budget adjustments, to the budget of the local autonomous body. The fiscal self-reliance ratio is the degree of self-sufficiency in financing the autonomous body, while the financial independence ratio is the degree of autonomy of the autonomous body’s use of financial resources. The financial independence ratio of the autonomous body is calculated in consideration of the transfer revenue from the central government to the macro-level autonomous body or the primary autonomous body and the transfer revenue from the macro-level autonomous body to the primary autonomous body.

### Financial Independence Ratios

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### Budgets of Autonomous Bodies

- **Central Government**
  - **National Assembly Budget Office (2019)**
  - **Ministry of the Interior and Safety (2019)**

- **Local Governments**
  - **National Assembly Budget Office (2019)**
  - **Ministry of the Interior and Safety (2019)**

### Local Finance and Decentralization of Power

- **Autonomous Bodies**
  - **Representation**
    - 1,400
    - 1,638

- **Party of Korea**
  - **Democratic Party**
  - **Independents**

- **Bareunmirae Party and the Justice Party**
  - **8180**

- **Autonomous Bodies**
  - **Local Autonomous Bodies**
  - **Primary Autonomous Bodies**
  - **3 by 2022**
  - **Amplification Scheme of Local Finance**

### Afford of Central Government and Local Councils

- **Year**
  - **Total**

- **2020**
  - **46,272**
  - **10,380**

- **2019**
  - **46,088**
  - **10,380**

### Afford of Local Councils

- **Revenue**
  - **Local Taxes**
  - **Cancer Control Funds**
  - **Social Security Revenue**