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State and labor in South Korea: Coalition analysis

Kim, Yong Cheol, Ph.D.
The Ohio State University, 1994
STATE AND LABOR IN SOUTH KOREA: COALITION ANALYSIS

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of The Ohio State University

By

Yong Cheol Kim, B.A., M.A.

*****

The Ohio State University
1994

Dissertation Committee:
R. William Liddle
Goldie Shabad
Stephen Hills

Approved by

Adviser
Department of Political Science
To the Memory of My Father
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VITA

October 2, 1958 ................................................................. Born in Pusan, Korea
1981 ................................................................................................. B.A., Yonsei University
1982-1983.............................................................................................. M.A., Yonsei University
1984 ......................................................................................................... Internship in the
National Assembly

FIELDS OF STUDY

Major Field: Political Science

1. Studies in Comparative Politics
   Theories of Comparative Politics ........................................ Dr. Giacomo Sani
   Comparative Political Institutions ....................................... Dr. Richard P. Gunther
   Politics of the Western Europe ........................................ Dr. Goldie Shabad
   Political Economy of the Third World .............................. Dr. R. William Liddle

2. Studies in Public Policy
   Policy Process and Implementation Politics ................. Dr. Randall B. Ripley
   Policy Analysis ........................................................................ Dr. Donald Chisholm

3. Studies in Industrial Relations
   Comparative Labor Movements ...................................... Dr. Stephen Hills
   Labor Economics and Industrial Relations ..................... Dr. Cameron
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CHAPTER I

Introduction

1. Problematique: Economic Miracle and Labor in South Korea

The rise of South Korea as a NIC (newly industrializing country) is well known. Over the past two decades, Korea experienced an unprecedented economic performance. During this period (1963-1985), recording about 9.1% annual economic growth, Korea achieved structural transformation from a poor agrarian economy to a modern industrial power. Her rapid economic growth with successful industrial transformation is often lauded as a "Korean miracle," "new Japan," or "Asia's next giant."¹

South Korea up to the early 1960s truly represented a backward, desolate economy based on subsistence agriculture. She had all the difficulties facing a typical developing country today such as lack of natural resources, negligible domestic savings, poor infrastructural base, and high rate of population growth in an already densely populated country. Her per capita GNP in the early 1960s was below $100, which was lower than those of Ghana, Zambia, Honduras² which are today classified as low-income countries. During 1954-1962, GNP growth rate was only 3.8% per annum. Unemployment, and underemployment, and poverty were widespread. Over 40% of the nation's population

¹ For example, Jon Woronoff, Asia's 'Miracle' Economics (Armonk, New York: M.E. Sharpe, Inc., 1986); Alice H. Amsden, Asia's Next Giant: South Korea and Late Industrialization (New York: Oxford University Press, 1989).

suffered from absolute poverty.\(^3\)

South Korea today is on the threshold of joining the ranks of industrialized, developed nations. Korea now is the world's third biggest producer of advanced semiconductor memory chips, and her other industries, including ship-building, computer, automobile, steel, and construction, are having a considerable impact on the world market. She became the world's 13th largest exporter and 14th largest importer in 1990.\(^4\) Her per capita GNP reached $6,498 in 1991, which was far above those of the Latin American NICs (Mexico, Brazil, and Argentina), a bit more than those of Portugal and Greece, and more than half of that of Spain.\(^5\)

Labor has played an important role in South Korea's rapid economic development. Along with favorable world market conditions and effective state intervention, a large pool of cheap, disciplined, and well-trained labor served as the major catalyst of the outward-looking development strategy by allowing Korea to exploit its comparative advantage in the export of labor-intensive manufactures.

This comparative advantage in labor, however, remained a source of persistent intellectual debates in Korea. Neoclassical economists argue that comparative advantage in labor was a natural outcome of market forces. Heavy investment in education and an oversupply of qualified manpower have resulted in low wages, contributing to the international competitiveness of Korean exports. This neoclassical account has been further reinforced by an institutionalist claim that ascribes the competitiveness of

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\(^4\) Korea Newsreview, June 1, 1991, p. 24.

Korean labor to extra-market factors such as culture. Confucian culture, which emphasizes education and strong work ethics, has produced disciplined and well-trained workers, which further improves comparative advantage in labor.6

The market/culture interpretation of labor has provoked formidable challenges of pluralists, corporatists, statist, and Marxists, however.7 New critiques argue that comparative advantage in labor was not a natural outcome of the alchemy of the market and culture, but an arbitrary creation of political and policy manipulation. In order to foster export-led growth and to maintain international competitiveness, the Korean government was bound to suppress wages through a series of anti-labor policies, which were ensured through political control and the exclusion of labor. Labor was too weak and fragmented to prevent and resist them, and the Korean state was strong and "overdeveloped."8 Strong state and weak labor continued to permit the artificial distortion of the wage structure. Export promotion and industrial deepening have further accelerated this vicious circle.

The latter perspective has recently drawn much more attention not only because it represents a more dynamic analysis of labor by placing it in the larger context of

---


7 The detail arguments of pluralists, corporatists, statist, and Marxists will be examined in chapter 2.

development strategies, social structure, and international system, but also because it bears practical implications for labor activism. Nonetheless, it has several limitations both in theoretical and practical terms. First, this perspective is too static to explain the state-labor relations in South Korea. It assumes a consistent state labor policy, and fixed labor-business relations and labor structure. Although concurring with the latter perspective that the state has actively intervened in and manipulated labor relations, I do not agree that state intervention has always resulted in political exclusion of labor and anti-labor policies. Korean labor was not passive all the time. Labor insurgencies, though most of them failed, sometimes induced favorable responses from the state. State-labor relations in South Korea are not fixed, but have varied over time.

Second, by putting heavy weight on economic variables, it also tends to neglect political analysis. The pattern of development strategies, and the overall balance of power among the state, business and labor are necessary, but insufficient, conditions for explaining the variation of state-labor relations. The historical growth of the Korean state's concern with labor has been closely related to political dynamics of regime survival and power consolidation. Formation and reformation of state-labor relations in South Korea have gone beyond a simple reflection of production relations.

Finally, partly due to the static perspectives as well as the heavy emphasis on economic variables, its analyses are segmented and partial. It puts heavy emphasis on the Yushin (1972-1980) period and early 1980s when labor was depoliticized and controlled by the state. But there is little attention to the First Republic (1948-1960), the 1960s, and most recent developments when labor was politicized or neutralized. There is no analysis covering the entire post-independence political history of state-labor relations nor elucidating dynamic interactions among the state, labor and business in terms of political perspective.
Objectives of the study, thus, are to reexamine the theoretical structure through a systematic introduction of contending theories of state-labor relations, and to present an alternative analytical framework focusing on coalitional dynamics, and to analyze and explain the political history of the state-labor relations in South Korea.

2. Scope, Method, and Data

South Korea as an independent nation appeared in international relations in August 1948. Since then, Koreans have experienced various political regimes and political leaderships: the First Republic under Syngman Rhee (1948-1960), the Second Republic under Chang Myon (1960-1961), the Third Republic (1961-1971) and the Fourth Republic or Yushin regime (1972-1979) under Park Chung Hee, the Fifth Republic under Chun Doo Whan (1980-1988), and the Sixth Republic under Roh Tae Woo (1988-1992) and Kim Young Sam (1993-1997).

The scope of this study is the state-labor relations from the First Republic to the Sixth Republic under Roh Tae Woo. However, the scope would not be confined to the post-independence period. Since the patterns of contemporary labor movements are by and large influenced by the early experience of the labor movement, it is important to understand the historical development of the labor movement during pre-independence period. Thus, I would also examine the early political history of the Korean labor movement under Japanese colonial rule (1910-1945) and American military authority (1945-1948).

In examining how the state-labor relations in South Korea have shaped and reshaped, this study employs a dynamic, holistic, and disaggregated analysis. First, this study neither assumes a fixed state-labor relations nor the supremacy of economic variables in shaping the state-labor relations. Rather, with an open, political, dynamic perspective, the state-labor relations will be tackled. Second, this study adopts a
holistic approach rather than a segmented one. In other words, with an analytical framework that could explain the entire history of state-labor relations in a consistent way, the relational dynamics between the state and labor will be analyzed. Finally, this study does not assume that labor plays within the same political context all the time. The state-labor relations will be analyzed in a disaggregated manner, by highlighting changing characteristics of political context over time.

Data for this analysis were obtained primarily through documentary search. First, data on the Korean labor were collected primarily from the annual reports (Saup Bogo) and union newspapers (Hankook Nochongbo) published by Hankook Nochong (Federation of Korean Trade Unions). However, since these materials began to be issued in the early 1960s, they do not provide much information about the union movements under the Japanese colonialism, American military authority, and the First Republic. The data during these periods were largely obtained from the publications by Hankook Nochong and its national industrial unions9 and from the works written by labor historians.10 And additional information on labor was also collected from memoirs written by union leaders, daily newspapers, government documents, and so on.

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9 Hankook Nochong Chohap Chong Yeonmaeng [Federation of Korean Trade Unions], Hankook Nodong Chohap Undongsa [History of Korean Labor Union Movements] (Seoul: FKTU, 1979); Chosun Chunup Nodong Chohap (Seoul: Korea Electric Power Labor Union), Chunup Nocho Sin'yongsan [The Ten-Year History of KEPLU] (Seoul: Paekchosa, 1959); Chunkook Poodoo Nodong Chohap (Korean Port Workers' Union), Hankook Poodoo Nodong Undong Paek'yongsan [The 100-Year History of Korean Port Workers Movement] (Seoul: KPWU, 1979); Chunkook Chuldo Nocho (Korea Railroad Workers' Union), Chuldo Samsip'yongsan [The Thirty-Year History of Korea Railroad Workers' Union] (Seoul: KRWU, 1977); Chunkook Kwangsan Nodong Yeonmaeng [Korea National Miners' Union], Kwangno Yisip'yongsan [The Twenty-Five History of Korea National Miners' Union] (Seoul: KNMU, 1974).

Second, economic data, which would describe the conditions of the national economy, were gained from statistics issued by the Bank of Korea and government agencies. And the World Bank's and IMF's cross-national data were used whenever there is a necessity to show the state of South Korea's economy in the world context.

Finally, socio-political data, which would show the locus of labor in national politics, were obtained from various sources including presidential speeches, government materials, and articles and books written by politicians, movement activists, and social scientists.

3. Structure of the Study

The present study consists of eight chapters. In Chapter 2, I will examine the existing literature in a critical way, and then present an alternative perspective. Specifically, four contending perspectives will be reviewed; a coalitional analytic framework will be structured; and four research propositions will be drawn.

In Chapter 3, before analyzing the post-independence politics of state-labor relations, I will review the historical development of the Korean labor movement. By doing so, I will try to identify some historical preconditions or legacies that would condition the post-independence labor movement.

In Chapter 4, 5, 6, and 7, I will examine how state-labor relations have been shaped and reshaped under the leadership of Rhee, Park, Chun, and Roh, respectively, applying my alternative perspective to each political regime. In other words, in these chapters, I will show that state-labor relations in South Korea are not fixed but have changed over time depending upon coalitional dynamics and leadership choice. Specifically, under the Rhee regime, state-labor relations transformed from clientele inclusionism to predatory patronism, when Rhee and his party introduced a group of businessmen to ruling coalition for reconsolidating their power. Unlike Rhee, Park
depoliticized both labor and business, and subjected them to administrative control, creating a relatively neutral and equidistant relationship with labor and business. However, political crisis in the early 1970s realigned coalitional dynamics. The ruling elite under the Yushin regime heavily relied on security-developmentalist coalition, which placed labor under tight corporatist control.

Chun continued to exclude labor, but with different political motives and operational modes. Seeking to distance himself from the previous regime, Chun attempted to extract political support from the middle class, while repressing an emergent distribution coalition. Unlike Chun, Roh had to take an equi-distance between labor and business. The democratic transition in 1987 changed the whole political context and realigned coalitional dynamics. However, the political neutrality between business and labor was temporary. When his power base was secured, Roh adopted a reactionary exclusionary labor policy.

Finally, Chapter 8 presents the conclusion with the longitudinal comparisons and theoretical discussions as well as recent development of the state-labor relations under Kim Young Sam government.
CHAPTER II
Analytical Framework for State-Labor Relations

The critiques of neoclassical and cultural interpretations of labor have come from diverse intellectual traditions such as pluralism, state corporatism, statism, and orthodox Marxism. In this section, I will present a critical assessment of these contending perspectives as a way of developing my own analytical framework.

1. Literature Review: Contending Perspectives

**Pluralist:** One of the first intellectual efforts to capture the meaning of labor in Korean politics is the pluralist perspective. The main ideas of this perspective stem from the pluralist theory of interest group politics.\(^1\) It regards the political process as a political marketplace through which the demands and interests of competing groups and individuals are filtered and adjusted. According to this perspective, the state is nothing but a neutral arbiter of conflicting and competing interests. Politics, as a competition among organized interests, shapes and reshapes policy outcomes.

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The pluralist perspective, thus, defines labor simply as a pressure group. In so doing, it limits the analytic scope of Korean labor to two clusters of variables: first, internal features of labor organizations involving organizational strength, mobilizational capacity, and leadership structure; and second, patterns of political representation such as interest aggregation and articulation. Pluralists argue that labor policy in South Korea has discriminated against workers in favor of business and other social sectors. Anti-labor policy was in turn attributed to the asymmetry of power between labor and business.2 Labor has been viewed as lacking leadership, ideological cohesion, organizational strength, mobilizational capacity, and financial base. Relative weakness of labor has in turn limited its political access and maneuverability.3 As a result, powerful business organizations such as the Federation of Korean Industries and the Korean Chamber of Commerce & Industry have dictated the outcomes of labor policy. In addition, procedural bias and rigidity originating from authoritarian rule have further weakened the political position of labor by both blocking effective channels of communication and limiting the scope of collective action.4

Statist: While pluralists focus on the pattern or system of interest representation, the statist perspective attempts to elucidate the political location of interest groups in relations to the strength of the state. Statists define the state as an independent political entity. The state maintains its own goals and policies by engaging

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in a struggle for power with various social forces as well as by coping with transnational nonstate actors and structures. Their analytical dimension is two-fold: a linkage of the state to the world system, and a linkage of the state to domestic social forces. Strong state has the autonomy and capacity to formulate and implement its policies over the recalcitrant external and internal forces.\(^5\)

Statists question the validity of pluralist conceptualization of Korean politics, arguing that the atomistic view does not dovetail with the dynamic reality. The Korean state is neither a mere sum of individuals and organized interests, nor a neutral arbiter of conflicting interests. It is an active political actor with political autonomy and policy capacity as well as with clearly defined objectives and preferences.\(^6\) Therefore, public policy cannot be viewed as an outcome of competition among organized interests, but as a reflection of strategic choice of the state. State-labor relations should be understood in this context. In order to promote export, to foster industrial deepening, and to maintain international competitiveness, the state had to formulate and implement policies disfavoring labor. The anti-labor policy produced a paradoxical outcome: the formation of state-business alliance and the development of working class consciousness.\(^7\)


exclusive state-business alliance facilitated diverse opposition forces to form an anti-government coalition, which in turn generated much more intensified state efforts to block labor militancy. Thus, state-labor relations in Korea can be characterized by the ever-escalating conflictual, yet asymmetric (strong state-weak labor), relations.

**Corporatist:** Another effort to understand the politics of labor in Korea came from the corporatist perspective that blends the pluralist tradition with the statist. Like pluralists, corporatists view labor as an organized interest group, but differ in emphasizing the active role of the state. Since corporative system is based on the ideological frame of "organic statism," state interests weigh heavier than group interests. The state is thus neither a neutral arbiter nor passive agent. The state shapes, and actively interferes with, the system of interest representation, and attempts to produce organic integration of diverse interests. There are two types of corporatism: societal corporatism in which interest integration results from compromise between the state and interest groups, and state corporatism in which the integration results from coercion by the state. Thus, public policy is regarded as the result of the state's managerial approaches to the common good through its structuring of interest representation arrangements.

---


Corporatists characterize Korean polities essentially as state corporatism, and direct their attention to the state control of labor. They argue that cheap labor in Korea was a result of anti-labor policy by the government, and attribute it primarily to the political exclusion of labor. The exclusion was followed by active state penetration in, and control of, labor. The Korean state not only determined the existence of labor organizations through licensing, but also controlled their leadership, and even subsidized them, eventually pacifying and marginalizing labor. Why the corporatist control? It results from the state's managerial and organizational responses to historical timing of development and emergent social template. Late, dependent, uneven capitalist development in Korea has entailed a sequence of crises. In order to avert these crises without undermining capital accumulation, it was essential for the state to realign itself with business and to tighten control over labor while maintaining its autonomy and hegemony. The process of corporatist control has been assisted by authoritarian rule.

Marxist: Marxists postulate that the capitalist state, emerging from the relations of production, does not represent collective good but a particular (bourgeoisie) interest. The state is perceived to be an essential means of class domination, and state policies are seen as the political expression of the ruling class as well as the repressive arm of the bourgeoisie. Thus, state intervention in production processes essentially results in the


exploitation of working classes and eventually leads to class struggle.\textsuperscript{11}

The orthodox Marxist interpretation has recently become popular among young Korean scholars. The Marxist political economy is explicitly critical of pluralists, statists, and corporatists on the ground that they fail to theorize correctly the nature of state and labor by neglecting to incorporate the broader context of social formation and class forces in their analyses. Although the role of the state has varied over time depending upon the stages of capitalist development, Marxists assert, the Korean state is basically the bourgeois power structure designed to serve dominant capitalist interests. Being the instrument of the dominant capitalist class, the Korean state is bound to exclude labor for capital accumulation and reproduction. The state control and exclusion of labor is an inevitable historical process, which would eventually lead to intensified class struggle and a new mode of production and social relations.\textsuperscript{12}

Divergent epistemological origins notwithstanding, these contending perspectives arrive at surprisingly similar observations of state-labor relations in South Korea. First, state-labor relations are inherently asymmetrical, in which the state always


prevails over labor. While the state is strong and cohesive, labor is weak, fragmented, and passive. Second, state-labor relations are mutually exclusive. Strong state and weak labor lead to the formulation and implementation of anti-labor policies, breeding opposition and animosity of labor. High political tension and confrontation characterize relations between the state and labor. Third, state-labor relations are, nevertheless, essentially stable. The formation of state-business alliance through the convergence of interests cultivates a repressive social structure that pacifies and marginalizes labor through both coercion and ideological domination. Its organizational strength, mobilizational capacity, and legitimation base being paralyzed or deprived, labor is devoid of morale, resources, and instruments to resist hierarchical control of the state, sustaining stable state-labor relations. Finally, most of these perspectives, despite their attempts to render political interpretations of state-labor relations, concur that the nature and direction of state-labor relations are influenced primarily by economic variables. Underlying their arguments are that the state controls and excludes labor in order to cope with economic crises or to foster economic growth and capital accumulation.

These contending perspectives make an important contribution to understanding the dynamics of state-labor relations in South Korea by not only transforming labor from a mere factor of production into social force, but also placing state-labor relations at the center of the South Korean political economy. Nevertheless, their explanatory power is limited in several ways. State power has been dominant, but the asymmetry of power between the state and labor has not always been the case. At times of political rupture and democratic opening, labor has resurrected itself as a powerful social force, and played a leading role in limiting state power and reshaping the balance of power among social forces. Furthermore, state-labor relations cannot be viewed as mutually exclusive all the time. The state, in most cases, excluded and controlled labor, but, at
times, it coopted, appeased, and neutralized labor. Labor, most of the time, was quiescent and passive, but it occasionally projected its power by engaging in radical protest movements against the state. Combinations of cooptation and exclusion better portray the nature of the state policy toward labor, and alterations between accommodation and confrontation better depict the nature of labor responses toward the state in Korea.

It is also equally misleading to postulate stable state-labor relations. Hierarchical control of labor by the state, buttressed by state-business alliance, has created an appearance of stability, not stability *per se*. Relations between the state and labor have not been fixed, but varied over time as the dynamics of domestic politics has dictated. Finally, economic variables such as development strategies and capital accumulation were important, but not the determining factors in shaping state-labor relations. The politics of survival, legitimacy, and power have often mattered. All in all, these contending perspectives fail to take the dynamics of political changes into account, and represent only static, partial, monolithic, and somewhat apolitical analyses of state-labor relations in South Korea, necessitating an alternative analytical perspective.

2. Alternative Perspective: Coalitional Analysis

State-labor relations are in essence political relations involving authoritative allocation of scarce resources in a society.\(^\text{13}\) Non-market allocation of resources belongs to the domain of public policy, which is by and large a strategic action taken by those who occupy key positions in the state. In the real world of politics, state policies are rarely chosen for public or collective interests and private interests, but mostly for

regime interests such as political survival. No regime can survive only through the use of coercive force. In order to ensure political survival, political leadership is forced to consolidate power. The process of consolidating power involves the process of building a coalition, which induces political leadership to align and realign itself with diverse social forces through cooptation, appeasement, containment, exclusion, control, or even punishment. In this sense, state policies are strategic instruments of political leadership to maintain power and to consolidate its coalitional base by rewarding the friendly, excluding the hostile, jeopardizing the dangerous, and coopting the neutrals. It is these coalitional dynamics and policy choice that make relations between the state and social forces constantly fluid, precarious and uncertain.

State policy toward labor is no exception. Workers have a greater political potential than is commonly recognized. This potential comes from not only the "structural power" that their location in the national economy affords them, but also the


mobilizational capacity that their distinctive collective identity and more or less permanent organizational network provide them. A militant labor movement can disrupt a national economy directly through strikes, as well as give a fatal blow against state authorities through its mass-based organizational networks. In the light of political leadership, it becomes clear that the failure to control labor is an important "political liability," while obtaining labor support is a major "political asset."\textsuperscript{16}

What accounts for the leadership choice of coalitional politics? As Figure 2.1 illustrates, I suggest three clusters of factors: regime character, power configuration of social forces, and circumstantial setting.

\textbf{Regime Character}: The concept of regime is diverse and elusive. Here, regime is defined as "sets of governing arrangements" that include networks of values, rules and procedures, and an authority structure that regularizes political behavior and controls its effects.\textsuperscript{17} In other words, a regime is a basic "context for political interactions" which limits and validates the political actions of all social forces including political leaders.\textsuperscript{18} Regime character is thus important, not only because it influences the dynamics of coalitional politics but also because it conditions leadership choice of public policy.

Regime character influences coalitional politics in three major ways. First, it determines the spatial dimension of coalitional dynamics. Both the scope and number of coalitions are fundamentally constrained by the amount of political space which the

\textsuperscript{16} Ruth B. Collier and David Collier, \textit{Shaping the Political Arena Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America}, p. 48.


\textsuperscript{18} David Easton, \textit{A System Analysis of Political Life}, p. 103.
Figure 2-1: A Schematic Presentation of Analytical Framework
regime allows. An open, democratic regime enlarges the political space, permitting
greater participation and coalitional interactions, while a closed, authoritarian regime
contracts and distorts the political space, limiting participation, interest
representation, and coalitional alignment. Second, regime character is directly
responsible for establishing the rules of engagement in coalitional politics. By setting
principles, rules, and procedures of political exchange explicitly or implicitly, regime
character critically affects the pattern of political interactions and coalition building.
Decentralized, tolerant regimes are likely to activate intensive and extensive horizontal
interactions among social forces, resulting in complex coalitional configurations.
Centralized, repressive regimes are more prone to cultivate segmented coalitions
through vertical control and coordination of social forces.19 Finally, regime ideologies
and goals help identify the likely nature of coalitional dynamics by setting instrumental
values for coalition partners. Depending upon the dominant ideology or goal, political
leadership values each social force differently, and vice versa. Political leadership
under a populist, democratic regime naturally seeks coalition partners from broader
segments of society, giving more value weight to such political actors as labor, peasants,
and the urban poors. In contrast, political leadership under an elitist, conservative
regime may well seek a narrow coalition base by valuing only a limited number of social
actors such as the military and business with whom rent-seeking is relatively easy, and
transaction costs are low.

**Power Configuration of Social Forces:** Power configuration of social forces,
which is defined as the distribution of power among social forces, is a useful predictor of
coalition change. It comprises three dimensions. The first dimension is relative
strength of each social force. Several factors are responsible for relative strength: size,

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organizational structure, ideological cohesion, mobilizational capacity, the degree of autonomy, and the level of cooperation and conflict with other social forces. Relative strength is not static and fixed, but dynamic and variable, accounting for the shifting location of power in society. Changes in relative strength often accompany realignment of coalitions.

The second dimension is relational dynamics.20 The power distribution involves multidimensional interactions among social forces, resulting in a myriad of coalitional mixes: state-capital alliance vs. the popular sector; populist alliance vs. reactionary alliance; the state vs. civil society and so on. These relations are seldom orderly and harmonious, but are generally disorderly and chaotic, creating the cascading chain reactions of trade-off, confrontation, and compromise among social forces. Closer state-business relations often strain state-labor and business-labor relations. The formation of triple alliance involving the state, international and domestic capital often fosters popular horizontal coalitions.21

The third dimension is historical preconditions and legacies. The relational dynamics among social forces are historical products. They cannot be meaningfully understood without reference to historical preconditions and legacies such as the preceding social formation, the colonial experience, developmental trajectories, social cleavages, wars, and revolutions.22


22 Jeffrey M. Paige, Agrarian Revolution: Social Movements and Export Agriculture in the Underdeveloped World (New York: Free Press, 1975); Theda Skocpol, States and Social Revolutions: A Comparative Analysis of France, Russia, and China (London: Cambridge University Press, 1979); Ruth B. Collier and David Collier, Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in
Circumstantial Setting: While regime character defines macropolitical parameters and formal properties of coalition dynamics, power configuration of social forces provides its contents. However, neither of them can directly trigger coalitional changes. Alignment and realignment of coalitions are influenced by the combination of internal and external conditions at a given time, which I label as the "circumstantial setting." When the circumstantial setting is normal and orderly, coalitional changes are unnecessary. Changes usually occur when internal and external conditions turn abnormal, seriously undermining or threatening the political survival of regime. The abnormality manifests itself in the form of acute crises of accumulation, distribution, and legitimation.23

An accumulation crisis takes place when the national economy fails to perform adequately. Erratic and declining growth rates, decreasing investment, and growing gap in the balance of payment are good indicators of poor accumulation. Occurrence of the accumulation crisis in Third World countries is often related to the changes in conditions of the international market system and the lack of the state adaptability.24 Poor distribution is often associated with wealth inequality, erratic intersectional changes of income, high inflation, persistent wage repression, and poor delivery of welfare service. Unlike an accumulation crisis, poor distribution often results from the pattern of developmental strategies. Poor legitimation is more directly related to political
survival. Fragile authority, failing governability, and rising popular protests and non-compliance constitute the core of poor legitimation. The legitimation crisis can result from either performance failure in accumulation and distribution or more generic legitimacy problems such as illegal seizure of power, persistent arbitrary rule, and repression, or from both of them. Political leadership's managerial responses to these poor performances will either result in policy changes or sometimes a regime transition, which will eventually trigger the realignment of coalitions.

In view of the above, state-labor relations cannot be separated from the nation's political dynamics. They should be understood within the holistic framework of the dynamic interplay of regime character, power configuration of social forces, and circumstantial setting. The state and labor are not always mutually exclusive. Depending upon coalitional needs, they can form a symbiotic partnership as well. Social coalitions constantly shift as circumstantial crises take place. Stable relations between the state and labor cannot be assumed. Economic variables matter in accounting for state-labor relations, but political variables are more fundamental and carry more explanatory weight. Against this analytical backdrop, the following research propositions on the state-labor relations in South Korea can be drawn.

**Proposition 1: Variations in State-Labor Relations**

State-labor relations are not fixed, but vary over time, alternating between inclusionism, exclusionism, and neutralism. The variation is a function of leadership choice of coalition politics. The choice is in turn influenced by the confluence of regime character (RC), power configuration of social forces (PCSF), and circumstantial setting (CS): CS triggers coalitional shift (PCSF) and eventually leadership choice, while RC influence coalitional dynamics, conditioning leadership choice.
Proposition 2: Inclusionism

State-labor relations can take a form of inclusion. The inclusionary relations are predicated on leadership efforts to incorporate labor into governing party or alliance in order to increase political legitimacy and to expand support bases, which would allow political exchange between the state and labor. Political leadership chooses the inclusionary relationship when a new regime is relatively open and democratic, and labor position in the coalitional dynamics is perceived to be positive or friendly.

Proposition 3: Exclusionism

State-labor relations can take a form of exclusion. The exclusionary relations are predicated on leadership efforts to form an alliance between the state and social forces other than labor. Such relationships exclude labor from political processes, and subjects it to state control and coordination. The exclusion of labor usually emerges when a new regime is relatively closed and authoritarian, and labor position in the coalitional dynamics is perceived to be negative or hostile.

Proposition 4: Neutralism

State-labor relations can also take a form of neutralism, which can be further subcategorized into administrative neutrality and political neutrality. Both are predicated on leadership efforts to maintain equidistance between business and labor. Administrative neutral relations emerge when a new regime is relatively closed and authoritarian, and leadership willingness to form any distinctive coalition is low because instrumental value of all the social forces (including business and labor) is perceived to be low or indeterminate. On the other hand, politically neutral relations emerge when a new regime is relatively open and democratic, but labor position in the coalitional dynamics is perceived to be negative or hostile.

In what follows, after reviewing historical development of the Korean labor movement, I will apply these three research propositions to the post-independence Korean context. My research findings show that state-labor relations in South Korea
have varied over time depending on the confluence of regime character, social power configuration, and overall socio-economic conditions. Contrary to conventional wisdom, exclusionism has not always been the dominant feature of state-labor relations in South Korea. It represents an aspect of state-labor relations that emerged in the process of industrial deepening. South Korea has also experienced the periods of inclusionism and neutralism. However, very few scholars have given serious attention to these aspects. I hope that my revisionist interpretation will revive new debates on state-labor relations transcending normative and ideological gridlocks.
CHAPTER III

Historical Overview: Development of Labor Movement

The labor movement in Korea is not a recent phenomenon. Long before the
industrialization of Korean economy, the Korean labor was mobilized and activated. In
this chapter, I will review the development of the early Korean labor movement.

1. Workers in Traditional Korean Society

The late 19th century saw profound disturbances in the traditional international
order in Northeast Asia as the results of new waves of Western expansionism and the
rise of Meiji Japan. The isolation policy, which Korea adopted, came under attack from
Western and Japanese imperialism. Behind the isolation policy, Korea lacked political,
economic, or military resources to cope with turbulent international order. Following
the Treaty of Kangwha with Japan in 1876, Korea was forced to sign subsequent treaties
with Western powers -- the United States in 1882, Britain and Germany in 1883,
Russia and Italy in 1884, and France in 1886. Through the Sino-Japanese War
(1894-1895) and the Russo-Japanese War (1904-1905), Japan became a hegemonic
power in Northeast Asia, and in 1910 Japan annexed Korea to its own national territory.

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1 On the changes in the East Asian world order in the 19th century, see C.I. Eugene
Kim and Han-Kyo Kim, Korea and the Politics of Imperialism, 1876-1910
(Berkeley: University of California Press, 1967); and Key-Hiuk Kim, The Last
Phase of the East Asian World Order (Berkeley, California: University of California
Press, 1980).
Prior to the penetration of foreign powers, Korea was a typical agrarian society which was almost untouched by the force of modern industry and factory system. There was only a tiny, traditional household industry. Most of the workforce in the traditional Korean society came from the class of Sangmin (commoners) and Chonmin (slaves). Vertical social mobility was absent, and all social and human relations were justified by Confucian precepts that stressed a hierarchical, benevolence-obedience relationship. Political structure was highly centralized and feudalistic. Political participation of the Sangmin and Chonmin was not allowed, and absolute loyalty was imposed. Authoritarian rule by the patrimonial king and ruling class not only went unquestioned but was also regarded as legitimate. There was no concept of contract in human relations.

As the isolationist barriers collapsed, the traditional human relationship was also challenged by Western ideology and culture. In the face of the penetration of foreign powers, Korea was forced to give them economic concessions including mining and logging, as well as to open its ports for international trade. Such a context provided the traditional agrarian society with new niches for wage workers. The number of wage workers employed in the mining sector increased to 20,000 in the late 1890s, and

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2 The traditional Korean society had a simple, yet rigid social structure: Yangban (nobles or gentry) and Chung'in (middle men) as the ruling class, and Sangmin (commoners) and Chonmin (slaves) as the ruled. At the top of the social pyramid were the Yangban, those persons and their families, who enjoyed various political, socio-economic, and cultural privileges including land and wealth, opportunity for education, academic degrees, and public office. The Chung'in, located between Yangban and the Sangmin, consisted of the hereditary class of specialists such as interpreters, astronomers, or medical doctors. The Sangmin were free men who had virtually no privileges and all burdens for the state. They constituted the class of actual producers. And the Chonmin consisted mostly of slaves, but also included entertainers, shamans, and outcast groups. See Chae-yun Kim, "Social Strata," in Shin-Yong Chun, ed., Korean Society (Seoul: International Cultural Foundation, 1976), pp. 62-68.

those in stevedoring reached more than two thousand in 1899.⁴

It was during this period that a primitive form of workers' organization appeared. These organizations were established either for mutual relief of memberships or for the benefits of master artisans or foremen.⁵ In the latter case, master artisans or foremen used the organizations to control or exploit workers' wage, and labor disputes thus were largely confined to the wage conflicts between workers and master artisans or foremen. By 1910, about ten local-level workers' organizations came into existence.⁶

2. Japanese Colonialism and Labor

The Japanese colonialism fundamentally transformed the traditional Korean society, by loosening the rigid class line as well as creating new urban elements through the legal abolition of the class system. In a socioeconomic sense, the Japanese rule offered favorable conditions for the growth of unionism in Korea. However, the "despotic" nature of Japanese colonialism fostered the rise of Korean nationalism, in which the anti-Japanese struggle became the core of the emergent labor movement. The labor movement under the Japanese colonial rule developed through several stages, each of which coincided with the significant changes of the Japanese colonial policy.

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First Stage, 1910-1920: Emergence of Nationalist Labor Movement

Japan's rule, from its beginning, was highly "despotic." Japan regarded Korea primarily as a rice producer in the East Asian regional division of labor as well as a market for Japanese manufactured goods. Colonial authority viewed political activity as "meaningless, inefficient, and dangerous." To achieve the imperial goals, Japan instituted the administrative machinery of control, so called *Chosun Chongdukboo*, and set rules of the game for colonial exploitation. Koreans were forced to be "Japanized" and to pay their attention to "economic development without political distractions." The first major program implemented by the Japanese colonial authority was an exhaustive cadastral survey and instituted a complete cadastre from 1910 to 1918. This program was designed to exploit crop surpluses as well as to extract tax revenue. The cadastral survey brought about other results as well -- concentration of land ownership, emergence of Japanese landlords, and creation of a large pool of landless peasants. The land registration law, which was enforced along with the survey, was instrumental in transforming the structural foundation of agrarian society in Korea on several accounts. First, the Japanese colonial authority used the law as an instrument of "divide and rule" in Korea. The colonial authority coopted the ruling class of the old Yi dynasty by encouraging them to register their lands and to secure their ownership. However, a great majority of small farmers and peasants lost their lands by failing to

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8 Ibid.

register them, which was a result of the colonial authority's purposeful misguidance and misinformation. The differential treatment brought about new tensions and conflicts between the collaborating landlords and the ordinary farmers and peasants. Second, those who lost lands began to migrate to urban centers and Manchuria. The migration greatly reshaped the rural structure and led to the rise of the urban poor. Finally, the colonial authority confiscated all the public and non-registered lands, and sold them to Japanese immigrants at cheap prices. This in turn fostered the large inflow of Japanese into Korea.

Another important program undertaken by the colonial authority was the regulation of commercial activity. In 1910 the Japanese passed laws inhibiting the formation of indigenous Korean firms. Even by then, Japanese-owned firms represented 70.1 percent of the total, joint Japanese-Korean firms constituted 10.5 percent, and Korean-owned firms comprised only 17.8 percent. Although Japanese direct investment was not encouraged mainly due to security reasons, many Japanese-owned textile factories and material processing industries were established in order to import raw materials as well as to export Japanese goods. Compared to 252 factories with 12,180 Korean employees in 1911, the number of factories in 1919 (1,900) increased more than ten times and the number of industrial workers (41,873) expanded more than eight times.

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10 Ibid., p. 18.


12 FKTU, Hankook Nodong Undongsa, p. 12.
Under the early colonial rule, many new workers' organizations emerged, as the number of factories increased. About 30 local unions were newly organized during the first decade of Japanese colonialism.\(^{13}\) Their activities were confined largely to the issue of wage increase and fair treatment.\(^{14}\) This was partly because most of the labor leaders were not politically conscious, and partly because political activity was prohibited. Paradoxically, Japan's harsh repression bred intense nationalist feelings and awakened the political consciousness of Koreans. The funeral of the old king (Gojong) in 1919 offered a momentum of national independence movement to the politically conscious. Stimulated by the March First Movement,\(^{15}\) workers' activism at factory level began to form visible linkages with anti-Japanese struggle for national independence.

\textbf{Second Stage, 1920-30: Rise of Leftist Labor Leaders}

The impact of the national independence movement of 1919 on both the colonizer and colonized was great. The internal and international pressures generated by the March 1st Independence Movement caught colonial authority by surprise. Japanese colonial policy was realigned, resulting in a new strategy, the so-called "cultural" policy, which was based on appeasement, accommodation, and assimilation. A series of

\(^{13}\) \textit{Ibid.}, p. 15.

\(^{14}\) \textit{Ibid.}, pp. 22-27.

\(^{15}\) The March First Movement, the first nationwide anti-Japanese protest, took place on March 1, 1919. The funeral of the old king (Gojong), deposed in 1907 under Japanese pressure, brought emotion and crowds of the politically conscious to Seoul as February turned to March. By using the national event, leaders or representatives of religious communities (Protestant, Chungdoogyo, and Buddhist) prepared a peaceful national independence movement secretly. Starting with announcing publicly a Declaration for National Independence, a peaceful demonstration of thousands of unarmed citizens and students took place in Seoul and many other centers throughout the country.
political reforms was undertaken in order to appease the politically neutrals or to coopt passive opposition groups as well as to curb the growing nationalistic feelings. The gendarmerie were replaced by the police system; the strict school regulations were loosened, expanding scope of curricula choice, allowing religious instruction in private school, and permitting the use of the Korean language in certain courses; freedom of expression was relaxed, permitting publication of Korean newspapers and journals; organizational space was relatively expanded, though limited; and some high posts of the state institutions were opened to Koreans.\textsuperscript{16}

In addition to the political reform, Japanese relaxed restrictions on commercial activities by Koreans. The colonial authority accelerated the formation of Japanese industries in Korea by encouraging Japanese direct investment which had been discouraged during the first decade of its rule. The result was the monopoly of Japanese firms in Korean market. In 1928, Japanese owned 93 percent of the total capital invested in manufacturing enterprises, and represented 76 percent of total manufacturing outputs.\textsuperscript{17}

The March 1st Movement of 1919, on the other hand, opened a path to the new leadership with new ideologies among Koreans. First, national reformism, which was supported by a moderate nationalist group within Korea, emerged. The main idea of the national reformists was characterized by passive anti-Japanese resistances --- "awakening of the people to their national consciousness by promoting and encouraging various reforms from the old ways, within the limits of Japanese control."\textsuperscript{18} A radical,


\textsuperscript{17} Bruce Cumings, \textit{The Origins of the Korean War}, p. 19.

\textsuperscript{18} Dae-sook Suh, \textit{The Korean Communist Movement}, p. 57.
militant, leftist ideology was also introduced by Korean revolutionaries abroad. Korean Communists abroad, being inspired by the uprising of 1919, participated in the Korean Provisional Government (KPG), founded in Shanghai in the spring and summer of 1919. After a few years of bitter internal struggle over strategies for national independence, the KPG leaders attempted to infiltrate Korea in order to organize and transform the anti-Japanese sentiments into tangible political forces for the emancipation of the exploited under the Japanese rule. The polarization of the national independence movement between the reformist and radical factions had greatly influenced the nature and direction of labor movements during and after the Japanese colonial rule.

Under the new, relatively permissive colonial rule, the first national-level workers' organization, Chosun Nodong Gongjaewhae (the Korean Labor Fraternal Association: KLFA), was founded in 1920 by enlightened intellectuals who were not workers. KLFA, however, soon came under the influence of the national reformists. The main goals of the KLFA were the enlightenment of workers and mutual relief among members, while not engaging in labor activism such as strikes. Given that KLFA was organized in the midst of growing nationalistic sentiment and the independence movement, the strategy of KLFA toward the colonial state was politically passive and opportunistic.

Such an opportunistic stance was soon challenged by the leftist labor leaders. Communists, who returned to Korea from exile, organized workers successfully. In 1922, KLFA was replaced by the Chosun Nodong Yonmaengwhae (the Federation of Korean

19 Ibid., pp. 55-58.
20 Ibid., p. 58.
21 Yoon Hwan Kim, Hankook Nodong Undongsa 1, p. 113.
Labor: FKL), which was organized by communists belonging to the Moosanja
Dongijhwhae (Proletariat Comrades' Association). FKL, unlike KLFA, actively engaged
in strikes, while taking a resistant stance against the colonial authority. In 1924,
communist leaders reorganized KFL and renamed it the Chosun Nonong Chongyonmaeng
(the All Korean Labor-Peasant League: AKLPL). And the Chosun Gongsan-dang (the
Korean Communist Party: KCP) was formed on May 12, 1925.

As labor movements gained strength in tandem with the rise of new national
organizations, both of which were inspired by nationalism and socialism, the colonial
authority began to suppress them. In 1925, by enacting a new security law and by
enforcing the peace preservation law, the colonial police arrested the labor leaders who
initiated or organized labor strikes. Despite the strict repression by the colonial state,
the leftist leaders and their organs actively engaged in, or assisted, the formation of the
region- or industry-based labor organizations. By 1929 the number of region- or
industry-based workers organizations reached about 30.22

Third Stage, 1931-1945: Marginalization of Labor Movement

The Great Depression in 1929 and Japanese invasion of Manchuria in 1931
marked another turning point in Japanese colonial policy. Partly because of the need to
find a fertile ground to export the surplus capital of Zaibatsu (Japan's big business
group) after the World Depression, and partly because of the urgent need of military
expansion following the Manchurian incident, the colonial state began to expedite
industrialization in Korea as part of a strategy to make the colony an industrial base for
Japan's imperial expansionism.

22 Ibid., p. 192.
The "cultural" policy was completely erased. A much tougher colonial policy took its place. The Korean language was forbidden in schools and at work, and "thought" control\textsuperscript{23} was introduced. All indigenous Korean social and political organizations were dissolved. Only pro-Japanese activities were allowed. At the same time, heavy-chemical and military industries were built up, and Zaibatsu's capital inflow was fostered.

Such Japanese industrial and military policies were instrumental for expanding the size of Korean workers. During the period of 1931-1936, the number of manufacturing factories increased from 4,643 to 5,927, and that of employees from 86,419 to 148,799.\textsuperscript{24} Despite the increase in the number of industrial workers, the labor movement had to go underground. During this period, labor unions were dissolved and labor leaders were arrested. The tight control and repression drove the politically conscious workers to make hard choices: accommodate to the colonial rule, or confront it and take the consequences. In the early 1930s, communist activists organized numerous Cheok-Saek Nocho (the Red Union) and resisted the exploitation and repression of the Japanese employers and the colonial authority.\textsuperscript{25} However, by 1935, the leftist leaders who led militant labor movements were almost removed by Japanese. As Japan was engaged in the Sino-Japanese War in 1937 and Pacific War in 1941, Korean workers were mobilized to the Japanese war efforts.

\textsuperscript{23} The intent of the "thought" control was to forcibly inclucate Japanese values and consciousness of empire among Koreans. Under the slogans of Naisen Ittai (Japan and Korea as one body) and Nissen Yuwa (harmony between Japan and Korea), the Japanese authority deliberately deemphasized unique aspects of Korean history and culture in order to foster loyal and self-sacrificing members of the imperial family.

\textsuperscript{24} Yoon Hwan Kim, 	extit{Hankook Nodong Undongsa} 1, p. 56.

\textsuperscript{25} For details, see \textit{Ibid.}, pp. 275-292.
Following the Japanese invasion of China in 1937, a war time economy system was imposed on Korea. Under the war economy, the state’s direct control over major industries was enforced in 1937; the National Total Mobilization Act was enacted and the Patriotic Workers Group of Rising Asiatic Youth was organized in 1938; and the Wage Control Ordinance and Army Special Volunteer Act were promulgated in 1939. Such Japanese war efforts compelled Korean workers to work in the military armament industries at minimal wages. Against the coercive mobilization by the colonial authority, the labor movement took forms of absenteeism, destruction of plant facilities, or collective escape from workplaces.²⁶

In sum, the Japanese colonial rule had left a contradictory legacy for the labor movement in Korea. On the one hand, Japan exploited Korean workers for its imperial ambitions and transplanted the authoritarian labor management in Korea through its capitalist expansion. On the other, the Japanese colonial rule confirmed Lenin’s thesis to a great extent. It fostered the dissolution of the Yi dynasty’s feudal order through colonial industrialization and set the pretext for capitalist development in which the new class of workers had emerged. Furthermore, Japanese colonial annexation and exploitation were instrumental for cultivating nationalism, which served as the ideological tool of awakening labor consciousness and mobilizing workers for political activism.


The end of Japanese colonial rule on August 15, 1945 provided Koreans with a new opportunity to build a new order. Koreans welcomed the prospect of national independence, but they differed in their visions of post-colonial society. Thirty-six-

year Japanese rule had engendered political, ideological, and socioeconomic cleavages. These cleavages gave birth to two ideological blocs, the right-wing and the left-wing coalitions. The advent of the United States Army Military Government in Korea (USAMGIK) further complicated the dynamics of internal politics in the southern part of Korea. The labor sector was also divided between the right and the left, and was deeply entangled with the precarious political processes of the post-liberation period.

**Formation of Leftist Labor Organization**

After the liberation, Japanese employers or owners watched anxiously for chances to return to their homeland safely, fearing possible Korean reprisal. Some of them tried to remove the machinery or sell the factories to wealthy Koreans, and others simply gave up their factories and companies. In August and September of 1945, workers' committees or unions mushroomed in factories and workplaces in a spontaneous, decentralized manner all over Korea. They attempted to take over Japanese-owned factories and manage them in order to defend factories and to continue their operation. In many cases, unions or workers' committees successfully took over workplaces, and ran factories by workers themselves.27

The self-management movement also emerged in firms owned by Koreans. A small group of Korean big landowners and industrialists was accused of being pro-Japanese. In fact, during the colonial era, many of them were tainted by their close association with the Japanese. The consequential delegitimization of Korean industrialists was one of the major reasons why the self-management movement took place in Korean-owned firms.28


Localized, scattered self-management movements soon formed a united national leadership and created national networks. On September 26, 1945, fifty one union leaders, representing construction, transportation, railroad, publishing, metal, chemical, food-processing, apparel, textile, and fuel industries, met at the Kyungsungtogun Union office, and discussed ways of unifying the scattered unions into one body. Four days later, they formed the preparatory committee for establishing a national organization and appointed key personnel.29 The existing 1,194 unions were reorganized into 16 industrial labor union federations between November 1 and November 4, and then into Chunpyung (National Council of Korean Labor Unions) on November 5 and 6. At the end of 1945, Chunpyung claimed that it had 223 branches, 1,757 chapters, and 553,408 members.30

Such nationwide labor mobilization and fast unionization was attributed largely to several changes in the politico-economic context. First, the sudden demise of colonialism not only generated a controversial issue of "who would own the Japanese properties in Korea?" but also expanded political space for labor activism. Japan's defeat produced a lot of absentee properties throughout the country. As far as the industrial plants were concerned, most of the factories were possessed by the Japanese at the end of the colonial rule. Korean workers thought that it was their right to take over and run the Japanese-owned-factories since the Japanese properties in Korea were


originally Koreans' or those built through colonial exploitation. Furthermore, the end of the colonial regime suddenly decentralized political relations and opened new political space for Koreans, which reduced the political cost of workers' collective action to almost nil. In this circumstance, labor leaders who had gone underground as well as some "red unions" which survived the Japanese colonial repression took the initiative in organizing and mobilizing workers after the liberation.

Second, the strong presence of leftist political groups contributed to developing the labor movement. The Committee for the Preparation of Korean Independence (CPKI) and later the Korean People's Republic (KPR), the coalition of Korean left-wing forces, which behaved as a defacto government during the early period of the post-liberation, encouraged popular mobilization as well as supported organized popular sectors in order to consolidate political support bases. Anticipating Japan's unconditional surrender, the Japanese Governor-General in Korea offered to transfer the major functions of government to Yo Woon-Hyung, a moderate leftist and nationalist, if he would guarantee the safety of Japanese lives and properties. Yo and his followers, recognizing the importance of the popular base in nation-state building, accepted the offer under five conditions. Two of them were directly related to the issue of organizing workers -- (1) immediate release of all political prisoners and (2) free organization of labor unions by the working class. Consequently, Yo and his followers established the CPKI and


32 At first, the Governor-General in Korea approached Song Chin-u, a prominent rightist and nationalist on August 9. When Song declined the offer, Japanese asked Yo to take charge of the government before the arrival of the American forces. For more details on this, see Gregory Henderson, Politics of the Vortex, pp. 114-115; Bruce Cumings, The Origin of the Korean War, pp. 69-71; Sung Soon Cho, Korea in World Politics, 1940-1950, pp. 66-67.

33 Rest of the five conditions are: (1) noninterference in his activities for nation reconstruction, (2) freedom to organize the student and youth groups; and (3) a guarantee of three months supply of food and grains. See Sung Soon Cho, Korea in World Politics, 1940-1950, pp. 66-67.
released political prisoners throughout the country shortly after the Liberation.\(^34\)
Since many of the left-wing activists including labor leaders had remained in jail until
the end of Japanese rule, the release quickly strengthened the CPKI's labor organizing
capability. In fact, most of the released union activists went to factories and engaged in
organizing workers. For example, Huh Sungtaek, who was imprisoned for illegal union
activity in 1936, was released after the liberation, and became the chairman of
Chunpyung.\(^35\)

Third, worsening economic conditions facilitated the mobilization and organization
of workers.\(^36\) The sudden dissolution of the "war economy" in Korea resulted in reduced
production and factory closures, which brought about serious social and economic
problems such as the shortage of necessities and massive unemployment. The number of
factories declined by 48.4\% between 1943 and 1946 in South Korea, while 51.9\% of
the workers lost their jobs during the same period.\(^37\) Labor market conditions got much

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\(^{34}\) Immediately after the Liberation, about 16,000 political and economic prisoners
were released in southern Korea, and some 10,000 were freed in Seoul alone, 1,600
in Taegu, and so on. See Bruce Cumings, *The Origins of the Korean War*, p. 73.

\(^{35}\) Gap Dong Park, *Park Hun-Young: Gu ildae'ki ul Tonghan Hyundaesa ui
Jaehomyong* [Park Hun-Young: Re-examination of History through His Life

\(^{36}\) Young-Tae Jung, "The Rise of the Cold War and Labor Movements in South Korea,
Donmoon Cho, "Working Class Formation in the Third World: A Comparative Study of
South Korea and Mexico," Paper presented at the 1990 Annual Meeting of American
Political Science Association, San Francisco, pp. 8-10.

\(^{37}\) Han Pyo Sung, "8.15 Chik'hoo-ui Nodongja Jajoo'kwalli Undong" [Workers' Self-
Management Movement shortly after August 15th] in *Hankook Sawhae Yongoo*,
(Seoul: Han'gilsa, 1982), p. 575.
worse for two reasons: by the return of soldiers and workers mobilized abroad during
the war and the massive exodus of people from the North to avoid the Communist rule.\textsuperscript{38} 
In November 1946, the number of unemployed reached 1.1 million, while the 
unemployment rate was more than 20\%\textsuperscript{.39} Even the employed suffered hardships due to 
sharp decline of their income amidst inflation. The Bank of Chosun reported that the 
wholesale price index skyrocketed from 241 in 1944 to 2,817 in 1945, 13,479 in 
1946, and 40,203 in 1947 respectively, whereas the real income of workers hovered 
around 28\% and 45\% during the same period.\textsuperscript{40} Rice shortage, which resulted from 
both bad harvests and poor policies, added to discontents of workers.

Workers' cognitive emancipation and worsening economic conditions cultivated a 
fertile soil for the upsurge of workers, while the efforts of the left to organize popular 
sectors contributed to the establishment of Chunpyung. In other words, Chunpyung was 
a product of the two interrelated mobilization processes of workers: one is the 
spontaneous, voluntary mobilization of workers in the process of the self-management 
movement, and the other is the conscious, strategic mobilization of workers by the left-
wing political forces.\textsuperscript{41}

\textsuperscript{38} Among the unemployed, the 57.8\% comprised the returning drafted soldiers and 
the people coming from the North. See FKTU, \textit{Hankook Nodong Chohap Undonasa}, p. 252.

\textsuperscript{39} FKTU, \textit{Hankook Nodong Chohap Undonasa}, p. 252.

\textsuperscript{40} Bank of Chosun, \textit{Annual Economic Review of Korea} (Seoul: Research Dept. of Bank 

USAMGIK Regime and Political Polarization

The end of the Japanese colonial rule was not the end of history. The joy of liberation on August 15, 1945 was soon swept away with the announcement of the news that the United States would occupy the southern part of the Korean peninsula, while the Soviet Union the northern part. The division of Korea and the advent of occupation governments profoundly altered the political landscape and ideological alignments, especially in the South. Facing the impending arrival of American occupation forces, leftist leaders recognized a necessity to transform the CPKI (which was originally a temporary, peace-keeping organization) to a new government (which would represent all Koreans). The preemptive measure was designed to win defacto recognition of the new government from the coming American occupation forces. Their effort brought about the establishment of the People's Republic of Korea (PRK) on September 8, the day of the American entry into Korea. However, the PRK was soon proved to be a communist-dominated organization rather than a coalitional government representing all political forces.

Compared with the vigorous moves by the leftists, right-wing leaders were not politically active, partly because of their lack of national independence struggle records and partly because of their failure to recognize the importance of mass organizations. Refusing to cooperate with the leftists, they were simply waiting for the return of the KPG in China, hoping to ally themselves with the conservative elements of the KPG. In fact, many rightists were well educated and came from landlord and business backgrounds. Encountered with massive popular demands for sharing the wealth and punishing the pro-Japanese elements, such collaborators with the Japanese colonial authority as colonial bureaucrats and police officers went into hiding, while some lesser
collaborators and landlords had to contribute funds to the CPKI. When the news came that the U.S. army would occupy the southern part of Korea, rightists began to establish their own organization to cope with CPKI, which led to the birth of the Korean Democratic Party (KDP) on September 16. KDP was supported by landlords, businessmen, and former colonial bureaucrats and police.

Shortly after their entry into South Korea, the U.S. occupation forces established the United States Army Military Government in Korea (USAMGIK) as its governing body. As expected, USAMGIK was guided primarily by American interests. For USAMGIK, "an orderly, efficiently operated and politically friendly Korea was more important than pleasing and winning the enthusiastic cooperation of all the Korean people." USAMGIK began to take various measures for American interests in South Korea. From its beginning, Americans suspected that the Soviet Union was building its satellite in the North and sending and training an underground group to control Communist activity in the South. In fact, the existence of the PRK, with its allied people's committees, labor unions, and peasant organizations, posed serious threats to their position and policies in the South. Although the Occupation Forces declared that USAMGIK was the only legitimate government in the South, the leftist alliance was still strong enough to deny American control in many local areas. Americans' choice was the alliance with the rightist elements while creating ruling instruments such as army, police, and bureaucracy. To strengthen the coercive means of the state, USAMGIK reorganized the existing bureaucracy, established the Korean National Police, and created the Constabulary. The process of rebuilding the ruling instruments went together with strengthening the

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43 Ibid., p. 136.

rightist factions by recruiting KDP members and supporters. In the process, most of
the former colonial bureaucrats and police were rehired, many KDP members were
appointed to higher administrative positions, and many former Japanese military
officers were recruited for the Constabulary.45

The American choice of coalitional politics had a distinct disadvantage since many of
the KDP leaders were stigmatized by their past association with the Japanese and
thereby lacked the legitimacy and capability to build popular support. To overcome the
deficiency, the rightists sought a new alliance with conservative leaders of the anti-
Japanese struggle who were in exile. When Syngman Rhee and Kim Goo, who were
national heroes,46 returned to Korea from the U.S. on October and from China on
November respectively, KDP supported Rhee and Kim's KPG at the same time.
Meanwhile, Rhee and Kim could not ignore the KDP's newly won power base within the
Occupation government. They needed KDP's political support because they had no
domestic political bases due to their lifetime dedication to anti-Japanese struggle
abroad.47 The result was a tempestuous marriage of convenience among conservative
forces.

The rightist forces, which were realigned and consolidated, staged the war with
KPR in bidding for the formation of the new independent state after the expected
withdrawal of USAMGIK. Contending political forces were polarized into two broad


46 The invisible but intense rivalry between the two conservative leaders can be
traced back to the uneasy relationship they had prior to the Liberation. After the
Liberation, both of them had the same ambition to play the central role in the future
government. Kim felt that he should head the future government because he had been
chairman of the KPG for twenty years, while Rhee thought that he should become a
top leader because he was the first President of the KPG and older than Kim.

camps. Under the auspices of USAMGIK, right-wing parties and political forces formed a loose association, the Representative Democratic Council (RDC), in February 1946.\textsuperscript{48} Against RDC, the left-wing forces of PRK were reorganized into Minjeon (Democratic National Front) as a united front that comprised both the hard-line communists and the moderate leftists.\textsuperscript{49} At the end of 1946, the rightist coalition had twenty eight political and social organizations including KDP, KIP (Korean Independence Party), NSRRKI (National Society for Rapid Realization of Korean Independence), and many small paramilitary youth groups. The leftist alliance brought together two political parties and seventeen social organizations including KCP, Chunpyung, and Korean Democratic Youth.\textsuperscript{50}

**Labor Movements: Chunpyung vs. Daehan Nochong**

The left-right struggle was also extended to the labor sector. Chunpyung under the communist leadership dominated the Korean labor movement. To counter Chunpyung's dominance in workplaces, right-wing leaders formed Daehan Nochong (General Federation of Korean Labor). Unlike Chunpyung, the origin of Daehan Nochong was the right-wing para-military youth groups, which were organized to confront the leftist movement. On November 21, 1945, about 10 right-wing youth groups were coalesced into *Dukchung* (National Association of Youth Groups for Rapid Realization of Korean

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\textsuperscript{48} The organizational origin of the RDC was the Emergency National Council (ENC) of January 1946, whose architects were two rightist leaders, Kim Goo and Syngman Rhee. Under the auspice of the USAMGIK, the executive body of the ENC simply changed into a consulting body for the head of the Occupation authority, General Hodge. See, Bruce Cumings, *The Origins of the Korean War*, p. 232.


Independence) under the leadership of Syngman Rhee and Kim Goo. Based on the Dukchung's networks and personnel, the right-wing leaders established their labor organization, Daehan Nochong, in March 1946.51

Daehan Nochong was born as a vanguard of anti-communism in workplaces. Its main task was to destroy Chunpyung-affiliated unions and to establish right-wing unions. However, it was not easy for Daehan Nochong to perform the task without support of external forces. Since Chunpyung had already organized the Korean workers comprehensively, Daehan Nochong suffered the lack of organizational networks among workers from its outset. As Daehan Nochong secured its external supporters such as USAMGIK and Korean industrialists, it began to expand its organizational base among workers.

It was after the September general strike of 1946 led by Chunpyung that Daehan Nochong and USAMGIK began to work closely in recruiting new union members. In this context, USAMGIK's labor policies discriminated against the left-wing labor movements. From its outset, USAMGIK, emphasizing private property rights, negated workers' self-management movements. In September 1945, USAMGIK announced that the government and public property would be taken over by the Occupation Forces, while transaction of Japanese property would be allowed only under certain conditions (Ordinance No.2). It began to take over big companies and banks which were under the control of workers' self-management committees. One month later, on October 23-26, by declaring "four regulations on the transfer of Japanese properties," it urged those who illegally acquired private properties of others to yield their ownership.52 However, such policies could


52 Section 1 of the regulation writes that "Japanese property is protected by the
not stop the leftist labor movements in many local areas. The manpower of USAMGIK was too small to enforce the policies. Gaining right-wing Korean allies and policy instruments\textsuperscript{53} around December 1945, USAMGIK engaged in systematic suppression of the self-management movements by promulgating the Ordinance No.33 which enabled the Occupation authority to appoint superintendents in all the factories under workers' self-management,\textsuperscript{54} as well as by enacting the Ordinance No.34 through which the Occupation authority prohibited strikes and established the KDP-dominated National Labor Mediation Board.\textsuperscript{55}

Despite the USAMGIK's anti-labor policies, Chunpyung avoided direct challenges to USAMGIK. Chunpyung leadership urged workers not to be radical, and encouraged collective actions within the legal frames of the Occupation authority.\textsuperscript{56} Generally speaking, Chunpyung followed the KCP's lead. KCP leaders defined the Korean situation of the time as the phase in need of a "bourgeois revolution" through a formation of a multi-class united front among progressive social forces.\textsuperscript{57} Following the KCP's

\textsuperscript{53} When the American forces landed in Korea, they found that bureaucracy was in nearly complete disarray and the police was almost powerless. Absenteeism of the Korean bureaucratic workforces amounted to 80-90\%, and those who remained were afraid to carry out their duties or refused to take orders from Japanese superiors. The USAMGIK encouraged the formation of alliance of the conservative forces, while strengthening the bureaucracy and police by rehiring or retaining colonial bureaucrats and police officers in the last three months of 1945. See Bruce Cumings, The Origin of the Korean War, Chapter 5.

\textsuperscript{54} By February 1946, the USAMGIK appointed some 375 business managers in the factories managed by workers committees or unions. See \textit{Ibid.}, p. 200.


\textsuperscript{57} The basic doctrines of the KCP were expressed in Park Hun-Young's "August Thesis." For the full text of Park's "August Thesis," see Nam Sik Kim, \textit{Namnodang
strategy of the multi-class united front, the Chunpyung leadership criticized the militant labor activism and requested local unions to refrain from committing radical activism,58 and urged workers to cooperate with the "conscientious and healthy" capitalists by adopting the "Principle of Cooperation for Industrial Construction" on November 30, 1945.59 Such an accommodationist strategy was maintained in the form of the "Industrial Construction Movement" even after the issuance of the USAMGIK's Ordinance No.33.60

In mid-1946, Chunpyung changed its strategy from accommodation to confrontation. The emerging Cold War atmosphere, combined with the suspension of the U.S.-Soviet Joint Commission, had radically changed Korean politics and labor affairs.61

58 Hyun Hoon, organization director of Chunpyung, criticized the decentralized self-management movements as follows: the decentralized self-management movements committed to errors of economism by paying their attention only to taking-over factories and production-management. And the self-management movement in the Korean-owned factories obstructed their investment to industrial reconstruction, and became a primary cause of the industrial recession and economic hardship, which eventually played a negative role in the formation of the multi-class united front for bourgeoisie revolution. See Michiko Nakkao, "Haebang-kwa Chunpyung Undong," pp. 206-208.


60 Tae Sung Kim, Ibid., pp. 335-337.

61 At the end of 1945, the U.S. and the Soviet Union reached an agreement at Moscow to place Korea under a five-year multilateral trusteeship rule. The U.S. believed that the multilateral trusteeship would be able to check possible Soviet domination in Korea. However, the USAMGIK faced a dilemma because the rightist forces strongly opposed the trusteeship policy. As a part of the effort to establish a trusteeship government, the USAMGIK encouraged a moderate left-right group coalition. However, the American need for the coalition among moderate groups disappeared when the Moscow agreement on Korea was in serious jeopardy not only because of the suspension of the U.S.-Soviet Joint Commission without any performance in the summer of 1946 but also because of the development of the Cold War atmosphere among Washington policy makers in early 1946. To keep South Korea from communist expansion, only viable option of the U.S. was now to return to the support of the rightist forces. See Bruce Cumings, The Origin of the Korean War, pp. 226-
Park Hun-Young, KCP's top leader, issued "Instructions on the New Strategy" in July 1946. The instruction shifted the KCP strategy from an indirect, defensive and passive one to a direct, offensive and active one. The strategic shift led Chunpyung to abandon the accommodationist strategy and to confront USAMGIK directly. On August 23, the standing committee criticized the accommodationist strategy as defeatism, and urged workers to wage militant struggles along with peasants.

On September 6, 1946, USAMGIK closed three left-wing newspapers and arrested numerous Communist leaders. Next day, it issued an order to arrest Park Hun-Young. Chunpyung responded to the move by calling for a general strike. Starting with the work stoppage of Pusan Railroad Union on September 23 and Seoul Railroad Union on September 24, strikes spread to electrical workers, printers, telecommunication and postal employees, and some textile factory workers. The strike soon evolved into a political and revolutionary movement. Chunpyung called for the release of KCP leaders, legislation of "democratic labor law" like North Korean labor law, and the transfer of power to people's committees. The general strike proved to be successful in mobilizing workers: the total participants of this general strike amounted to

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62 Park Hun-Young stated the new strategy of the KCP as follows: "... up to this moment we have cooperated with the USAMGIK, and even in criticizing its policies we have done in an indirect way,... From now on we will criticize and attack the USAMGIK directly and openly,... Up until now we have looked on with folded arms toward the counter-revolutionary terrorism,... From now we will defend ourselves and counterattack, with terror against terror and with blood against blood." See Gap Dong Park, Park Hun-Young, pp. 235-236.


64 Nam Sik Kim, Ibid., p. 237.

USAMGIK's response was tough. Accusing the general strike of being an anti-system activity beyond routine union affairs, USAMGIK arrested strikers. USAMGIK also sought Syngman Rhee's support in coping with the situation. Rhee, taking the chairmanship of Daehan Nochong temporarily, organized a countermeasure council, in which about 40 right-wing youth groups participated. As the strike developed into a nationwide leftist political riot on October, Rhee appointed Chun Jinhan, who was chair of Dukchung at that time, as the chair of Daehan Nochong in order to mobilize the right-wing youth groups to prepare for the war against the left-wing camp.

Concerted efforts among USAMGIK, youth groups, and Daehan Nochong severely damaged Chunpyung. Daehan Nochong began to replace the Chunpyung-affiliated unions. Industrialists welcomed Daehan Nochong unions at workplaces. Another important result of the event was that USAMGIK began to actively organize and sponsor right-wing youth groups in suppressing the left-wing forces. When Chunpyung called for a general strike once again in March 1947, demanding the release of Chunpyung leaders and increase in rice ration, the scale was much smaller compared with the September general strike of 1946. Due to USAMGIK's severe repression, most of Chunpyung


leaders either were arrested or went underground. As a result, around mid-1947, Daehan Nochong began to outnumber Chunpyung in size. According to a report of the USAMGIK Labor Board, only 13 Chunpyung-affiliated unions survived by September 1947 and their rank-and-file membership remained only 2,456, whereas Daehan Nochong-affiliated unions increased to 221 and the number of their membership was 39,786.71 Chunpyung lost its vitality afterwards.

4. Historical Legacies: Conservative Space for Unionism

The Japanese and American periods of rule contributed to transforming Korean workers from a simple factor of production to a potential political force. The Japanese destroyed the traditional class line and created wage workers, while Americans introduced a democratic political order and capitalist economy. As a consequence of formal independence in 1948, Korean labor was guaranteed its "organizational space"72 by the constitution. However, the "organizational space" for Korean workers was conservative in substantial terms, mainly because of the Japanese and American legacies.

First, Japanese colonial rule left a negative inheritance for Korean businessmen. Korea's first exposure to modern management came from Japanese capitalists who were themselves heavily influenced by the militarism of the Meiji Restoration. Japanese capitalists came to Korea with the clear intention of exploiting Koreans. Their

71 Ibid., p. 266.

72 According to Valenzuela, the formation of labor movements should be thought as a process which select one or more groups of leaders to "fill the organizational space of the labor movement." The "organizational space" for labor consists of four dimensions such as (1) allegiance of the workers, (2) organizational network, (3) employer recognition, and (4) state recognition. See J. Samuel Valenzuela, "Labor Movement Formation and Politics: The Chilean and French Cases in Comparative Perspective, 1850-1950," (Ph.D. Dissertation, Columbia University, 1979), pp. 323-326.
techniques or methods in dealing with Korean workers were extremely authoritarian and militaristic. Korean capitalists learned this despotic labor management techniques from Japan.\textsuperscript{73} This legacy has remained throughout the post-independence period.

Second, both the Japanese rule and American occupation had deprived Korean workers of opportunities to develop an indigenous ideology, to strengthen their organizational capacity, and to cultivate their own leadership. The Japanese colonial authority’s systematic suppression had greatly undermined Korean workers’ efforts to form effective union organizations with their own initiatives. As noted before, of course, nationalism, which was encouched in anti-Japanese struggle, provided workers with an ideological focal point. Nevertheless, nationalism was instrumental for national independence, not for labor union activities \textit{per se}. The instrumental use of nationalism for organizing and mobilizing workers made them confused between national independence movement and labor activism. The marriage of convenience between the leftist ideology and nationalism revealed its own limits. As a result, Korean workers met national liberation without any discernible labor ideology and leadership, which in turn was responsible for internal division and frictions in the post-independence period.

Finally, the American rule implanted a negative ideological legacy, an extreme form of anti-communism that equated labor militancy with communist conspiracy. This ideological bias was closely related to the primary goal of the American military government in Korea -- the establishment of an anti-communist regime in the southern part of the Korean peninsula. The USAMGIK refused to recognize the People’s Republic, while encouraging the formation of a rightist coalition against the leftist alliance. In this process, the USAMGIK repressed progressive Chunpyung unions which had

dominated the Korean labor movement, defining their union activism as politically
dangerous. It even allowed and encouraged the right-wing youth groups to attack the
Chunpyung unions and workers. As a state manager, the USAMGIK's labor policy left a
bad formula (labor militancy = communist activity) for South Korean state and political
leadership.

As we have discussed above, Korean labor politics is not a product of recent
industrialization. Its historical roots go back to the Japanese colonial period. And even
before industrialization was fully peaked, the labor sector in Korea was activated and
mobilized. However, the historical trajectory of Korean labor shows that the Japanese
colonial rule and the American occupation had structurally blocked the political
ascension of labor by weakening its organizations, narrowing its ideological space, and
crushing its leadership apparatus. The evolution of state-labor relations since
independence was fundamentally constrained by these historical legacies.
CHAPTER IV

Rhee's Choice:

Clientele Inclusionism To Predatory Patronism

The Rhee regime or the First Republic is the first political regime of independent post-war South Korea. It was established in August 1948, and collapsed due to a nationwide student uprising in April 1960. Under the Rhee regime, state-labor relations were largely characterized as a patron-client relationship. In terms of their operational dynamics, however, the state-labor relations under the Rhee regime were transformed from a clientele inclusionism based on the concept of reciprocity to predatory patronism, in which the client (labor) was forced to sacrifice for the patron's (Rhee and his Liberal Party) interests, around the Korean War.

1. Characteristics of Rhee Regime

Despite its democratic constitutional framework, the twelve-year Rhee regime can hardly be seen as a democratic regime because of the gap between the formal democratic framework and its actual behavior. Rather, the Rhee regime can be characterized as limited democracy or soft authoritarianism in which the political space was relatively open, ruling ideologies were monistic and paternalistic, and the rules of the political game were arbitrary and authoritarian.

The Republic of Korea (ROK) was born against the backdrop of the left-right struggle. The Rhee regime thus was not a simple right-wing regime but an anti-communist regime. Anti-communism as an element in the ruling ideology became much
more exclusive after the Korean War: no leftist-oriented groups or individuals were allowed to act legitimately and effectively in national politics; and "leftist tendency" was defined broadly to include not only the attitudes or behaviors that would benefit communist North Korea but also those that advocated radical restructuring of the socioeconomic order or tried to mobilize workers or farmers against the state policies.

Another important element of regime ideology was a paternalistic nationalism, which emphasized popular support for state policies and forced obedience to the leadership of Syngman Rhee under the guise of "national unity." On his returning to Korea in 1945, Rhee's first message to the Korean people was "[T]rust me and follow me and unite together." He defined all national affairs like a father of the nation, publicly saying that "[A]s soon as the time comes, I will instruct you." Rhee figured out his mission was nation-state building. For this, he asked people that "[S]ubjects serve the ruler with reverence." Rhee's *Ilminjui* (the one-people principle) reflected this aspect well in the following:

I advocated *Ilminjui*. With this principle, I will set forth my national policy.... Our forefathers formulated the one people principle as national policy in the early days.... Any individual action contrary to oneness must be eliminated. Our nation will be aroused by this idea of oneness.... Remember this: if we are divided we will die and if united we will survive.

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2 Ibid.


This paternalistic nationalism is closely related to Rhee's political views. His concept of political authority was based on the Korean Confucian culture, in which "father was expected to be authoritarian" and "his wish was his command." He portrayed himself as a "founding father" of a new Korea. He valued "equality" less than Confucian "reciprocity." For Rhee, people were his children who should be not only educated, guided, and protected by him but who also should follow his wishes in all situations. In fact, Rhee at first refused the idea of leading a political party himself until he later undertook the commitment to create his own party (Liberal Party: LP), because he thought that a true national leader should be above all partisan politics. And even after establishing his party, he wanted to behave as a father of the nation rather than as a leader of the LP.

In terms of the rules of the political game, patrimonial norms and practices dominated the Rhee regime: political authority was highly concentrated in President Rhee; presidential power was extremely personalized; and rent-seeking and personal patronage pervaded widely as a basic principle in national politics. As a result, the rules of the political game had a strong tendency toward arbitrariness. The most


6 Robert T. Oliver, *Syngman Rhee and American Involvement in Korea*, p. 393.


8 Bae Ho Han, "Joonkyungaeng juk Kwonweejooui Jibae ui Dungjang kwa Poongkwoy" [Emergence and Demise of the Semi-competitive Authoritarian Rule] in Bae Ho Han, ed., *Hankook Hyundae Chungchiron 1* (Seoul: Nanam, 1990), pp. 481-482.
important factor contributing to the emergence of patrimonial rule was Rhee’s charismatic leadership. His charisma, resulting from his unceasing activities in the independence movement, made him an unchallengable supreme national leader.9

Together with Rhee’s paternalistic personality and charismatic leadership, several structural or historical factors also helped form patrimonial norms and practices. First, the ruling elite was ideologically homogenous. After the three-year American rule, leftists became illegitimate and were eliminated in South Korea. Second, state officials such as the police officers and bureaucrats, due to their collaboration with Japanese colonialism, were required to show loyalty and obedience to Rhee in order to remain in their privileged positions. Finally, social structure or class was underdeveloped: the masses were economically poor, socially backward, and politically passive and silent. Under these conditions, national politics largely took the form of struggle within the conservative elite itself, among rival groups and cliques that were concerned with gaining influence with President Rhee who determined distribution of the rewards of office or economic favor.

Nonetheless, the political space of the Rhee regime was relatively open. Throughout the period of the First Republic, despite its several amendments, the constitutional framework was democratic. The democratic constitution is an important element in understanding the Rhee regime’s character, because it prohibited any further development of the Rhee dictatorship by building democratic institutions as well as by pronouncing democratic rights and freedoms. For example, national elections were held at regular intervals though they were usually compromised by electoral irregularities: National Assembly elections were held in 1948, 1950, 1954, and 1958,

and presidential and vice-presidential elections were held in 1948, 1952, 1956, and 1960. Opposition party activities, particularly for the elections, were rarely interfered with nor were they repressed. Furthermore, the Rhee regime, in contrast to most authoritarian regimes, was "notable for a considerable degree of press freedom."¹⁰

There was no serious sign to reduce the political space for the purpose of political demobilization. A fundamental reason for the Rhee regime to keep the nominal democracy was American pressure: the United States as a country sponsoring the establishment of the ROK wanted to see at least some level of democracy in Korea.

These regime features determined the basic pattern of the social power configuration, and conditioned Rhee’s choice of ruling coalitions. And eventually they influenced the formation and reformation of the state-labor relations during the First Republic.

2. Clientele Inclusionism

Independence and Daehan Nochong

The establishment of the Rhee regime in August 1948 rapidly changed the political situation surrounding the labor movement. As the "revolutionary" wind had gone away with the elimination of the socialist option for state formation in the South, the right-wing labor movement led by Daehan Nochong became the mainstream while the leftist union movement headed by Chunpyung lost its vitality. During the post-liberation period, the fact that Daehan Nochong was an anti-leftist labor union was enough to guarantee its survival as an organization. As the strength of the leftist labor movement became weak after national independence, the political value of Daehan Nochong as a

militant anti-communist organization in workplaces suddenly disappeared. Industrialists, who had welcomed the establishment of right-wing unions in their plants, now did not want the existence of the union any longer. They began to restrict union activities or attempted to control union leadership.

The Korean Democratic Party (KDP), the largest political force in the National Assembly, also turned its back on Daehan Nochong. Prior to independence, KDP was one of the active supporters of Daehan Nochong; it encouraged Daehan Nochong's leadership politically and financed their anti-leftist labor movement. Originally, KDP was created by landlords and industrialists. Consequently, as leftist activity became illegal and illegitimate, KDP actively represented business interests in national politics. For example, when the National Assembly drafted a new constitution, KDP vehemently opposed the bill introducing workers' rights to participate in management and to share profits.11

The most serious anti-labor measure came from the state bureaucracy. As soon as the ROK was established, the state bureaucracy prepared a National Public Service Law (NPSL) that prevented unionization of public employees. The NPSL bill was introduced into the National Assembly in November 1948 by the state bureaucracy. Unlike the industrialists and KDP, the main motivation of the state bureaucracy to introduce the bill was administrative efficiency and convenience. However, enactment of the NPSL meant a fatal blow to Daehan Nochong, not only because most of the big companies, which had belonged to the Japanese, became state-run after independence, but also because its many member unions were public employees' organizations.

Faced with these new developments in labor politics, Daehan Nochong declared its new start as a body truly representing workers. Apparently, what was urgently needed for Daehan Nochong was to gain the support of the rank-and-file workers for its organizational survival. In the special national convention held in August 1948, the Daehan Nochong leadership adopted a new platform, emphasizing the achievement of workers' rights, and the improvement of working conditions and welfare, while diluting the old anti-communist militant unionism.\(^\text{12}\) At the same time, Daehan Nochong began to put pressure on the National Assembly to turn down the NPSL bill, while introducing an alternative bill through lobbying to neutralize the NPSL.

It was the factional struggle among union leaders that damaged Daehan Nochong's efforts to overcome the anti-union moves. Since Daehan Nochong was created against the Chunpyung labor movement in 1946, its leadership was recruited from diverse right-wing political organizations. Thus, Daehan Nochong leaders had diverse political backgrounds. At first, three factional groups struggled against each other for controlling Daehan Nochong leadership: (1) those having Kookmindang (led by Ahn Jae Hong) partisanship, (2) those having political connections with the KIP (Korean Independence Party) led by Kim Koo, and (3) those supported by the KDP led by Kim Sung Soo.\(^\text{13}\)

After independence, the internal factions realigned and divided into two groups: a mainstream group vs. a non-mainstream group.\(^\text{14}\) A bloody power struggle between the two took place, when Chun Jinhan, chairperson of Daehan Nochong, was appointed to the Health & Social Affairs Minister because the non-mainstream group argued that

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Chun could not hold the cabinet post and Daehan Nochong chairmanship simultaneously. Chun and his faction attempted to oust the opposition faction. Finally, in 1949, the factional confrontation developed into a virtual split of Daehan Nochong into two national leaderships—Daehan Nochong and Chunkook Hyukshin Weewonwhae.  

Daehan Nochong, despite its initial high spirit and willingness to be a true workers' organization, became a stage of factional struggle. The severe internal conflicts almost paralyzed the functioning of Daehan Nochong as a workers' organization. In August 1949, with the supports of KDP and conservative assemblymen, the NPSL bill was passed without any modification in the National Assembly.

**Rhee's Pro-Labor Policy**

It was President Rhee who saved Daehan Nochong from its internal division and external difficulties. To resolve the factional confrontation that was severely damaging the union's strength and its capacity, Rhee invited union leaders representing the two factions to his office and mediated for them. He recommended that they change the Daehan Nochong leadership system from the existing chairmanship system to a collective committee system. In July 1949, both factions agreed with the collective committee system. Thanks to Rhee's mediation, Daehan Nochong passed through its organizational split.

Externally, Rhee enabled Daehan Nochong to organize labor unions in the state-run companies, despite the opposition of the state bureaucracy. In February 1949, a serious conflict between the state bureaucracy and Daehan Nochong took place, when Daehan Nochong organized its local union in the Chosun Electric Company which was one of the

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15 Ibid., pp. 348-349.

vested properties the Japanese had left. As the Chosun Electric workers formed their union with the support of Daehan Nochong, the government-appointed manager dismissed union activists with an intention to destroy the union. Protesting against the unfair labor practice, Chosun Electric Workers' Union and Daehan Nochong formed a strike committee, while asking the Bureau of Labor (of the Ministry of Health & Social Affairs: MHSA) to mediate the dispute. When the administrative mediation ended in failure, the Bureau of Labor transferred it to the arbitration of the National Labor Mediation Board (NLMB) in April. The judgment of the NLMB was that the company should recognize the union. But the company did not accept the decision, arguing that the judgment of the NLMB did not have any legal effectiveness because the NLMB was based on the old American Military Ordinance.

Immediately after the rejection of the NLMB decision by the company, the union declared that it would go on strike unless the government settled it according to the NLMB decision by 9 A.M. of May 14. The strike declaration produced interministrial conflicts: the MHSA argued that the company should follow the NLMB decision, whereas the Ministry of Commerce & Industry (MCI) and the Ministry of Justice (MJ) announced that the Chosun Electric Workers' Union should be dissolved because they were public employees, working in a state-run company. As the dispute now developed as a conflict between Daehan Nochong and the MHSA, on the one hand, and the MCI and MJ, on the other hand, President Rhee intervened in the conflict. He called the union leaders and company managers, and ordered that the company should recognize the Chosun Electric Workers' Union. Due to the presidential order, bureaucratic interference in

union activity seemed to stop for a while.

The enactment of the NPSL in August 1949 changed the situation completely, however. The Ministry of Transportation & Communication (MTC) ordered the dissolution of the Korean Railroad Unions (KRU) that was one of the Daehan Nochong-affiliated national union, when the NPSL was passed in the National Assembly. Daehan Nochong leaders had no choice but to petition President Rhee, arguing that the MTC's interpretation of NPSL was against the Constitution as well as against the legislative purpose of the NPSL. One day later, Rhee announced that the KRU was legal and could keep its organization.\textsuperscript{18}

Rhee's decision had an important implication beyond the mere survival of the KRU. Since most of the big companies, like the Chosun Electric Co., were run by the government at the time of independence, the presidential interpretation of the NPSL implied that Daehan Nochong could establish its membership unions within the state-run companies. The result was the expansion of the "organizational space" of labor. For example, at the time of the independence, many of the mining companies were managed by the MCI. In April 1949, local mining union representatives formed their national union. But the legality of both their local unions and national organization was in question because of the NPSL. In these situations, thanks to the presidential statement, the mining workers' unions obtained their legal status automatically. What was much more promising was that the MCI recognized the national union as a legitimate negotiation partner.\textsuperscript{19} As a consequence of Rhee's choice, Daehan Nochong could survive hard times and continue to expand its organizational networks and memberships, as

\textsuperscript{18} Young Tae Kim, "Documentary: Nodong Undong Yisipnyon Sosa (3)," \textit{Nodong Gongron} (February 1972), pp. 174-175; FKTU, \textit{Ibid.}, p. 357.

\textsuperscript{19} Young Tae Kim, "Documentary: Nodong Undong Yisipnyon Sosa (4)," \textit{Nodong Gongron} (March 1972), pp. 171-173.
shown in Figure 4-1. Compared with the number of its organizational networks and memberships in 1948, Daehan Nochong doubled its local unions and tripled its rank-and-file memberships in 1949.

![Graph showing the growth of unions and members from 1946 to 1949.]


**Figure 4.1: Daehan Nochong's Networks and Rank-and-Files, 1946-1949**

**Behind Rhee's Choice: Clientele Inclusionism**

Why did Rhee take the pro-labor policy? First, the circumstantial setting of post-independence politics in South Korea facilitated Rhee's pro-labor choice. The ROK was born against the backdrop of a left-right struggle, one core issue of which was the
distribution of wealth. The popularity of the left during the post-liberation period resulted primarily from its progressive policy positions on land reform and labor issues. Although the left-right struggle ended with the formation of a right-wing regime, the left's defeat itself never meant a complete disappearance of the distribution issue in the mind of peasants and workers. Furthermore, due to the existence of communist North Korea and its enforcement of the revolutionary land reform and labor relations, Rhee needed to take more or less reformist and populist policy measures in order to eliminate revolutionary elements, to achieve national unity, and eventually to secure future regime stability. For this reason, Rhee appointed Cho Bong-Am (an ex-member of the Communist Party and an advocate of agrarian reform) as agricultural minister, and named Chun Jinhan (a leader of Daehan Nochong) as the health & social affairs minister.

Second, a more important factor was a coalitional shift. Prior to independence, all conservative, right-wing social forces supported Rhee. However, once they realized their common goal of the formation of right-wing regime, they no longer shared a common purpose with Rhee and so they became politically opportunistic toward him. In other words, Rhee's power base was very unstable and fluid at the time of independence. The first signal was the KDP's challenge to Rhee. The KDP at first fully supported Rhee, hoping to gain political rewards. Contrary to the KDP's expectation, Rhee alienated the KDP leaders by refusing to include them in the cabinet.20 His refusal to reward the KDP

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20 The KDP originally asked Rhee to appoint Kim Sung Soo (a top leader of KDP) prime minister and to reward KDP eight out of twelve cabinet posts. Later Kim conceded his willingness to accept the prime minister with only six cabinet posts for his party. Rhee, however, rejected KDP's demand on the grounds that the nomination of any party leader would make it impossible to form an all-national, non-partisan cabinet. Rhee appointed only two KDP leaders: Yi In for the Ministry of Justice and Kim Doyon for the Ministry of Finance. The latter position was originally offered to Kim Sung Soo, but both he and his party rejected the offer as an insult. See Chi-Young Pak, Political Opposition in Korea, 1945-1960 (Seoul: Seoul National University Press, 1980), p. 61.
was closely related to the political ambition of the KDP leaders. When a new constitution was being drafted in 1948, the KDP supported a pure parliamentary system of government rather than the presidential system which Rhee really wanted. In other words, the KDP, lacking a national leader to compete with Rhee, drafted the parliamentary system with a clear intention to dominate the future government and to make Rhee a mere symbolic figurehead. Here, Rhee recognized a necessity to check the KDP before it became so powerful that he could not control it.

The power struggle between the KDP and Rhee produced a favorable political condition for the Daehan Nochong. Industrialists, together with landlords, were a main financial source of the KDP. By contrast, Daehan Nochong leaders faced with difficulties had no choice but to depend on President Rhee for their organizational survival. Clearly, the conservative social coalition began to divide into two camps: one challenging Rhee such as KDP, industrialists, and landlords; and the other supporting Rhee such as Daehan Nochong and various youth groups. For Rhee, there was no reason to repress labor. Rather he needed to create a popular support base to cope with the emerging political opposition. The best way was to maintain or create personal patronage toward the popular sector including workers and farmers.

Finally, despite the anti-labor position of the state bureaucracy, the patrimonial element of the Rhee regime enabled the president to take the pro-labor choice. President Rhee was regarded as a supreme leader. Due to their illegitimate career under Japanese colonialism, most of the high-ranking bureaucrats followed the President's wish to remain in their privileged position. Nobody could criticize or challenge presidential order without risking their office.

Rhee's pro-labor choice meant a re-creation of Rhee's old patronage toward Daehan Nochong that had been created during the post-liberation period. Historically, Daehan Nochong was born as a vanguard of the right-wing coalition during the left-right war.
Though Rhee was the top leader of the right-wing coalition, Daehan Nochong was not his personal organization but an associational one of the right-wing forces that comprised Rhee's National Society for Rapid Realization of Korean Independence (NSRRIK), Kim Koo's KIP, Kim Sung Soo's KDP, and various para-military youth groups. It was in early 1948 that Daehan Nochong became part of Rhee's clientele. In November 1947, despite Soviet opposition, the U.N. adopted a resolution which recommended that a general election be held in Korea under the supervision of the United Nations Temporary Commission on Korea (UNTCOK). Due to the denial of entry for UNTCOK into the Soviet-occupied North Korea, the U.N. decided to hold the election in the South alone. The U.N. decision produced a political split between the two prominent political leaders, Syngman Rhee and Kim Koo. Rhee supported the U.N. decision, whereas Kim rejected it, arguing that the election would perpetuate the division of Korea.

The split of the two leaders forced right-wing groups to choose between Rhee's and Kim's lines. The KDP, NSRRKI, and most of the youth groups supported the election, whereas the KDP boycotted the election and the leftist groups put on a final concerted campaign to ruin the election. For Syngman Rhee, those efforts to boycott and disrupt the election could not be simply ignored, not only because Kim Koo was a well-known and influential leader comparable in stature to himself, but also because the leftists were still powerful in some local areas. The political legitimacy of the election establishing a new Korea was seriously challenged by these groups. In order to mobilize voters as well as to destroy the leftists' anti-election campaign, Rhee urgently needed help from those who had national networks and para-military personnel. In this sense, Daehan Nochong was valuable for Rhee.

About the election issue, there occurred hot debates among Daehan Nochong leaders whether they would support Rhee or Kim. But the debate did not take long time. For Daehan Nochong, to reject the election meant to destroy its financial sources, consisting
of Rhee's supporters. Despite the opposition of those having KIP-connections, Daehan Nochong had to decide to support the election. Once its political position was decided, Daehan Nochong actively participated in the election campaign: it waged a bloody war against the leftists' anti-election movement, and participated in the preparatory committee for election and mobilized voters, and put up union leaders for candidates. The result was formation of the patron-client relationship between Rhee and Daehan Nochong.

In this context, Rhee's pro-labor policy in 1949 implied a reinstitution of the old patron-client relationship. In return for Rhee's favorable policy measures, Daehan Nochong mobilized its rank-and-file workers for political campaigns or rallies supporting Rhee's domestic and foreign policies. For example in July 1949, Daehan Nochong held a labor-peasant rally to demonstrate their support for Rhee's foreign policy by adopting a resolution to send the U.N. and the United States. In October 1949, Daehan Nochong organized a patriotic movement to donate military airplanes, while announcing publicly that the "only way to realize unification of our fatherland ... is to gain a victory in the anti-communist front." A final example was in January 1950, Daehan Nochong held a political rally to protest against American foreign policy toward South Korea, when the bill of the economic aid to Korea was rejected in the U.S. Congress.

22 FKTU, Hankook Nodong Chohap Undongsa, p. 295.
23 Ibid., pp. 350-351.
3. Transition to Predatory Patronism

**Korean War: Changes in the Circumstantial Setting**

When the constitution was being drafted in hotly debated meetings of the Constituent Assembly in the summer of 1948, Rhee agreed to election of the first president by the Assembly, largely as a means of preventing further delays in establishing a new Korea.\(^{24}\) The question of who would be elected to the presidency was not then at issue. Nobody doubted that Syngman Rhee would be elected by an overwhelming margin, regardless of the selection method. However, the Korean War (1950-1953) changed the circumstantial setting to a legitimation crisis from above, and an accumulation crisis within the national economy. The first crisis triggered a coalitional realignment of parliamentary groups, and the second one caused social coalitional shifts.

**Legitimation Crisis from above**: The outbreak of the Korean War in June 1950 suspended all political activities for a moment. One year later, however, as the war front reached a stalemate and the armistice negotiations began in the summer of 1951, the National Assembly was reopened in Pusan. Suddenly, Rhee found himself faced with a strong parliamentary opposition. Before the occurrence of the Korean War, Rhee, despite the DNP's (former KDP) challenge, enjoyed considerable parliamentary support. For example, when the DNP proposed a constitutional amendment introducing a parliamentary system designed to reduce Rhee's political power by making him purely a ceremonial head of state in January 1950, the National Assembly rejected this.\(^{25}\) But the situation changed. When Rhee and his followers proposed a constitutional amendment

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\(^{24}\) Robert T. Oliver, *Syngman Rhee and American Involvement in Korea*, pp. 387-388.

\(^{25}\) There were 79 votes for the amendment, 33 votes against it, 66 abstentions, and one invalid vote. Tae Soo Han, *HankookChongdangsang* [History of Political Parties in Korea] (Seoul: Shintaeyang, 1961), p. 119.
introducing direct popular voting for the presidential election, their bill was rejected in
the Assembly by a vote 143 to 19 in January 1952.26

Two war-related incidents generated a sudden decline in presidential popularity
and his credibility among legislators.27 One of them was the National Defense Corps
incident. The corps had been hastily organized by the government in December 1950, as
a paramilitary group, lest South Korean youth fall under the control of Communists
when the battle line was pushed south again. As thousands upon thousands of Corps
members straggled south in the second evacuation of Seoul in January 1951, they
appeared like armies of beggars, and an untold number of them died of malnutrition and
bitter cold. The Assembly investigated it and revealed that a large portion of the funds
for food, clothing, and equipment was embezzled by the Corps officers, and some of them
were used as a political fund by pro-Rhee groups.

Another incident triggering political realignment among legislators was the so-called "Keochang Massacre" involving the killing of many innocent villagers. Keochang's
poor farming population had been ground between the police during the day and the
communist guerrillas controlling their narrow valleys at night. In February 1951,
ROK military troops, frustrated about getting food and information from Keochang
villagers, called several hundred villagers together, and killed them with machine-gun
fire. The Assembly committee sent to the spot to investigate was ambushed by ROK
forces and retreated. However, as foreign newspapers reported this incident, the
government hastily investigated it and arrested several officers.

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26 Tae Soo Han, Ibid., p. 122; Chi-Young Pak, Political Opposition in Korea, p. 96.

27 Tae Soo Han, Ibid., pp. 122-126; John Kie-Chiang Oh, Korea: Democracy on Trial
(Ithaca, New York: Cornell University Press, 1968), pp. 39-40; Gregory Henderson,
These two incidents did much to arouse parliamentary opposition and, eventually, triggered coalitional shifts among legislators. Many Independent assemblymen joined the opposition groups. Even Rhee supporters joined in defeating his constitutional amendment bill in January 1952. Consequently, it became evident that Rhee had little chance of reelection in the National Assembly. He was faced with legitimation crisis from above.

**Accumulation Crisis of the National Economy:** The Korean War also produced an accumulation crisis within the Korean economy. It produced huge human casualties as well as severe physical damage. Approximately 320,000 soldiers and one million civilians were killed, wounded, or missing. The physical damage, including private houses, industrial plants, and public utilities, amounted to about three billion U.S. dollars which was almost double the ROK's gross national product for the year preceding the outbreak of the war. Most of these damages took place during the period 1950-1951.

Under these conditions of severe human and physical damage, the national economy became paralyzed. As is shown in Table 4-1, economic production dropped drastically in 1950. Most severe reduction occurred in the industrial sector with a decline of 34.7%. The decrease was deepened in 1951: production of both agricultural and industrial sectors continued to decline. Only the service sector recorded positive growth rate, but this only indicated a severe distortion of the national economy.

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Table 4.1: Economic Growth Rate during the War

<table>
<thead>
<tr>
<th>Year</th>
<th>Agricultural Sector</th>
<th>Industrial Sector</th>
<th>Service Sector</th>
<th>Total GNP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949</td>
<td>4.5%</td>
<td>33.9%</td>
<td>10.9%</td>
<td>9.7%</td>
</tr>
<tr>
<td>1950</td>
<td>-10.5%</td>
<td>-34.7%</td>
<td>-15.5%</td>
<td>-15.1%</td>
</tr>
<tr>
<td>1951</td>
<td>-15.3%</td>
<td>-16.1%</td>
<td>8.4%</td>
<td>-6.1%</td>
</tr>
<tr>
<td>1952</td>
<td>-0.6%</td>
<td>43.7%</td>
<td>16.6%</td>
<td>8.0%</td>
</tr>
<tr>
<td>1953</td>
<td>29.5%</td>
<td>60.3%</td>
<td>15.4%</td>
<td>25.7%</td>
</tr>
</tbody>
</table>


Given the devastation of the Korean War, the United States took over responsibility for Korea's reconstruction. As is seen in Table 4-1, the quick recovery from the total disaster was attributed to American assistance. The Cold War between the United States and the Soviet Union increased the geostrategic significance of South Korea. The United States offered massive military and economic aid to South Korea to build a bulwark against communism. For example, from 1953 to 1960, South Korea was the annual recipient of about $270 million in American aid. And during this period, the American assistance accounted for nearly 80% of total fixed capital formation and contributed 8.1% of GNP.30

The massive American assistance contributed to the emergence of new social forces. Above all, a politically attentive public emerged. Foreign aid, coupled with the tragic consequences of the war such as physical loss and psychological scars, accelerated the twin process of urbanization and education which had already occurred since the

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A structural corollary of the "social mobilization" was the emergence of the politically conscious strata such as intellectuals, students, and the urban middle class. The American economic aid also accelerated the growth of the new businessmen group that had arisen in the post-World War II period. This group grew rapidly in the midst of the general confusion caused by the war and appeared as a new social force in the post-war Korean society.

Rise of Predatory Patronism

In 1952, Rhee was faced with a survival crisis. There were two basic alternatives to secure his reelection: one was to pressure the Assembly to accept Rhee for a second term by launching a popular campaign to "recall" the assemblymen who opposed him; and the other was a constitutional coup d'état through a frontal attack against the Assembly. However, each of the alternatives had several drawbacks. Since the first alternative was to operate within the existing constitutional structure, there was no way to check the constitutional prerogative of the Assembly even if Rhee was reelected. The latter seemed to be much better than the former in this sense. But the second alternative still had some problems: it would create U.S. opposition; and it could not block the parliamentary opposition against him even if he reassumed power.

31 Han-Been Lee, Korea: Time, Change, and Administration, p. 67.
Rhee was an "extremely astute political tactician."\textsuperscript{34} Despite the parliamentary opposition, he still enjoyed charismatic leadership among the Korean people. Rhee took a populist, yet authoritarian, option to avoid the drawbacks. His survival strategy comprised three tactics: first, the manipulation of popular will through his clientele social organizations; second, the destruction of the DNP's material base and the creation of Rhee's stable financial sources; and third, mobilization of the coercive state apparatus against the opposition assemblymen. He apparently thought that the demonstration of popular support for him would mollify American criticism against his constitutional coup d'\textsuperscript{état}, and that the elimination of the material base of the opposition leaders would severely undermine the political vitality of the opposition forces without any visible repression.

In the summer of 1951, Rhee organized his party (Liberal Party: LP). By using Daehan Nochong, Korean Youth Corps,\textsuperscript{35} and other client groups, Rhee and his LP mobilized people for his reelection campaign, and organized mass demonstrations to show the popularity of Rhee's constitutional amendment bill.\textsuperscript{36} At the same time, Rhee threatened openly to dissolve the Assembly if it did not accept his demand, arguing that "the will of the people is more important than the letter of the Constitution."\textsuperscript{37} In May

\textsuperscript{34} Ibid., p. 239.

\textsuperscript{35} The Korean Youth Corps, according to Rhee's order, was established in order to absorbing all existing youth groups in 1948. Yi Bum-Suk's National Youth Corps was formally disbanded and coalesced into the Korean Youth Corps in January 1949. Despite its formal disbandment, however, members of the National Youth Corps remained loyal to Yi Bum-Suk and kept powerful faction within the Korean Youth Corps. See Sungjoo Han, The Failure of Democracy in South Korea (Berkeley, California: University of California Press, 1974), p. 19.


\textsuperscript{37} Ibid., p.146.
1952, Rhee proclaimed martial law under the pretext of communist guerrilla activity. He created an atmosphere of terror by arresting several opposition politicians.

Rhee, on the other hand, enforced the LDVP (Law for Dealing with the Vested Properties) and the FLRL (Farm Land Reform Law), which had been suspended due to the outbreak of the Korean War, in order to undercut the financial resources of the opposition as well as to create his material base. The LDVP, which was enacted in December 1949, restricted the transformation of the landlords to capitalists, by providing that "those, who were judged to be a conscientious person or had relations over the properties such as employees ..., have a priority to purchase them." And the FLRL was enacted in March 1950 in order to undermine the material base of the landlords in the Assembly by providing that the landlords were to be paid only 1.5 times the normal annual output of the main crop rather than the real price of the land. Since the financial resources of the core opposition politicians came from landlords and industrialists, the enforcement of both laws meant the destruction of their financial resources.

The reelection campaign ended with a successful constitutional coup. Rhee's three-dimensional strategy effectively blocked the parliamentary oppositions and forced them to amend the constitutional provision of the presidential selection method. Following the constitutional change in July 1952, Rhee won the presidential election by capturing 74.6% of the popular vote. His winning was expected, not only because no


40 Joong'ang Son'geo Kwalli Wiwonwhae [Central Election Management Committee, hereafter CEMC], *Daehan Minkook Son'geo* [History of Elections in Korea] vol. 1, p. 736.
presidential candidates were so well known as Rhee was in wartime Korea, but also because opposition candidates had little organizational capacity to challenge Rhee's LP which was assisted by the police forces and his client groups.\textsuperscript{41}

In the midst of operating his survival campaign, a serious labor strike against the state privatization policy took place in the Chosun Textile Company (so-called \textit{Chobang}) and became a political issue in the National Assembly. Originally, \textit{Chobang} was built and managed by the Japanese, and after independence it became a state-run company. In wartime Korea, \textit{Chobang} was the largest and most profitable state-run factory. As the LDVP was promulgated in 1949, Jeong Hochong, who had worked in \textit{Chobang} as an engineer, became a superintendent, and prepared for the privatization with the support of the \textit{Chobang} union. When the LDVP began to be implemented in mid-1951, the government turned down Jeong's application to purchase \textit{Chobang}. Instead, the government dismissed Jeong and appointed a new superintendent, Kang Ilmae, who had a personal connection with Rhee.\textsuperscript{42} There was a rumor running that Jeong was providing political funds to Rhee's political opponents.\textsuperscript{43} By putting the most profitable factory under his control, Rhee wanted to increase his financial sources. The \textit{Chobang} strike resulted from Rhee's attempt to find a stable source of political funds.

The replacement of Jeong developed into a political issue immediately. In January 1952, the Assembly fact-finding committee on the \textit{Chobang} dispute, which was formed shortly after \textit{Chobang} workers protested against the new superintendent in the front of the Assembly building, adopted a resolution that the Ministry of Commerce & Industry

\textsuperscript{41} Richard C. Allen, \textit{Korea's Syngman Rhee}, pp. 149-151.

\textsuperscript{42} FKTU, \textit{Hankook Nodona Chohap Undonasa}, pp. 360-366.

(MCI) should fire the superintendent including several new top managers and that the workers should stop their dispute. Despite the Assembly resolution, Kang was retained as superintendent by the MCI. The Assembly again urged the government to follow its resolution on February 29.\(^{44}\) Shortly after the Assembly's re-adoption of the resolution, Daehan Nochong, hoping that the government resolved it properly, postponed the strike which was planned to go on March 3. However, the company managers strengthened their repression over the union and the MCI continued to support the managerial despotism. On March 11, Chun Jinhan, chairman of Daehan Nochong and assemblyman, announced that Chobang workers would strike on March 13 and Daehan Nochong would report the labor repression to the international labor organizations. Now, the labor dispute developed into a conflict between the Assembly and Daehan Nochong, on the one hand, and the government and company managers, on the other hand.

For Rhee who was initiating his reelection campaign, the Chobang strike was perceived to be a threat to this. Rhee mobilized all political means to pacify the strike. From its outset, the state strategy over the Chobang incident took the form of a joint-operation between the police, company, and opportunistic labor leaders within Daehan Nochong. When the Chobang incident took place, Daehan Nochong leadership split into two camps: those for Chun's leadership vs. those against it. The latter camp, motivated by opportunism, opposed the involvement of Daehan Nochong in the Chobang dispute, and supported Rhee's reelection campaign.\(^{45}\) By using the leadership split, managers created a company-dominated union, through which they induced a struggle between workers. At the same time, the company and opportunistic union leaders accused

\(^{44}\) At that time, the National Assembly passed the resolution with almost unanimous consent: among 107 votes, 93 votes were cast for the resolution bill, no vote was against it. See FKTU, Hankook Nodong Chohap Undongsa, p. 363.

\(^{45}\) Nak Joong Kim, Hankook Nodong Undongsa, p. 150.
Chobang workers of inciting domestic disturbances helping the communists in wartime, while the police arrested strikers on the charge of conspiracy to rebel and espionage activities.\textsuperscript{46} As the Chobang strike, despite the strong-arm tactics, became much more militant and gained sympathizers outside the plant, Rhee personally intervened in the incident. Through a public announcement, Rhee urged strikers to go back to the company.\textsuperscript{47} Faced with the President's warning that labor strikes might help the communists, Chun Jinhan had little choice but to announce that workers should stop the strike and go back to their workplaces.\textsuperscript{48}

Embarrassed by the Chobang strike, Rhee changed his approach to labor unions. He eliminated resistant union leaders and strengthened his patronal linkage by incorporating Daehan Nochong into the ruling LP. Once the Chobang incident was resolved, Rhee began to pressure Chun Jinhan to resign from the chair under the pretext of preventing the internal division of labor. When Chun announced that a national convention would be held on May 27, 1952, the anti-Chun camp, directed by Rhee, also notified that a national meeting would be held on May 31. As the conflict between the two camps deepened, the social affairs ministry mediated between them and June 6th was selected for a unified national convention. However, the anti-Chun faction, breaking the compromise, held the meeting on May 31, and elected new leadership. Consequently, Chun Jinhan had to hold the annual convention separately.\textsuperscript{49} By using this clear evidence of the internal division, Rhee coaxed Chun to step down from office, charging him with the responsibility for the disintegration of labor. However, Chun refused to

\textsuperscript{46} Ibid.

\textsuperscript{47} FKTU, \textit{Hankook Nodong Chohap Undongsa}, p. 364.

\textsuperscript{48} Ibid., p. 365.

\textsuperscript{49} Nak Joong Kim, \textit{Hankook Nodong Undongsa}, pp. 164-165.
resign and so Rhee pressured the chairs of the national industrial unions to hold a national convention again. In November 1952, despite the chair's (Chun Jinhan) disapproval, a national convention was held. With this scenario, Chun was removed from Daehan Nochong and the anti-Chun camp became a mainstream of the Daehan Nochong leadership. Furthermore, with a clear intention of placing Daehan Nochong under his control at this convention, Rhee expressed publicly his willingness to incorporate Daehan Nochong into the Liberal Party, declaring that the leaders of Daehan Nochong held ex-officio membership in the Central Committee of the LP. In other words, Rhee placed Daehan Nochong under his control by coopting union leadership with a clear intention of demanding that labor sacrifice for the patron's interest.

**Consolidation of Predatory Patronage**

Predatory patronage was soon structured by two closely related factors; the advent of competitive politics, and the formation of an alliance between Rhee's LP and the new entrepreneurs. As soon as the war ended, Rhee began to face more intense political competition. A "grand coalition" among anti-Rhee conservative parties formed and established the Democratic Party in 1955. The newly established Democratic Party proved very competitive, especially in urban areas, during the presidential election campaign in 1956. Fortunately, Rhee ran unopposed in 1956 because of the sudden death of his major opponent (the Democratic candidate, Shin Ikhee). Nonetheless, Rhee managed to capture 55.7% of the popular vote, down from 75% in 1952. A more

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50 [Ibid.], pp. 165-166.

51 [Ibid.], p. 167.

52 Sungjoo Han, *The Failure of Democracy in South Korea*, p.22.

53 CEMC, *Daehan Minkook Son'geosa*, p. 739.
dramatic development was the victory of the Democratic Party in the vice-presidential election. Despite the significant electoral irregularities committed by the ruling party and police, Chang Myon of the Democratic Party defeated Lee Ki-Bung of the Liberal Party by 46.4% to 44.0%. Chang's victory embarrassed the Liberals who worried about Rhee's old age (81 in 1956), because the vice-president would succeed Rhee in the event of his death.

One obvious way of mobilizing funds to finance elections and other party activities was to forge a close alliance with the new group of businessmen that had arisen in the post-liberation era. On the other hand, these new businessmen needed government support, as their firms diversified beyond their commercial activities into manufacturing. The greatest opportunity was provided by the Korean War, which generated a general social confusion and brought huge foreign economic aid. By controlling the instruments of economic policy including privatization of the state-run companies, allocation of foreign aid funds and materials, import licenses, and the foreign exchange rate, Rhee began to foster a close link with the new entrepreneurs. The grant of various privileges to the latter generated rents that could be recycled back to the Liberal Party.

54 Ibid., p. 741.


The formation of the LP-business alliance required Rhee to make a political choice between managerial despotism and union activism. Obviously, the best way for Rhee was to keep the symbiotic relationships with the two clientele groups simultaneously. However, under the American economic aid, the rapidly expanding capitalist economic order made it almost impossible to maintain cooperative business-labor relations. Rhee apparently preferred business rather than labor mainly because of his need for political funds to finance his party and other illegitimate political practices. Nevertheless, he could not exclude labor from his ruling coalition because of its instrumental value to the regime. First, the Rhee regime had a populist element which largely derived from Rhee's desire to be the father of the nation. In this sense, Rhee emphasized that his LP was the party for "workers and farmers."

For Rhee, labor was a social force to be protected and guided by him. In other words, labor had a symbolic value because of Rhee's paternalistic leadership.

Second, as seen in the case of Rhee's reelection campaign in 1952, manipulation of public opinion through client organizations was an important political instrument for the political survival of Rhee and his LP. Under the democratic constitution, Rhee and his LP needed a mechanism to justify their authoritarian rule. Labor, compared with other social forces, had relatively well-organized membership and national networks that Rhee and his LP really needed. Finally, the Rhee regime had a "red-complex." Anti-communism was an ideological manifestation of this. The Korean War intensified it. Rhee experienced the powerfulness of the revolutionary labor movement during the post-liberation period. Current Daehan Nochong leaders were those who had waged a bloody war against the communists. Rhee needed them to prevent revolutionary elements within workers from developing.

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Conditioned by the regime character, Rhee consolidated the predatory patronism that had arisen during the Korean War. In analytical terms, the predatory patronism was based on two main tactics: (1) cooptation of union leadership through which Rhee wanted to maintain his patronage and to mobilize labor support and (2) "free market" tactics through which he tried to weaken unions' bargaining power and to provide a significant advantage for business in the plant level.

Two factors made it easy to transform Rhee's labor strategy. One was the enactment of labor laws. Due to the absence of labor laws at the time of national independence, Rhee had played the role of the final arbiter on labor disputes. In this process, he had provided favors for labor in order to maintain his patronage with Daehan Nochong. The enactment of labor laws in 1953 gave Rhee a legal mechanism that he could use to avoid his patronal obligation toward labor. Furthermore, the Labor Union Law of 1953 that adopted a decentralized collective bargaining system provided favorable conditions for the consolidation of the predatory patronism. The decentralized bargaining system enabled the national union leadership to escape from their bargaining responsibility, and hence to secure their position from the possible pressure of the rank-and-file members. It also weakened the bargaining capacity of local unions by isolating them from each other, while contributing to increase of managerial despotism.

The other factor was the generally poor ideological condition of the rank-and-file workers. Most of the populace was much more familiar with Confucian cultural values emphasizing hierarchical human relations rather than democratic, egalitarian values.

58 A core of the "free market" tactics is to decentralize collective bargaining to such a degree that workers cannot develop concerted labor actions over the labor market. See J. Samuel Valenzuela and Jeffrey Goodwin, Labor Movement under Authoritarian Regimes (The Center for European Studies, Harvard University, 1983), p. 7.

59 The Labor Union Law, which was drafted by the Ministry of Social Affairs, introduced a decentralized collective bargaining system (Articles 35-38).
Behind the traditional thought and attitude, a sense of dependence or trust toward the master or patron was strong. Consequently, most of the workers lacked class consciousness, and showed a passive attitude in expressing their opinions. In addition, the aftermath of the Korean War -- the destruction of many factories, and the inflow of labor (refugees) from the North -- generated incalculable unemployment and underemployment. Under these absolutely poor economic conditions, workers regarded employment itself as good fortune or a privilege. It was thus hardly expected that the rank-and-file workers would participate in the labor movement actively at the risk of losing their job.

Rhee's practice of predatory patronism became increasingly audacious, as national politics became competitive. In the face of the intense political competition in the presidential election of 1956, Rhee repeated the ritual of 1952 presidential election. When the ruling LP nominated Rhee as a presidential candidate in March 1956, he declared his unwillingness to run in spite of the obvious implication of the 1954 constitutional amendment permitting him a third term. It was Daehan Nochong that was mobilized into Rhee's political ritual. On May 6, 1956, Daehan Nochong mobilized its membership workers to the political rally that urged Rhee to accept the presidential nomination. One week later, Daehan Nochong announced that its transportation unions would go on strike unless Rhee accepted the candidacy. Moreover, during the presidential election campaign, Daehan Nochong leadership actively participated in the campaign, and they even attacked opposition party campaigners.

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mobilization continued in the National Assembly election of 1958 and in the presidential election of 1960: Daehan Nochong organized its own election campaign committee and mobilized workers for supporting Rhee and his LP.62

Consequences of Predatory Patronism

The continuous practice of predatory patronism produced very interesting phenomena -- extremely high union density but no union autonomy. The political motivation of installing predatory patronism was largely double-fold: (1) control and

<table>
<thead>
<tr>
<th>Year</th>
<th>No of Memberships</th>
<th>No. of Union Memberships</th>
<th>No. of Total Employees</th>
<th>Estimate of Union Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949</td>
<td>683a</td>
<td>128,018a</td>
<td>265,965</td>
<td>48.1%</td>
</tr>
<tr>
<td>1950</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>-</td>
</tr>
<tr>
<td>1951</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>-</td>
</tr>
<tr>
<td>1952</td>
<td>n.a.</td>
<td>n.a.</td>
<td>266,965</td>
<td>-</td>
</tr>
<tr>
<td>1953</td>
<td>202b</td>
<td>112,731</td>
<td>239,758</td>
<td>47.0%</td>
</tr>
<tr>
<td>1954</td>
<td>396b</td>
<td>151,960</td>
<td>254,820</td>
<td>59.6%</td>
</tr>
<tr>
<td>1955</td>
<td>562</td>
<td>205,511</td>
<td>n.a.</td>
<td>-</td>
</tr>
<tr>
<td>1956</td>
<td>578</td>
<td>233,904</td>
<td>220,280</td>
<td>101.6%</td>
</tr>
<tr>
<td>1957</td>
<td>572</td>
<td>241,680</td>
<td>244,660</td>
<td>98.8%</td>
</tr>
<tr>
<td>1958</td>
<td>634</td>
<td>248,507</td>
<td>236,401</td>
<td>105.1%</td>
</tr>
<tr>
<td>1959</td>
<td>558</td>
<td>280,438</td>
<td>204,985</td>
<td>136.8%</td>
</tr>
<tr>
<td>1960</td>
<td>589</td>
<td>301,891</td>
<td>235,298</td>
<td>128.8%</td>
</tr>
</tbody>
</table>

Notes: The data of 1960 were those of March 1960. Sources: (a) comes from National Port Workers Union, Hankook Poodoo Nodong Undong Paeknyonsa (Seoul: NPWU, 1979), p. 143; (b) comes from Home Ministry, Korea Statistical Yearbook (Seoul: HM, 1954), p. 214; and the rest of the data comes from Ministry of Health & Social Affairs, Year Book of Public Health & Social Statistics (Seoul: MHSA, various issues).

62 FKTU, Ibid., p. 480; Nak Joong Kim, Ibid., p. 239.
political mobilization of workers, and (2) creation of the LP's financial base. Since effective political mobilization of workers could be achieved through well-organized networks and memberships, Rhee allowed the expansion of union density. Daehan Nochong leaders competed with each other in expanding their own union membership, because their capacity to mobilize rank-and-file workers was a crucial factor to gain financial and political rewards from Rhee. The result was the extremely high union density. As is shown in Table 4-2, from the year of 1955, the number of the unionized workers sharply increased, and then even exceeded the number of total employees. Due to the severe competition among national union leaders, there is thus a high possibility that the data were exaggerated. But a clear general tendency was that union density became higher as the predatory patronism became more intensive.

Table 4.3: Living Cost and Labor Wage in Seoul Area, 1952-1958

<table>
<thead>
<tr>
<th></th>
<th>1952</th>
<th>1954</th>
<th>1956</th>
<th>1958</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers' Average Income (A)</td>
<td>5,140</td>
<td>18,536</td>
<td>34,349</td>
<td>37,810</td>
</tr>
<tr>
<td>Workers' Average Living Cost (B)</td>
<td>10,970</td>
<td>33,837</td>
<td>64,946</td>
<td>79,741</td>
</tr>
<tr>
<td>A/B x 100</td>
<td>46.8%</td>
<td>54.8%</td>
<td>52.9%</td>
<td>47.4%</td>
</tr>
</tbody>
</table>


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Despite high union density, however, union autonomy was almost nil. Daehan Nochong leadership was coopted by Rhee, while local union leaders were dominated by management. Consequently, working conditions were extremely poor, and wages were always behind the basic living cost. For example, Table 4-3 shows a significant gap between average living cost and labor wage in the Seoul area.


**Figure 4.2: Number of Labor Disputes, 1953-1960**

The continuous sacrifice of labor, despite its political service for Rhee, began to undermine the initial effectiveness of the predatory patronism. At least by 1957, the predatory patronism seemed to be effective in terms of both controlling union leadership and mobilizing workers' political support. In 1958, however, some dissident union leaders appeared and they criticized the corruption of Daehan Nochong and demanded democratization of the labor movement. And rank-and-files' protests visibly increased in late 1950s, as Figure 4-2 shows.
Growing political opposition also facilitated the emergence of dissident labor activism. In the late 1950s, there appeared to have been a near clash between the way political power was exercised and the normative expectation of the politically attentive public. Opposition parties accused President Rhee of being a dictator, and called for his resignation in their open letters. Most of the major national newspapers criticized the corruption and immorality of the ruling circle. Critical opinion became widespread among the politically attentive public. Even within the ruling coalition, there began to emerge some cracks. Since the election of vice-president Chang Myon in 1956, the Liberal Party entrepreneurs had feared that the president might die in office and be succeeded by Chang. They thus began to channel covert funds to the Democratic Party as insurance in the event of Chang becoming president.64 Approaching the 1960 presidential and vice-presidential elections, they became much more uneasy not only because of the LP’s declining popularity but also because of Rhee’s advanced age. Consequently, more covert funds were donated to the DP.65 Such general political situations encouraged the emergence of dissident union leaders. In October 1959, they established their own national organization (Nohyup) and began to organize local unions against Daehan Nochong. According to the Nohyup’s report, about 60% of the local unions showed their willingness to withdraw from Daehan Nochong and join Nohyup.66 In fact, the year of 1959 was a turning point in terms of labor actions, as is shown in Figure 4-2. When the Rhee regime collapsed due to a student uprising in April 1960, labor activism, demanding wage increase, exploded.

65 Ibid., p. 160.
66 Nak Joong Kim, Ibid., p. 250.
4. Summary and Conclusion

The state-lab relationship under the Rhee regime was characterized by a patron-client relationship. The foundation of the patron-client tie was fundamentally based on political dynamics. In the early period of the Rhee regime (1948-1952), President Rhee fostered populist support bases against illegitimate landlords and industrialists. Rhee’s choice was basically a political response to his shallow power base. Rhee, due to his long-time abroad, lacked his own political support base. The circumstantial setting also clearly required a populist image for future regime stability. He, preferring traditional paternalistic values rather than modern democratic values, mobilized popular sectors by coopting labor and youth groups against the conservative social forces that had larger financial bases. In this process, the patron-client relationship between Rhee and Daehan Nochong, that had been created during the post-liberation period, was re-created: Rhee guaranteed the organizational survival of Daehan Nochong, while labor provided political services for him. The state-labor relations during this period took the form of the clientele inclusionsim in which the political interactions between patron and client were largely based on symbiotic, though they were structurally hierarchical, political exchanges.

The Korean War generated a totally different circumstantial setting -- a legitimation crisis from above and an accumulation crisis: the former triggered coalitional shifts among legislators, which in turn produced a conflict between Rhee and labor; and the latter brought massive American economic assistance, which in turn facilitated the emergence of new social forces such as a group of new entrepreneurs and politically attentive public. These new circumstances brought about much more intense political competition, and forced Rhee to foster close ties between his LP and the new business group against the "grand coalition" of opposition parties. As close ties between the ruling LP and new entrepreneurs emerged, Rhee began to change his approach to
labor unions. But he could not exclude labor from his political client groups, not only because he still needed Daehan Nochong's nationwide networks and well-organized memberships in order to manipulate popular will and justify his authoritarian rule under nominally democratic system, but also he needed to maintain a populist image to secure regime stability from revolutionary elements.

Rhee's new choice was a predatory patronism, in which labor was forced to sacrifice its special interests for Rhee's political survival. Rhee consolidated his patronage toward Daehan Nochong, but ignored patronal obligations. His new approach to labor was based on the cooptation of union leadership and "free market" tactics. The mixture of the two tactics produced high union density but no union autonomy. At first, predatory patronism seemed to be very effective. But continuous sacrifice of labor for Rhee and his LP generated a dissident labor movement in the late 1950s. When the Rhee regime was overthrown by a nationwide student uprising in April 1960, workers resurrected themselves as a powerful social force, and played a leading role in protesting socioeconomic injustice and political corruption. Ironically, the high union density and continuous labor sacrifice, which resulted from Rhee's predatory patronism, clearly contributed to the labor resurrection in 1960.

Immediately after the collapse of the Rhee regime, workers played a leading role in protesting the socioeconomic injustice. According to the government statistics, the number of labor actions amounted to 675, and the number of participants was 219,303.67 Despite its promising to start with a new shape,68 Daehan Nochong

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67 The military junta gave the following statistics on demonstrations which took place during the period between April 1960 and March 1961:

<table>
<thead>
<tr>
<th>Social Forces, Groups, or Organizations</th>
<th>Number of Demonstrations</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Organizations</td>
<td>57</td>
<td>76,280</td>
</tr>
<tr>
<td>Students</td>
<td>747</td>
<td>527,819</td>
</tr>
</tbody>
</table>
leadership was seriously challenged by both a group of dissident union leaders and rank-and-files. In the national level, a dissident labor leadership group (Nohyup) criticized the patronal relationship between Daehan Nochong and the Liberal Party, and began to activate the labor movement for union autonomy. And in the plant level, rank-and-file workers carried out protests against corrupt union leaders. The labor movement, initially beginning with protests against the corruption, soon reflected the popular sentiments of the day.

The sudden resurrection of labor could be attributed to not only the high union density but also democratic opening and emergence of reformist social forces. The highly democratic nature of the Chang regime, launched by the national elections held in July 1960, provided favorable political contexts for the labor movement. Democratization of society was a top political priority of the Chang regime. All rights and freedoms suppressed by its predecessor was restored, while the police and military were urged to be neutral toward political affairs. In fact, Chang regime permitted people almost unlimited liberty and freedoms. Interest groups enjoyed their associational lives, and the press delighted in its rights. The rules of the political games became democratic formally as well as substantially. Democratic institutions were fully operated, and

<table>
<thead>
<tr>
<th></th>
<th>Labor</th>
<th>Religious &amp; Cultural Groups</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>675</td>
<td>35</td>
<td>486</td>
</tr>
<tr>
<td>Total</td>
<td>2,000</td>
<td>1,174,802</td>
<td></td>
</tr>
</tbody>
</table>


One immediate effect of the regime change was the breakdown of patronal linkage between Daehan Nochong and ruling elite. Coping with the rapidly changing political context, Daehan Nochong held an extraordinary meeting of its Executive Board on April 23, just one day before Rhee's resignation. And two days later, Daehan Nochong announced that it would sever its ties with the Liberal Party and support the April Uprising.
formally as well as substantially. Democratic institutions were fully operated, and their operational procedures were well kept. Political authority and power were extremely divided and checked. The presidential form of government was replaced by the parliamentary system of government. The structure of political authority was decentralized and local administration enjoyed full autonomy based on local elections at every level. These democratic elements reduced the potential cost of workers collective action, and provided unions with expanded organizational space. In other words, the regime propensity for repression was highly decreased.

The social dynamics under the democratic nature of the Chang regime also provided labor with a favorable condition. Under the new political context, reformist social groups such as student, school teachers, progressive politicians and leftist groups emerged in the national politics with their own political ideas and/or sectoral interests. Students, having gained a moral power through the April Uprising, continuously attempted to dictate their idealistic will to the new government. They wanted a through social reform and national reunification through neutralism. Their voice was so strong that students were called the "fourth branch of the Chang regime."69 School teachers organized their own union, so-called "KyowonNocho" (National League of Teachers' Union), in order both to promote their job security and to prevent the political use of schools by the ruling elite. Within a short time, the League gained 82 local teachers' unions, which unionized more than 20% (about 19,000 memberships) of the whole school teachers.70 And leftist politicians and groups re-emerged in the national politics. Under the Rhee regime, any kind of leftist political movements were suppressed

69 John Kie-Chiang Oh, Korea: Democracy on Trial, p. 90.
70 For details, see Mok Lee, Hankook Kyowoon Nodong Chohap Undongsa [History of the Teachers' Union Movement in South Korea] (Seoul: Pulun Namoo, 1989), p. 62.
ruthlessly. The political opening following the collapse of the Rhee regime provided leftist with an opportunity to organize and advocate their "radical" view without the same type of pressure they had felt in the past. By demanding a thorough sociopolitical reform, they revealed a significant gap between the ideas of the "student revolution" and the real life. These reform movements led by former leftist politicians, college students, and school teachers not only contributed to make workers recognize socioeconomic injustice, but also encouraged their collective activism.

All conditions were not favorable to the labor movement, however. Industrialists including the old Liberal Party businessmen still remained their advantageous position at plant level. Despite the sociopolitical reform movement, the Chang government did not take strong action toward business groups. Fundamentally, the ruling Democratic Party was not directly representative of the forces that had brought about the April Uprising.\textsuperscript{71} The party leaders were of the same age and shared much of the same social and educational background as the Liberal elite. They were either of an "urban-bureaucratic bent" or "rural conservative bent."\textsuperscript{72} The Democratic Party government preferred gradual reforms rather than revolutionary ones. Its policy on the issue of the illegal wealth reflected the conservative character of the party. The Chang government was reluctant to punish physically those who had accumulated wealth by illegal means

\textsuperscript{71} The decisive victory of the Democratic Party in the general elections could be attributed to several factors as follows: (1) the Democratic Party in the general elections was the only nationally organized political forces; (2) the leftist parties or groups lacked organizational cohesion and had very limited political constituency; (3) due to its anti-Rhee struggle during the past few years, many voters sympathized the party; and (4) expecting that the Democratic Party would control the state after the elections, the governmental officials and police cooperated with the party, and businessmen provided sufficient political funds. Sungjoo Han, \textit{The Failure of Democracy in South Korea}, p. 103.

\textsuperscript{72} Han-Been Lee, \textit{Korea: Time, Change and Administration}, p. 136.
during the Rhee regime, not only because Chang was afraid that the physical punishment of businessmen might cause general panic in the national economy, but also because the businessmen was an important source of political funds which the party urgently needed. Instead, it encouraged owners of the enterprises to pay whatever they were supposed to owe to the state in stock, so that they could continue to operate their enterprises and maintain their privileged position toward workers.

Coupled with the soft action of the Chang government toward business groups, internal problems of the Korean trade unions made a coordinated labor movement difficult. In November 1960, for a unified labor movement, Daehan Nochong, Nohyup, and independent labor leaders agreed to merge themselves into a new national workers organization known as Hankook Noryun. The creation of an autonomous national body, however, produced another problem, a lack of operational funds. During the Rhee regime period, a main source of the union finance was the donation provided by the Liberal Party entrepreneurs. But it was difficult to expect such financial support from external forces after the political opening. The only way for unions to mobilize their finance was to collect union dues. Under the conditions that workers lacked the concept of the union dues as well as they were economically poor, most of the unions suffered a financial shortage. Hankook Noryun claimed that less than 5 percent of the local unions paid dues to their national organization. In addition, factional fightings among national labor leaders facilitated the decline of organizational cohesion. As a result, the labor

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73 Ibid., p. 167.

74 In fact, Chang and his party received a considerable amount of money from businessmen before and after the July 29 general elections. See Ibid., pp. 103 and 168.

75 Young-Ki Park, Labor and Industrial Relations in Korea: System and Practice (Seoul: Sogang University, 1979), p. 43.
movement during this period tended to take place without organizational coordinations.

Until the military coup in May 1961, workers frittered away their opportunity by shouting slogans and making allegations.
CHAPTER V

Park's Choice:

Administrative Neutralism to Corporatist Exclusionism

President Park Chung Hee originally seized political power on May 16, 1961 through a military coup d'état. He remained in power until his assassination on October 26, 1979. When assuming power in 1961, he strongly regulated business-labor relations, taking a neutral position between the two sectors. However, in the early 1970s, he changed to a corporatist labor containment policy.

1. Characteristics of Park Regime

The Park regime was born with a military coup. After about two and one-half years of military rule, a military-turned-civilian government was established in October, 1963. The military origin of the regime is the most important element in understanding the characteristics of the Park Regime, because a military mentality is very different from a civilian one, as Morris Janowitz pointed out.1 Park and his young colonels had a strong sense of nationalism, a puritanical attitude, and an "anti-politics" outlook. This military mentality is the most crucial factor that distinguishes the Park

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1 Morris Janowitz characterized the military mentality as consisting of the following four aspects: (1) a strong sense of nationalism and national identity, (2) a strong "puritanic" outlook and an emphasis on "anti-corruption" and "anti-decadence," (3) an acceptance of collective public enterprise as a basis for achieving social, political, and economic change, and (4) an "anti-political" perspective. See Morris Janowitz, The Military in the Political Development of New Nations: An Essay in Comparative Analysis (Chicago: The University of Chicago Press, 1964), pp. 63-67.
regime from the previous two civilian regimes.

As the military captured power, the anti-communist ideology, which was relatively neglected under the Chang regime, became a dominant ruling ideology in South Korea. For military officers, national security was the first priority and could not be replaced by others. However, unlike the previous two regimes, economic nationalism was put forward and highly emphasized by the regime elites. Beneath economic nationalism lied a strong sense of the "Korea-first" notion that the students asserted during the Second Republic.² Students, initiating a "new life movement," simply demanded that the elders not smoke foreign cigarettes and not drink foreign coffee, while advocating a neutralism between Capitalism and Communism as a solution of all political problems. These demands were an assertion of nationalism, through which students tried to overcome both the communist threat and the simple acquiescence to American demands. Park and his coup-makers interpreted the nationalism in a positive and aggressive way. They emphasized "modernization of fatherland." General Park himself clearly assigned top priority to economic development by saying right after the coup, "I cannot think of anything else that would make me more miserable than to be hungry." He continued, "one of my duties is to drive poverty away the chronically poor country, and I believe that this is the only way to win the struggle against communism."³ A series of the Five-Year-Economic Plans was the manifestation of these regime ideologies.

In terms of the rules of the political game, the Park regime denied the patrimonial practices or norms that dominated the Rhee regime. The ruling elite had a deep sense of "puritanism." They hated the political corruption, rent-seeking behavior, and personal


patronage. On assuming political power, they arrested 4,200 hoodlums, who had terrorized urban areas during the Second Republic. Their puritanical attitude was sometimes extreme. For example, the military junta, denouncing the high living of urban elites, closed down coffee shops, bars, and dance halls. The puritanical austerity was not limited to simple "street cleaning." Many bureaucrats were purged on the grounds that they had secured their jobs through nepotism, favoritism, or bribery.\(^4\)

The new regime, denouncing the past patrimonial practices, emphasized the restoration of law and meritocracy. Such an anti-patrimonial principle was strictly maintained, especially in the economic policy areas, throughout the 11-year Park regime.

However, the structure of governance was authoritarian. Political power was highly concentrated in the hands of the President Park. The new constitution, amended in 1962, made the relative position of the President stronger than ever before, overshadowing the cabinet, legislative, and judicial branches. To this strong President was also given the emergency powers to mobilize the military forces.\(^5\) In addition, Park was the only general among the coup-makers, and he was a supreme leader of the military coup. When he became President, no one could behave or even think against him. He was an absolute person for the ruling elite and a final arbiter in the policy-making process.

The political space was relatively open, but often intervened and limited. Unlike the previous constitutions, the new constitution embodied some "Spartan" ideas. Article 18 declared that all citizens shall enjoy freedom of speech, press, assembly, and association. Other paragraphs of the same article, however, immediately place


\(^5\) John Kie-Chiang Oh, *Korea: Democracy on Trial*, p. 163.
restrictions, which were not contained in old versions of the Constitution, on these freedoms in the name of "public morality and social ethics."\footnote{Ibid., pp. 162-164.} The question of who would actually implement the constitutional provisions became crucial. The ruling elite, however, were very "anti-political." They saw civilian politicians as those who killed time on useless discussions and factional struggles that inhibited policy decisions. For the regime elite who had spent most of their lives in the military, the top-down command system or organization was regarded as a virtue. They emphasized "productive" or "efficient" politics, in which political participation, policy debates, and party politics were seen as unnecessary and even detrimental to the prosperity of the nation.\footnote{Yong Cheol Kim, "Park Chung Hee ui Chungchijeok Leadership ui Kyungjikwha Yongoo" [A Study on the Political Leadership of the President Park Chung Hee] in Hyung Sup Yoon and Myong Soon Shin, eds., Hankook Chungchi Kwajeongron (Seoul: Bupmoonsa, 1988), pp. 102-104.} The result, despite the regularly held national elections, was a limited political space. The Korean Central Intelligence Agency (KCIA), which was established in 1962, maintained close links with the ruling Democratic Republican Party (DRP) and monitored and intervened in the activities of the opposition parties, the press, and the campus.

The Park regime as a whole can be characterized as "soft" authoritarianism.\footnote{For the concept of the "soft" authoritarianism, see Charmers Johnson, "Political Institutions and Economic Performance: the Government-Business Relationship in Japan, South Korea, and Taiwan," in Frederic C. Deyo, ed., The Political Economy of the New Asian Industrialism (Ithaca: Cornell University Press), pp. 137 and 143.} The Park regime, like the Rhee regime, provided a competitive electoral system but allowed less political space than the Rhee regime. It reduced patrimonial practices, while introducing modern and rational principles. Compared with the previous regimes, the most noticeable element of the Park regime was the introduction of the modernization
ideology. These regime characteristics changed the existing social power configurations, while conditioning Park's choice of ruling coalition.

2. Emergence of Administrative Neutralism

Military Coup and Restructuring Industrial Relations

As General Park and his young colonels took over political power in 1961, they initiated a massive sociopolitical "purification" campaign. As part of it, the military junta dissolved all labor unions and forbade any dispute or work stoppage, while warning employers to refrain from unfair managerial practices. Corrupt or politically active union leaders were arrested.

Greatly impressed with the West German system of trade unions, the coup leaders decided to rationalize industrial relations. They reorganized unions along industrial lines. The military authority lifted the ban on labor unions in August, 1961. By enacting the Provisional Law for Workers' Collective Activity, the junta enabled workers to establish trade unions through registrations. On the same day, the Secretary of Health and Social Affairs of the junta, in charge of labor affairs, announced that unions would be reorganized along industrial lines and unified under a single national center. The existing labor unions were primarily organized in a decentralized way. Only a few unions, like the Railway Workers, were organized on an industrial basis. In August of 1961, fifteen nationwide industrial unions were formed in a top-down manner, and they were united at the top in a single national workers' organization, Hankook Nochong (Federation of Korean Trade Unions), as is presented in Table 5-1.

9 See the public statement of the Secretary of Health and Social Affairs, FKTU, Hankook NodongChohapUndongsa, pp. 587-588.
### Table 5.1: Industrial Unions and Their Membership

<table>
<thead>
<tr>
<th>Industrial Unions</th>
<th>Membership Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Railway Workers' Union</td>
<td>21,259</td>
</tr>
<tr>
<td>National Textile Workers' Union</td>
<td>24,645</td>
</tr>
<tr>
<td>Korea National Miners' Union</td>
<td>16,419</td>
</tr>
<tr>
<td>Korean Electrical Workers' Union</td>
<td>7,949</td>
</tr>
<tr>
<td>Foreign Organization Korean Employees' Union</td>
<td>4,699</td>
</tr>
<tr>
<td>Korean Communication Workers' Union</td>
<td>6,936</td>
</tr>
<tr>
<td>National Transport Workers' Union</td>
<td>21,654</td>
</tr>
<tr>
<td>National Seamen's Union</td>
<td>8,719</td>
</tr>
<tr>
<td>National Financial &amp; Bank Employee's Union</td>
<td>6,011</td>
</tr>
<tr>
<td>National Monopoly Workers' Union</td>
<td>8,578</td>
</tr>
<tr>
<td>National Chemical Workers' Union</td>
<td>10,554</td>
</tr>
<tr>
<td>Korean Metal Workers' Union</td>
<td>5,329</td>
</tr>
<tr>
<td>Korean Port Workers' Union</td>
<td>14,636</td>
</tr>
<tr>
<td>United Workers' Union</td>
<td>12,700</td>
</tr>
<tr>
<td><strong>Total (FKTU)</strong></td>
<td><strong>170,088</strong></td>
</tr>
</tbody>
</table>


One immediate result of the "purification" campaign was the decline in union membership -- from 321,079 in December 1960 to 170,088 in August 1962.¹⁰

Paper unions that did not have rank-and-files, and small and independent organizations were eliminated. However, the government did not set itself against labor nor for business. Unlike Syngman Rhee, the military leaders did not try to establish a meaningful linkage between the newly established ruling Democratic Republican Party,

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¹⁰ For the figure of 1960, see Ministry of Health & Social Affairs, Statistical Yearbook of Health & Social Affairs (Seoul: MHSA, 1960), p. 479.
on the one hand, and business and labor, on the other. Rather, by disqualifying the union leaders who had been politically active, military authorities publicly made clear that they would cut a union-party linkage and depoliticize labor-management relations.11

In 1963, the military leaders institutionalized their initial efforts in terms of legal and institutional mechanisms. They amended a series of labor laws. The most crucial points in the labor laws of 1963 were as follows: (1) a newly organized union had to obtain a legal "certificate of report" from an appropriate administrative agency; (2) political activities of unions were prohibited; (3) a "second union" or "union pluralism" in both plant and national level was forbidden; (4) compulsory membership was legally allowed by recognizing the "union shop"; (5) a bilateral "labor-management council" was created in order to promote cooperation between management and labor; (6) any labor dispute should be reported to the administrative authority and the Labor Committee concerned; (7) both managerial despotism and labor militancy were regulated; and (8) the Minister of Health and Social Affairs had the power of "emergency adjustment" to suspend any act of dispute or to punish the parties concerned, when the act of labor dispute endangers the national economy or the daily life of the general public.12

The military leaders set out to rationalize industrial relations. They wanted both labor and management to conduct their business in the fashion prescribed by law. Rejecting political linkages with labor or business, they took the position that strikes or

11 One concerned member of the SCNR emphasized that union autonomy should be achieved by both cutting political connections with political parties and financial assistance from employers. See Nochong, May 21, 1962, p. 2.

12 For the longitudinal changes in labor laws, see Hyung Bae Kim, "Nodong Byupjae" [Legal Framework of Labor Law] in Korea Employers' Federation, Nodonq Chvunaiae Sasipvunsa [The Four-Decade History of Labor Economy] (Seoul: KEP, 1989), pp. 78-79; and for the content of the 1963 labor laws, see Labor Law of Korea (Seoul: Office of Labor Affairs, 1967).
lockouts were permitted only if labor disputes could not resolved through a clear process of collective bargaining, mediation, and arbitration. In order to support this legal framework, the administrative agency dealing with labor affairs was reorganized. The Administration of Labor Affairs (ALA), once merely a bureau of the Ministry of Health and Social Affairs, was raised to the status of an independent agency and structurally incorporated within the same ministry. In addition to the ALA, national, provincial, and special labor committees were established for the settlement of industrial disputes.

The formal goals of the government were to promote "labor-business cooperation," to maximize the utilization of human resources, and eventually to avoid the chaos and confusion of 1960-1961 through administrative guidance. State intervention in industrial relations was very aggressive. But no attempt was made to include or exclude the two sectors. Rational and productive industrial relations were strongly emphasized. The military authority's approach to industrial relations was characterized by the active, yet administrative equidistance between management and labor, interventionism.

Behind the Neutralism: Park's Survival Strategy

Why did the military leadership choose administrative neutralism rather than any other alternative? The internal and external circumstances in the early 1960s are a clue to understanding the choice. When the coup took place, there was little social resistance. Most of the people had a "wait-and-see" attitude toward the military authority. However, under the historical tradition of civilian supremacy, the


14 Ibid., p. 50.

military leaders themselves had very little political legitimacy. No matter how justifiable it might have been in terms of the inefficiency of the civilian leadership, the military overthrow of the constitutionally elected government was clearly a violation of the civilian supremacy as well as of procedural legitimacy.

More troublesome was the strong pressure of the United States. Since the outbreak of the coup, the United States had continuously pressed military leaders to return to democracy by using her economic aid as leverage. Given the fact that American aid provided more than one half of the Korean budget and 72.4% of the defense expenditure, the junta could not stand up against the American pressure.

Due to the lack of legitimacy and the strong external pressure, the military rule, from its outset, had to act as a transitional government. As soon as they seized power, the coup leaders promised to return the government to civilian hands in their "revolutionary pledge." Two days later, they stressed the transitional character of the military rule in a letter to President Kennedy. In August, 1961, General Park announced that civilian rule would be restored by mid-1963 through free, popular elections. One year later, the military leaders established a constitution drafting committee and adopted a new constitution. The new constitution provided for a strong presidential system. The military leaders, unlike Rhee, did not find it necessary to compromise with an opposition which desired a different form of a government system. However, they could not eliminate the popular presidential election.

16 Joungwon A. Kim, Divided Korea, p. 341.

The generic legitimacy problem, coupled with the prospective return to civilian rule through popular elections, was a critical factor for the coup leaders who wanted to remain in authority in the future. They needed a survival strategy to overcome their generic illegitimacy and to win popular confidence. The best way was to demonstrate that they, unlike the previous civilian politicians, were honest and populist, as well as capable of performing thorough reforms.

The survival strategy was well reflected in the Park’s autobiography written in 1962. Park emphasized that his mission was to perform a "surgical operation" against "a malignant social, political, and economic tumor" beyond partisan or factional interests. The military leadership claimed to be a benevolent doctor, curing old ills. In other words, the military junta made an uncertain coalitional choice in order to demonstrate its fairness and patriotism, and eventually to win broad social support.

In analytical terms, the survival strategy consisted of two parts. One was the massive sociopolitical "purification" campaign, including the denouncement of past regimes, restoration of law and order, reassertion of anti-communism, and relief of the poor. The other was the achievement of economic development -- the realization of a self-sufficient economy and improvement of living standards through rational


19 As part of the "purification" campaigns, many "illicit fortune makers" were investigated, their wealth was confiscated, 4,200 politicians and government officials were screened and purged, 2,100 "suspected communist sympathizers" were jailed, and 4,200 hoodlums and thousands of beggars were arrested. Calling for a responsible press, the junta closed down 1,230 spurious presses that sprang up during the Second Republic, leaving only 343 which had been in existence prior to April 19, 1960. At the same time, declaring a Moratorium on Usurious Rural Debts, they attempted to relieve the poor. See Se-Jin Kim, The Politics of Military Revolution in Korea, pp. 107-108; Joungwon A. Kim, Divided Korea, p. 232; Economic Planning Board, Economic Survey, (Seoul: EPB, 1963), p. 13.
management of the economy. If the former was for short-term legitimation of the military coup and military rule, the latter was for the long-term justification for its remaining in authority in the future. In other words, Park attempted to overcome his illegitimate power origin through achieving populist and tangible goals.

The long-term survival tactics were closely related to domestic economic circumstances. Partly due to widespread political corruption and partly due to declining foreign aid, the Korean economy had performed poorly since the late 1950s. Annual economic growth declined from 7.6% in 1957 to 5.5% in 1958, 3.8% in 1959, and 1.1% in 1960, while operational rate of the major factories had fallen since 1957, and declined significantly in the early 1960s. The economic recession in turn increased the unemployment rate from 14% in 1957, to 17% in 1958 and 1959, and to 24% in 1960. Under these circumstances, the military leaders launched a five-year-economic plan in 1962, hoping to elicit broad popular support.

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22 According to the Annual Report of the Korean Bank (1962), the operation rate of major industries in 1961 was as follows: canned food (21.7%), sugar mill (26.1%), flour mill (23.3%), cotton spinning (66.05), cotton fabrics (48.8%), rayon fabrics (84.7%), newsprints (90.8%), rubber shoes (68.4%), automobile tires (53.4%), soap (35.1%), chemical fertilizer (76.1%), caustic soda (77.8%), cement (72.6%), pig iron (14.2%), copper wire (34.0%), electric wire (20.0%), and bicycles (26.6%).

The restructuring of industrial relations was also a part of survival politics. To build a populist image, Park needed to portray himself as a guardian of workers in restructuring industrial relations. On the other hand, to boost economic performance, he also needed to use the entrepreneurial elites as agents of the five-year-economic plan and to protect the entrepreneurial activities from extreme labor militancy. Obviously, the best choice was to posit himself as a fair and neutral arbiter. He purged corrupt union leaders and illicit wealth accumulators, while attempting to rationalize the industrial order.

The choice of the administrative neutralism was also facilitated and maintained by several other factors. First, the relational dynamics of social forces provided a positive environment for Park's choice of administrative neutralism. Though the Second Republic was born with the mission of social reform, the Chang government could not perform it properly due to its conservative social ties. Its passive action toward business groups highly frustrated the reformist groups, including labor. Furthermore, the relationship between the ruling party and the state agencies was too fragile to control the exploding popular protests and chaotic social order. Severe factional feuding within the ruling Democratic Party, coupled with the aftermath of the April Uprising, severely reduced the ability of the political leadership to control state institutions: the police under democratic opening were highly demoralized, partly because of its extensive involvement in political corruption under the Rhee regime, and partly because a large number of police officers were purged after the April Uprising;\(^\text{24}\) the institutional capacity of the state bureaucracy also declined, mainly due to frequent changes in the cabinet, which resulted from the political disputes within the Democratic Party;\(^\text{25}\)

\(^{24}\) Sungjoo Han, *The Failure of Democracy in South Korea*, p. 157.

Chang and his Democratic Party lacked the institutional infrastructure to monitor and control the armed forces. Under such conditions, the conservative Chang government could not take strong and active measures toward labor activism. Thus, the state strategy toward labor under the Chang regime could be nothing more than a passive form of political neutralism.

Unlike the fragile Chang government, the military leadership, by taking advantage of its modern managerial capacity, advanced organizational skill, and coercive power, was able to control all social forces and the state institutions. Moreover, in terms of the relational dynamics, the military leaders, unlike the Chang government, had few ties to all social forces including the dominant economic elite and labor union leaders. Thus, they had little reason to show favoritism toward any social groups or sectors, including labor and business.

Second, the historical legacies of the two previous regimes facilitated the leadership choice of labor strategy. The incorporation of the labor union into the Liberal Party under the Rhee regime, which had held the union as a mere auxiliary organization of the ruling party, produced a bad image of party-union linkage. And the informal linkage between the ruling party and the illegitimate business group under the Chang regime, which contributed to the soft action of the government toward the business group, frustrated the people. The military leaders well recognized these historical

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26 At the time of 1961, there was no social force to challenge the military. Thanks to the American attempt to build up a strong armed force against the Communist threat, the Korean military had already become a preeminent institution in various aspects: the size of the military rapidly increased from 100,000 in 1950 to 600,000 in 1960; and it obtained modernized skills and knowledge through American education programs. See Hahn-Been Lee, Korea: Time, Change, and Administration, p. 151.

27 Ibid., pp. 152-154.

28 Jang-Jip Choi, "Interest Conflict and Political Control in South Korea," p. 130.
preconditions. An obvious way to win confidence from the public was to restructure the industrial order in an administrative and neutral way.

Finally, the Park's choice was facilitated by the regime's puritanic character. The new rulers, unlike the old civilian ones, valued modernity and rationality rather than tradition and patrimonial practices. Thus, administrative neutralism, more than any other option, perfectly matched their regime character.

3. The Dynamics of Administrative Neutralism

Domestication of Labor Unions: Manipulated Field Control

The original goals of administrative neutralism were two -- (1) building a suprapartisan image of the regime, and (2) maximum utilization of human resources for economic development. In 1963, the junta's strategic emphasis rapidly shifted from the short-term justification of the coup to the long-term legitimation of its rule. The shift contributed to changes in the focus of the state's labor policy from rationalizing the union system to domesticating labor unions. Effective management of labor relations was emphasized much more than creating a popular image of the regime. The legal and institutional mechanisms of 1963 were a manifest expression of the junta's willingness to place labor affairs under its control.

The shift in policy emphasis was also facilitated by a series of union leaders' moves. In January, 1963, a group of union leaders attempted to form a workers' party, the so-called Democratic Labor Party. They claimed that the best way to represent labor interests was to form the workers' own political party and to participate in the policy-making process as an active political actor, while openly criticizing the junta's willingness to encapsulate the union activism in a purely "bread-and-butter"
Another incident took place in the spring of 1963. A group of union leaders led by Kim Malyong (a leader of the old Hankook Noryon), which was not allowed to engage in union activity by the junta largely because of its reformist or progressive character, attempted to revive Hankook Noryon. Proclaiming the "illegality" of Hankook Nochong in its establishing process, this group organized 'second unions' in the Seoul-Incheon areas. For the military leaders, who had already organized Hankook Nochong as part of their efforts to foster more efficient organization and administration of the unions, the 'second union' movement was seen as a challenge against them.

The military authority responded promptly and resolutely. By banning 'political' unionism and 'second unions' through the amendment of labor union law in 1963, they blocked both the formation of the labor party and the 'second union' movement. At the same time, state intervention in labor disputes was also legalized. The aftermath of these incidents was strong: reformist or progressive union leaders were eliminated, and only compliant or conservative leaders were allowed to remain. As a result, the labor movement could be neither political nor radical under the Park regime. The basic orientation and goals of Hankook Nochong reflected the guiding principles of the Park regime.

Some unions in foreign countries, obsessed with Marxist specter, still follow the old doctrine of class struggle. Today, there are only employers or managers whose prime concern is to increase productivity. Such a development of capitalism substantially is not consistent with the theory that capitalists seek only profit maximization. It is the real reason why capital-labor collaboration is so urgently needed and why the doctrine of class struggle should be discarded. Here, it becomes clear that labor

29 FKTU, Hankook Nodong Undong Chohapsa, pp. 584-586.
30 Ibid., pp. 582-584.
must commit itself to improving working conditions and living standards through trade unionism in accordance with reality.\textsuperscript{31}

As evident in the above statement made by the official newspaper of Hankook Nochong, anti-communism and economic nationalism, the Park regime's ruling ideology, served as the ideological foundation of the new labor union. Hankook Nochong basically rejected 'political' unionism. Instead, it accepted "trade unionism" to take the capitalist system as given and to concentrate on achieving better economic terms within it. Short-term economic interests, rather than long-term working class interests, were the target that labor unions attempt to pursue.

Furthermore, coupled with a great emphasis on labor-business co-partnership, the active (yet taking relatively neutral) intervention of the state agencies in labor disputes contributed to the emergence of an accommodationist union strategy. Hankook Nochong repudiated a militant stance, rejecting a two-staged struggle (collective bargaining and strike). Instead, it adopted a three-staged union strategy (prior consultation, collective bargaining, and strike).\textsuperscript{32}

However, not all union activism for workers was intervened by the state. A limited 'interest politics' for workers was allowed. The prime example was the battle between labor and business surrounding legal issues. In terms of purely legal provisions, the labor laws of 1963 clearly introduced a considerable restriction over labor unions. Nonetheless, in substantive terms, the legal framework as a whole had more pro-labor elements than anti-labor ones. In the early 1960s, Korean labor was too weak to cope with management power in every sense. Compared to business, labor capability to


\textsuperscript{32} Ibid.
manage its organization was incipient, its financial resources were poor, and its internal cohesion was weak. In this sense, despite some restrictive clauses, the labor laws of 1963, which emphasized the neutrality of the state and bureaucratic guidance in industrial relations, were largely labor-protective.33

From the beginning, both labor and business were determined to revise anti-labor and anti-business legal provisions, respectively. Claiming that the existing union system was likely to promote labor disputes that were harmful to economic development, business groups urged the government to replace the current industrial unionism and compulsory membership system by an enterprise unionism and free membership system. On the part of labor, Hankook Nochong made petitions to the National Assembly, while organizing a struggle committee and issuing public announcements against business moves.34 The defensive and offensive battles were not intervened by the state, as long as both labor and business competed to gain influence through the formal policy-making channels.

The state's approach to labor relations can be characterized as a mixture of "direct control" and "manipulated field control."35 The state authority legally defined a tolerance zone within which pluralistic competitions or confrontations between labor and business were allowed. But militant union activism or excessive business despotism were not tolerated. If there were signs of such action, state agencies intervened.

33 Jang-Jip Choi, "Interest Conflict and Political Control in South Korea," pp. 140-141.

34 FKTU, Hankook Nodong Chohap Undongsa, pp. 620-623.

Another mode of the state intervention was "field augmentation," which involved a deliberate action to cope with newly emerging unexpected incidents. The prime example was the enactment of the Provisional Exceptional Law concerning Labor Unions and the Settlement of Labor Disputes in Foreign Invested Firms (PELFIF) in December, 1969. In 1967 and 1968, two highly visible labor disputes occurred in the foreign invested electronic firms. Labor dispute in Signectics Electronic Co. took place in October, 1967, when a union leader was fired. Workers engaged in sabotage, protesting managerial despotism. The company soon suffered decreasing productivity, and considered seriously dropping its reinvestment plan. The government, being afraid of its negative effect on attracting foreign investment, intervened in the labor dispute, and adjusted it.

By contrast, the confrontation between the union and American Oak Electronic Co. in 1968 ended with the latter's plant relocation to abroad. Like the case of the Signectics Co., the conflict resulted from the management's effort to destroy union activism. Workers confronted the manager with a strike. Despite government mediation, the company decided to close the factory and moved its plant to Hong Kong. For the government, which regarded foreign capital as the most important factor in the realization of economic plans, the labor action within foreign companies could not be


tolerated. The enactment of the PELFIF served as another form of the state tolerance zone in the field of the foreign owned firms.

A major instrument to control the field of labor relations, in addition to the legal frames, was bureaucratic guidance. For example, most of the labor disputes were solved through formal administrative intervention rather than through adjustments by the Labor Committee (see Table 5-2). In so doing, the state manipulated its expectations and signals about labor affairs to secure compliant response of labor unions.

Table 5.2: Settlement of Labor Disputes, 1963-1970

<table>
<thead>
<tr>
<th>Year</th>
<th>Labor Committee Conciliation</th>
<th>Labor Committee Mediation</th>
<th>Labor Committee Arbitration</th>
<th>Informal Adjustment through Administrative Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>11.8%</td>
<td>16.2%</td>
<td>17.2%</td>
<td>54.4%</td>
</tr>
<tr>
<td>1964</td>
<td>1.9%</td>
<td>6.4%</td>
<td>12.7%</td>
<td>79.0%</td>
</tr>
<tr>
<td>1965</td>
<td>4.0%</td>
<td>8.0%</td>
<td>9.0%</td>
<td>74.0%</td>
</tr>
<tr>
<td>1966</td>
<td>7.6%</td>
<td>10.8%</td>
<td>9.7%</td>
<td>71.9%</td>
</tr>
<tr>
<td>1967</td>
<td>9.3%</td>
<td>10.3%</td>
<td>7.4%</td>
<td>73.0%</td>
</tr>
<tr>
<td>1968</td>
<td>3.6%</td>
<td>15.3%</td>
<td>15.3%</td>
<td>65.8%</td>
</tr>
<tr>
<td>1969</td>
<td>3.3%</td>
<td>19.6%</td>
<td>14.1%</td>
<td>63.0%</td>
</tr>
<tr>
<td>1970</td>
<td>2.4%</td>
<td>13.4%</td>
<td>8.7%</td>
<td>74.3%</td>
</tr>
</tbody>
</table>

Sources: Nodong Cheong [Administration of Labor Affairs], Yearbook of Labor Statistics (Seoul: ALA, various issues).

Economic Development and Growing State-Business Linkage

The state's efforts to foster cooperative industrial relations were closely related to the long-term legitimization of the regime. In the name of "guided capitalism," President Park put forward national economic prosperity as a prime goal of the regime. Park's effort to produce economic dynamism was tremendous. He introduced a powerful
planning agency (the Economic Planning Board) and strengthened its decision-making power, while protecting the bureaucratic decision from external pressures. He did not hesitate to mobilize the entrepreneurial elites, whom Park had punished during the early period of military rule, as an engine in implementing economic plans. At the same time, cooperative industrial relations became a prime target of the government labor policy. The politics of productivity emerged as a motto of the Park regime.

However, boosting the national economy was not easy. Victory in the 1963 elections by no means marked the end of opposition to Park's rule. Opposition parties continuously challenged his regime stability. Park desperately needed financial resources from abroad to carry out his economic projects, which were based on the export-oriented industrialization (EOI) to foster economic growth as well as on the import-substitution industrialization (ISI) for strategic industrial sectors. But no local capital was available. Even the U.S. aid was rapidly being phased out. When he tried to normalize Korea-Japan relations, the opposition parties organized a "Pan-National Struggle Committee to Oppose Humiliating Diplomacy" and mobilized students and intellectuals against the government. Unlike the student and intellectuals, who opposed the treaty because of the bitter experience of Japanese rule, the opposition parties feared that Japanese money would augment the financial resources of the ruling group and consolidate Park's political power.39 Faced with massive protests by students, intellectuals, and opposition parties against the signing and ratification of the treaty, the government had to declare martial law in June, 1964, and a garrison decree in August, 1965.40

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40 For a study of the protest against the Korea-Japan treaty, see Kwan Bong Kim, The Korea-Japan Treaty Crisis and the Instability of the Korean Political System (New York: Praeger Publishers, 1971).
Another major challenge took place when the government decided to dispatch Korean troops to Vietnam in 1966. Originally, Korean involvement in the Vietnam War stemmed from a strong American wish. Motivated by moral and security reasons -- to pay back a political debt of the Korean War and to improve the Korea's position in the international security alliance -- Park ended service units to Vietnam in 1964. In 1966, President Johnson requested Korea for combat forces in addition to the service units. At this time, Park was highly concerned with the money coming from the Vietnam venture. However, there was a considerable degree of apprehension among Koreans. They worried about the possible erosion of the security posture by sending out the Korean combat troops to Vietnam.41 Opposition parties in the National Assembly and students on the campus strongly protested and demonstrated against the government decision to dispatch combat forces.

Despite political opposition, Park's economic performance proved to be impressive. During the period between 1963 and 1967, the national economy grew at about 8.8% per year.42 Per capita income rose from around 100 dollars in 1963 up to 142 dollars in 1967,43 while the unemployment rate declined from 8.6% in 1963 to 7.5% in 1965, and to 6.5% by the end of 1967.44 This was the first time since independence that a definite economic improvement was felt by the public.

42 The annual economic growth rate during this period is as follows: 9.1% in 1963, 9.6% in 1964, 5.8% in 1965, 12.7% in 1966, and 6.6% in 1967. See The Bank of Korea, National Income in Korea, (Seoul: BOK, 1982), p. 13.
43 Ibid.
44 Economic Planning Board, Social Indicators in Korea, 1987, p. 112; Sookon Kim, Labor Economics and Industrial Relations in Korea (Seoul; Korea Development Institute, 1978), p. 71.
The good economic performance contributed to boosting Park's popularity.\textsuperscript{45} Unlike his narrow victory over Yoon Po Sun (46.7\% vs. 45.1\%) in the 1963 presidential election, Park was reelected by a near landslide, capturing 51.4\% of the votes, as opposed to 40.9\% for the same opposition candidate, Yoon. Park's die-hard efforts at economic development broadened his support by drawing voters from the traditional anti-power block, the urban popular sector. Park won in urban areas, where Yoon had defeated him by a large margin (19.3\%) in 1963. Even in Seoul, where Yoon had defeated Park by a margin of 34.9\% in 1963, Yoon led Park by only 6.1\% this time (see Table 5.3). The only area where Park lost electoral support was North and South Cholla Provinces, where the government was accused of pursuing an unfair

\begin{table}[h]
\centering
\caption{Changes in Electoral Support for Park}
\begin{tabular}{lccc}
\hline
Presidential Candidates & Urban & Rural & Seoul \\
\hline
1963 & & & \\
Park & 37.8 & 50.8 & 30.2 \\
Yoon & 57.1 & 39.5 & 65.1 \\
Others & 5.1 & 9.7 & 4.7 \\
& 100.0\% & 100.0\% & 100.0\% \\
1967 & & & \\
Park & 50.4 & 52.2 & 45.2 \\
Yoon & 37.6 & 42.2 & 51.3 \\
Others & 12.0 & 5.6 & 3.5 \\
& 100.0\% & 100.0\% & 100.0\% \\
\hline
\end{tabular}
\end{table}

Note: Urban represents cities with a population of 50,000 or more.

regional development policy despite their support of Park in the 1963 election.46

In the subsequent National Assembly elections, the ruling DRP also defeated the NDP by a wide margin. The DRP gained almost three-fourths of the Assembly seats by capturing 50.6% of the vote. The NDP obtained only one-fourth seats with 32.7% of the vote. This reflects a remarkable increase in popular support for the DRP, compared with the 1963 elections (see Table 5-4). Obviously, the overwhelming victory of the DRP could be attributed to the successful economic development.

Table 5.4: Changes in Electoral Support for the DRP

<table>
<thead>
<tr>
<th>Party</th>
<th>No. of Seats</th>
<th>% of Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Democratic Republican</td>
<td>110</td>
<td>32.4</td>
</tr>
<tr>
<td>Civil Rule</td>
<td>41</td>
<td>19.3</td>
</tr>
<tr>
<td>Democratic</td>
<td>13</td>
<td>13.2</td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
<td>16.2</td>
</tr>
<tr>
<td></td>
<td>175</td>
<td>100.0</td>
</tr>
<tr>
<td>1967</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Democratic Republican</td>
<td>129</td>
<td>50.6</td>
</tr>
<tr>
<td>New Democratic</td>
<td>45</td>
<td>32.7</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>16.7</td>
</tr>
<tr>
<td></td>
<td>175</td>
<td>100.0</td>
</tr>
</tbody>
</table>


By 1967, Park and his DRP appeared to have achieved a fairly effective consolidation of power. The military, the core of the Park's power base, seemed securely under the control of the leadership. In the minds of the people, a sense of accomplishment began to appear, fostering national consensus on economic prosperity.

Cole and Lyman describe the emerging new social climate under Park's leadership as follows: "Within the government this (economic) success led to greater confidence and, therefore, to the more energetic pursuit of its economic progress. Among the population at large, these developments combined to create a new confidence and a new commitment, both to economic growth and general political stability."47

The most visible change was a growing partnership between the state and business. When the military junta took power in 1961, it enacted, in an apparent effort to justify the legitimacy of the military coup, a special law to confiscate the illegally amassed fortunes of businessmen. Departing from the initial effort to punish business groups in the name of social purification, the ruling elite found instrumental value of the business groups as their emphasis in survival strategy moved from "purification" to "economic prosperity." Since business was the only group which had production personnel, facilities, and managerial skill, a compromise between ruling elite and business was necessary. In order to promote business concentration to growth, a series of policy incentives was provided, such as tax incentives, preferential credit allocation, and an institutional mechanism to being businessmen closer to top government officials on economic policy issues.48 Consequently, entrepreneurial elites joined the ruling circle as a faithful partner in the pursuit of national economic development.

An ultimate goal of economic development, however, was not to create faithful economic elites, but to elicit popular support. Although Park's survival strategy itself was dependent upon the success of business, his survival was not dependent upon its political support because of the existence of democratic electoral system. Park and his


DRP therefore were not in a position all the time to listen to the business community and to frame policies for entrepreneurial interests against labor. They had to take care of their public image as a neutral and fair guide. In other words, despite the emerging linkage between state and business, the semi-competitive electoral system contributed to forcing political leadership to keep a relative equidistance between labor and business.

**Consequences of Administrative Neutralism**

The most salient result of the administrative neutralism was low union density. During the Rhee regime, union density was extremely high. President Rhee and his LP politicized labor unions through clientele linkages, while mobilizing workers to their survival campaigns. Unlike Syngman Rhee, President Park tried to depoliticize unions. He rationalized the union system and fostered administrative efficiency of unions. Paper unions were removed, while the condition of union establishment was strengthened from *laissez-faire* to registration. The consequence, as Table 5.5 shows, was the decline in union density.

Despite the low union density, unions during the Park regime enjoyed a considerably high degree of associational autonomy. Although Hankook Nohchong and its affiliated industrial unions were organized by the military junta, their activities to articulate interests were not hampered as long as they performed within the tolerance zone that the state had set up.

Another visible result was a gradual increase in real wages. In the 1960s, unions tended to compare their wage increases with those in the cost of living, and demanded wage increases that kept up with or surpassed increases in the cost of living. Although the state authorities, seeking to create economic dynamism, exhorted unions not to seek wages in excess of labor productivity gains, they did not have any formal wage guidelines. Over the long run, thus, labor neither won nor lost terms of wages. As Table
5-6 shows, nominal wages during 1961-1971 rose by 475.3%, but real wages increased by 32.2% due to the rapid increase in living costs.

Table 5.5: Unions, Memberships, and Density, 1962-1971

<table>
<thead>
<tr>
<th>Year</th>
<th>IU*</th>
<th>LC*</th>
<th>Branches</th>
<th>No. of Union Memberships</th>
<th>No. of Total Employees (1000)</th>
<th>Estimate of Union Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>14</td>
<td>279</td>
<td>1,526</td>
<td>176,165</td>
<td>2,320</td>
<td>7.6%</td>
</tr>
<tr>
<td>1963</td>
<td>15</td>
<td>313</td>
<td>1,820</td>
<td>224,420</td>
<td>2,431</td>
<td>9.3%</td>
</tr>
<tr>
<td>1964</td>
<td>16</td>
<td>341</td>
<td>2,105</td>
<td>271,579</td>
<td>2,389</td>
<td>11.4%</td>
</tr>
<tr>
<td>1965</td>
<td>16</td>
<td>356</td>
<td>2,205</td>
<td>294,105</td>
<td>2,635</td>
<td>11.2%</td>
</tr>
<tr>
<td>1966</td>
<td>16</td>
<td>359</td>
<td>2,359</td>
<td>336,974</td>
<td>2,809</td>
<td>12.0%</td>
</tr>
<tr>
<td>1967</td>
<td>16</td>
<td>373</td>
<td>2,622</td>
<td>366,973</td>
<td>3,069</td>
<td>12.0%</td>
</tr>
<tr>
<td>1968</td>
<td>16</td>
<td>394</td>
<td>2,656</td>
<td>399,909</td>
<td>3,431</td>
<td>12.0%</td>
</tr>
<tr>
<td>1969</td>
<td>16</td>
<td>416</td>
<td>2,902</td>
<td>444,372</td>
<td>3,586</td>
<td>12.4%</td>
</tr>
<tr>
<td>1970</td>
<td>16</td>
<td>418</td>
<td>3,080</td>
<td>469,003</td>
<td>3,786</td>
<td>12.4%</td>
</tr>
<tr>
<td>1971</td>
<td>17</td>
<td>437</td>
<td>3,022</td>
<td>493,711</td>
<td>3,957</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

Notes: * IU and LC indicate industrial unions and local chapters, respectively.

Union Density = (No. of Union Memberships/ No. of Total Employees) x 100

Sources: Federation of Korean Trade Unions, SaupBogo, (Seoul: FKTU, various issues); Economic Planning Board, Social Indicators in Korea, (Seoul: EPB, various issues).

Finally, the numbers of labor disputes during the Park regime increased substantively, compared with those in the 1950s (see Figure 5.1). Nevertheless, it does not imply that administrative neutralism was ineffective in reducing industrial conflicts. The mixture of "direct control" and "manipulated field control" by the state effectively confined labor politics to the form of a limited "interest politics," while forcing unions to adopt a conservative or accommodational stance toward the state. When compared with the number of labor disputes occurred during the Second Republic
Table 5.6: Increases in Wages, Cost of Living, and Productivity, 1961-1971

<table>
<thead>
<tr>
<th>Year</th>
<th>Nominal Wage</th>
<th>Cost of Living</th>
<th>Real Wage</th>
<th>Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>annual increase</td>
<td>index (1960=100)</td>
<td>annual increase</td>
<td>index (1960=100)</td>
</tr>
<tr>
<td>1961</td>
<td>9.7</td>
<td>109</td>
<td>8.1</td>
<td>108</td>
</tr>
<tr>
<td>1962</td>
<td>5.9</td>
<td>116</td>
<td>6.6</td>
<td>115</td>
</tr>
<tr>
<td>1963</td>
<td>10.6</td>
<td>129</td>
<td>20.6</td>
<td>139</td>
</tr>
<tr>
<td>1964</td>
<td>20.5</td>
<td>155</td>
<td>29.5</td>
<td>180</td>
</tr>
<tr>
<td>1965</td>
<td>17.6</td>
<td>182</td>
<td>13.6</td>
<td>204</td>
</tr>
<tr>
<td>1966</td>
<td>17.8</td>
<td>215</td>
<td>11.3</td>
<td>228</td>
</tr>
<tr>
<td>1967</td>
<td>23.5</td>
<td>265</td>
<td>10.9</td>
<td>252</td>
</tr>
<tr>
<td>1968</td>
<td>24.5</td>
<td>330</td>
<td>10.8</td>
<td>279</td>
</tr>
<tr>
<td>1969</td>
<td>16.8</td>
<td>386</td>
<td>12.3</td>
<td>314</td>
</tr>
<tr>
<td>1970</td>
<td>22.8</td>
<td>475</td>
<td>15.9</td>
<td>364</td>
</tr>
<tr>
<td>1971</td>
<td>18.0</td>
<td>561</td>
<td>15.3</td>
<td>420</td>
</tr>
</tbody>
</table>

(1960-1961), it became clear that Park’s administrative neutralism was relatively effective. The Democratic Party government, conditioned by its democratic and conservative regime character and by low level of governability, took a defensive political neutralism toward the explosive labor movement after the collapse of the Rhee regime, hoping to resolve the labor-business conflicts by themselves. However, the result was the escalation of industrial conflicts. National union leadership was internally divided, and thus lacked the capacities to coordinate union activism and to control rank-and-files. On the other hand, employers and managers were too conservative to sit on negotiation table. For thirteen months (April 1960, and May 1961), 282 labor actions took place. This figure, in terms of the monthly average, amounted to 2.4 times of the labor disputes occurred during 1963-1971.

In sum, Park's labor policy in the 1960s can be better characterized in terms of administrative neutralism. Park tried to maximize the utility of manpower as well as to create popular confidence on his regime, while taking a relatively neutral position between labor and business. He rationalized union system, depoliticized labor and business, and placed them under administrative guidance. In this aspect, Park's labor policy was clearly distinguished from the Democratic Party government's political neutralism. In terms of consequences, the 1960s had not been bad years for Korean workers. Many unemployed or underemployees found jobs, as the national economy grew rapidly. Union autonomy was allowed, while collective agreements and bargaining were encouraged. Real wages increased, though they were small. However, since the mid-1960s, there have been emerging negative signs against labor. A close state-business linkage began to appear, while the state adopted anti-labor policies such as the PELFIF.
Figure 5.1: Trends of Labor Disputes, 1955-1971

4. Transition to Corporatist Exclusionism

It was in the Law concerning Special Measures for Safeguarding National Security (LSMSNS) that the ruling elite demonstrated their intention to shift from the neutralistic labor policy to an exclusionary one. On December 27, 1971, Park and his DRP enacted the LSMSNS. The LSMSNS was very different from the PELFIF, though both of them were anti-labor measures. The basic purpose of the PELFIF was to attract
foreign capital by minimizing union activism within foreign invested firms. In terms of its scope of application, the PELFIF was very limited and partial, and its impact on union activity as a whole was negligible. By contrast, the LSMSNS was enacted to provide Park with almost unlimited emergency power over all labor affairs. It enabled Park to restrict workers' right to collective action, while expanding the scope of compulsory arbitration. It also empowered the state authority to set wages and prices for economic needs. Its scope of application was almost unlimited, and its impact was powerful enough to destroy the labor movement by justifying repression in security terms. The imposition of the LSMSNS was a prelude to the *Yushin* regime, which emerged one year later.

On October 17, 1972, President Park declared martial law throughout the country and announced the "extraordinary measures" that were necessary to "move forward with the South-North [Korean] dialogue more positively and courageously while overcoming the harsh challenges of rapidly changing international situations." Under these measures, the National Assembly was dissolved, all political activities were suspended, tight press censorship was imposed, and a new constitution was proposed. Two months later, instituted the *Yushin* regime.

With the advent of the authoritarian *Yushin* regime, President Park redesigned labor's interest representation system. His restructuring modeled after state corporatism, in that labor unions were "officially sanctioned, closely supervised, and often subsidized by the state." A precondition of state corporatism is the existence or

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creation of a "singular," "compulsory," and "noncompetitive" peak association. In this sense, Park and his ruling elite did not have to create such labor organization, because they had already given a functional monopoly to Hankook Nochong. What they needed was to place Hankook Nochong under tight state control, while allowing its representational monopoly.

During the pre-Yushin period (except for the military regime), Park relied on indirect and loose tactics for managing national union leadership. However, soon after the promulgation of the LSMSNS, he began to control union leadership in a tight, direct way. The 1973 election for Hankook Nochong leadership, which was the first election held under the Yushin regime, was a case in point. The state authority designated a single candidate, while forcing the other two candidates to withdraw. As a result, Bae Sang-Ho, a state-designated candidate, became the chairman. But the election produced several side-effects, such as an internal protest led by ten national industrial unions' presidents, external criticism initiated by church groups, and a lawsuit by Kim Mal-Yong, who was one of the original candidates in the election. The side-effects pushed the state authority to allow multiple candidates in the next two elections (1976 and 1979). But all candidates were screened in terms of their political reliability by the state intelligence agency.

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52 Philippe C. Schmitter, "Still the Century of Corporatism?" p. 104.

53 Kim Mal-Yong, one of the original candidates at the time, observed that the 1973 election for Hankook Nochong chairman was severely intervened by the state. See Joong-Suk Suh, "Hankook Nochong ul Haeboohanda" [Anatomy of Hankook Nochong] Sindong-A, (April 1985), p. 492.

54 Jang-Jip Choi, "Interest Conflict and Political Control in South Korea," p. 250.
Along with its direct control over union leadership, the state began to finance Hankook Nochong to secure its compliance. Compared with Latin American cases, however, the state subsidy of Hankook Nochong was partial and irregular. In Latin American countries (e.g., Brazil), the state financed a major portion of the revenue of labor organizations by collecting a "trade union tax" from both unionized and non-unionized workers.\footnote{Kenneth S. Mericle, "Corporatist Control of the Working Class: Authoritarian Brazil Since 1964," in James M. Malloy, ed., Authoritarianism and Corporatism in Latin America, p. 314.} In Korea, the state financing during this period was characterized as a relief fund rather than as a primary source of the union revenue.\footnote{Young Rae Kim, "Hankook Yiikjipdan asdaehan Chohapjoouijul Poonsuk," p. 91.} But its effect was great enough to co-opt Hankook Nochong leadership.

With regard to rank-and-file workers, an ideological indoctrination was employed. In 1973, Park introduced the Factory Saemaul (New Community) Movement in order to enhance labor productivity and compliance at workplaces.\footnote{Originally, the Saemaul Movement started in 1970 as a state-directed rural campaign in order to counter the growing gap in income between rural and urban areas.} Through the state-directed campaign, Park attempted to cultivate traditional norms and values such as vertical loyalty and filial piety. Emphasizing an enterprise familism on the basis of traditional Confucianism, the Factory Saemaul Movement not only fostered a traditional father-son relationship between employers and workers, but also inculcated a diligent work ethic for workers.\footnote{Jang-Jip Choi, "Interest Conflict and Political Control in South Korea," pp. 288-302.} At the plant level, the ideological inculcation was performed through two channels, Saemaul leaders and Saemaul work teams. These channels were developed into institutions parallel to the labor union, with the intention to neutralize the union activism.\footnote{Jang-Jip Choi, Ibid., p. 295 and p. 300; Jeong Taik Lee, "Economic Development and}
At the same time, the state security agencies were mobilized to prevent militant labor activities. The police and KCIA monitored labor activists, while eliminating them from production process, in order to prevent or remove an inter-sectoral linkage between labor and opposition forces. These state security agencies often used managerial despotism as a part of their efforts to block the emergence of unofficial, independent unions.

In sum, the major components of the state's labor control involved legal, institutional, and ideological mechanisms. Creation of such mechanisms in the early 1970s was prompt. The LSMSNS of 1971 was a first step. The transformation to a hard authoritarian regime in 1972 made it much easier to institutionalize the corporative labor control. In 1973 and 1974, labor laws were revised. The revision was a simple reaffirmation of the LSMSNS that empowered the state agencies to intervene in every labor affair. Moreover, the traditional Confucian culture made it possible to invent ideological mechanisms.

5. Why State Corporatist Exclusionism?

Changes in Circumstantial Setting

Like Syngman Rhee, Park was determined to stay in power. Park's decision in 1969 to amend the constitution to allow a third presidential term indicated the determination. However, economic difficulties exacerbated Park's political position. During the 1960s, the survival strategy of "legitimacy through performance" worked very well. International competitiveness emanating from labor-intensive export-oriented-industrialization, the up-swing of the world economy, and the Vietnam boom contributed to rapid growth and export expansion. During the period between 1963 and

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Industrial Order in South Korea," pp. 91-92.
1969, annual growth rates averaged over 10%. Exports were on the rise, and the balance of payment situation remained relatively stable.

Table 5.7: Trade Balance, Foreign Debt, and Debt Service, 1965-1975

<table>
<thead>
<tr>
<th>year</th>
<th>(a) trade deficit (million $)</th>
<th>(b) total foreign deficit (million $)</th>
<th>(c) debt service ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Korea</td>
</tr>
<tr>
<td>1965</td>
<td>+9.1</td>
<td>206</td>
<td>2.7</td>
</tr>
<tr>
<td>1966</td>
<td>-103.4</td>
<td>392</td>
<td>3.6</td>
</tr>
<tr>
<td>1967</td>
<td>-191.9</td>
<td>645</td>
<td>8.2</td>
</tr>
<tr>
<td>1968</td>
<td>-440.3</td>
<td>1,199</td>
<td>9.4</td>
</tr>
<tr>
<td>1969</td>
<td>-548.6</td>
<td>1,800</td>
<td>13.4</td>
</tr>
<tr>
<td>1970</td>
<td>-622.5</td>
<td>2,245</td>
<td>23.9</td>
</tr>
<tr>
<td>1971</td>
<td>-847.5</td>
<td>2,922</td>
<td>24.6</td>
</tr>
<tr>
<td>1972</td>
<td>-371.2</td>
<td>3,589</td>
<td>19.7</td>
</tr>
<tr>
<td>1973</td>
<td>-308.8</td>
<td>4,260</td>
<td>12.2</td>
</tr>
<tr>
<td>1974</td>
<td>-2,022.7</td>
<td>5,937</td>
<td>11.6</td>
</tr>
<tr>
<td>1975</td>
<td>-1,886.9</td>
<td>8,456</td>
<td>11.6</td>
</tr>
</tbody>
</table>

Note: Debt Service Ratio represents service payments (amortization plus interest) on external public debt as a percentage of the exports of goods and all services. Sources: (a) is drawn from Bank of Korea, National Income in Korea (Seoul, 1982), p. 39; (b), from Alice H. Amsden, Asia's Next Giant: South Korea and Late Industrialization, (Oxford University Press, 1989), p. 95; and (c), from World Bank, Annual Report (Washington, D.C., various issues).

Entering 1970, however, Korea encountered new difficulties. The GNP growth rate declined from 11.3% and 13.8% in 1968-69 to 7.6% and 9.4% in 1970-71. A more serious problem was the deteriorating balance of payments. Despite rapid export growth, trade deficits became worsened -- from $103 million in 1965 to $847 million in 1971. In order to finance industrialization, the government had obtained foreign
loans. But massive inflow of foreign capital resulted in growing indebtedness. As shown in Table 5-7, the debt service ratio (DSR) remained below the internationally accepted danger level of 20% during the 1960s. However, the DSR went above the 20% danger level in 1971-1972, implying that South Korea's debt burden was much worse than that of Brazil and Argentina. By 1971 more than 200 enterprises failed to meet foreign loan repayments, and went bankrupt. In 1971, at the insistence of the International Monetary Fund (IMF), South Korea was forced to place a ceiling on commercial loans and to cancel 61 loans already approved for that year.60

Along with the economic slowdown, the increasing sectoral or class differentiation -- which was a by-product of rapid industrialization -- cultivated a popular feeling of an unfair distribution of wealth and income. The enforcement of the Export-Oriented Industrialization by the government produced a significant income gap between the rural and urban areas. Relative decline of rural income, coupled with new job opportunities in urban areas, fostered rapid internal migration and created a class of urban marginals and squatters. Together with the poor living condition of the urban underclass, regional disparity between Cholla and Kyungsang province generated a sense of unfair distribution among the popular sectors. A government report, which was issued in May, 1970, indicated that the unequal distribution of income is creating a serious social problem.61

The growing sense of economic inequality was symbolized by the "Five Thieves," a poem by the young poet Kim Chi-ha, which was published in the May, 1970, issue of the monthly Sasanggye (The World of Ideology). The poet criticized the insensitivity of the ruling elites to socio-economic injustice. The opposition NDP, seeing this as a lively

60 Joungwon A. Kim, Divided Korea, p. 278.

61 Ibid., p. 279.
political issue, reprinted the poem in its own party newspaper, Minju Chonson (Democratic Front). The state authority immediately seized all copies of the edition, and arrested the poet and the editors and staff of the Sasanggye and Minju Chonson. They were prosecuted on the ground of "stirring up class struggle," and were therefore in violation of the Anti-Communist Law.62

Table 5.8: Result of the Presidential Election of 1971

<table>
<thead>
<tr>
<th>candidates</th>
<th>urban areas</th>
<th>rural areas</th>
<th>% of total votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Park</td>
<td>47.5%</td>
<td>58.0%</td>
<td>51.2%</td>
</tr>
<tr>
<td>Kim</td>
<td>51.5%</td>
<td>39.0%</td>
<td>43.6%</td>
</tr>
<tr>
<td>Others</td>
<td>1.0%</td>
<td>3.0%</td>
<td>1.4% (invalid, 3.8%)</td>
</tr>
</tbody>
</table>

100.0% 100.0% 100.0%


Growing political and economic grievances were exploited by Kim Dae Joong in his bid for presidency in April, 1971. Kim's campaign theme was capitalized on the realization of the populist era based on a populist economy. He argued that the developmental dictatorship of the Park regime should be changed by the populist democratic regime, in which popular welfare and fair distribution of the fruits of economic growth be pursued. Although he was defeated by the incumbent Park -- who openly and massively interfered in the election, using police and administrative forces

the massive support for Kim, especially in urban areas, showed that popular
democratic forces had the potential to defeat the ruling power bloc (see Table 5.8).

The National Assembly elections, one month later, proved a further setback to the
ruling circle. Despite the financial and organizational weakness of the opposition NDP,
it won a sweeping victory in urban area (46 vs. 19 seats). The ruling DRP managed to
maintain its strength only in the rural areas (86 vs. 65). Although the DRP won
4.4% more of the popular vote than the NDP, the results were quite disappointing. Only
one week before the National Assembly election, the DRP spokesman predicted 95
districts as safe, 25 districts as marginal, and 33 districts as unsafe, while the NDP's
prediction claimed 45, 58, and 50 districts, respectively, as safe, marginal, and
unsafe. When the results were in, the DRP won in 86 districts, whereas the NDP won
in 65 districts. Compared with the 1967 Assembly elections, electoral support for
the NDP increased from 32.7% to 44.4%, while that for the DRP dropped from 50.5%
in 1967 to 48.8% in 1971.

Encouraged by the strong showing in these two elections, the popular democratic
forces intensified their demands. The most visible and dramatic protests took place in
urban areas. In August, 1971, about 30,000 urban poor in Kwangju complex (a
southern suburb of Seoul) who were forcefully relocated by the government staged a
violent riot, attacking police stations and government buildings. They demanded tax
exemption, employment opportunities, and improvement of the poor housing. One

63 Young Ho Lee, "5.25 Sun'geo ui Chungchijuk Uimi" [Political Meaning of the May 25
Election], Kookwhaebo (June 1971), pp. 10-11.
66 Jaehyun Choi, "Kwangju Danji Sakeon" [The Kwangju Complex Riot], Hyundae
Hankook ul Duionddun Yooksipdae Sakeon (Seoul: Dong-a Ilbosa, 1988), pp. 192-197.
month later, another violent workers' riot took place in downtown Seoul. About 400 former workers of a Korean company in Vietnam, calling for complete clearance of overdue wages, set fire to the company building.

_Yushin Regime and Security-Developmentalist Coalition_

Faced with the increasing politicization of class, sectoral, and regional cleavages, which was triggered by serious problems such as economic slowdown, uneven distribution, and poor legitimation, Park had two survival options -- a democratic solution and an authoritarian solution. The first was to create politically favorable conditions for the popular coalition and to broadened social support bases. The second was to develop a new political framework to block the growing democratic opposition and to justify state coercion.

Park chose the authoritarian path. Although popular activism increased, it was not yet strong enough to check the ruling power. The rural sector, which was now decreasing but still the largest single sector, was politically inactive. Most of the

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67 It was known that Park and a handful of his loyalists began to search for a new alternative for their political survival immediately after the 1971 election. Chang Hun Oh, "A Study of the Dynamics of an Authoritarian Regime," p. 113.

68 **Percentage of Employment by Industry**

<table>
<thead>
<tr>
<th>year</th>
<th>agricultural forestry &amp; fishery</th>
<th>mining &amp; manufacturing</th>
<th>service &amp; others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>58.5</td>
<td>10.4</td>
<td>31.2</td>
</tr>
<tr>
<td>1966</td>
<td>57.8</td>
<td>10.8</td>
<td>31.4</td>
</tr>
<tr>
<td>1967</td>
<td>55.1</td>
<td>12.7</td>
<td>32.2</td>
</tr>
<tr>
<td>1968</td>
<td>52.4</td>
<td>13.9</td>
<td>33.7</td>
</tr>
<tr>
<td>1969</td>
<td>51.1</td>
<td>14.6</td>
<td>34.6</td>
</tr>
<tr>
<td>1970</td>
<td>50.4</td>
<td>13.3</td>
<td>35.3</td>
</tr>
<tr>
<td>1971</td>
<td>48.2</td>
<td>14.2</td>
<td>37.7</td>
</tr>
</tbody>
</table>

urban sector, except for workers, were not organized, and any meaningful national organization to lead or coordinate the popular activism did not exist yet. By contrast, Park and his followers controlled the powerful state apparatus, including the police, bureaucracy, and armed forces. They were supported by big business groups (Jaebol).

In terms of the overall power configuration, the popular democratic forces were too weak to surpass the ruling circle. Nonetheless, given the increasing level of education and income as well as political activism by college students and intellectuals, the popular democratic forces seemed destined to become more politically active and strong.69

Under such conditions, for the ruling elites the democratic option was an uncertain, risky, and high cost venture. Compared to the democratic resolution, the authoritarian option was much more safe and certain, if it could be accompanied by some plausible justifications.

External security threats enabled Park to justify his choice for the authoritarian option. In the late 1960s, North Korean military threats toward South Korea intensified. In January 1969, North Korean commandos raided the Blue House (the presidential residence). Two days later, North Korea hijacked the U.S. intelligence ship Pueblo with its 83 crewmen. A year later, North Korea shot down a U.S. E-121 reconnaissance plane with 32 crew members. While Korean belligerence was on the rise, the U.S. security commitment appeared to be weakening. Apart from the lukewarm U.S. response to these hostile events, the U.S. announced the Nixon Doctrine in July, 1969. Under the slogan of "Asian hands must shape the Asian future," the Nixon Administration decided to withdraw part of its troop from South Korea.70


Despite the opposition's argument that the external security threats did not necessitate authoritarian politics, Park declared a state of national emergency on December 6, 1971. The emergency decree was justified by rapid changes in the international situation and North Korea's aggressive intentions to exploit the domestic disturbance of South Korea. A year later, Park declared martial law and paved the way for imposing the premeditated Yushin regime in the name of national security.

The Yushin regime was not only a managerial response of political leadership to the changing circumstances but also a political reaction of the ruling circle to the emerging democratic popular forces. The Yushin regime created a new version of nationalism, security-developmentalism, which put heavy emphasis on "self-reliance" of national security and economy. The following passages epitomize the ideological essence of the Yushin regime.

It is an illusion to imagine that people of any country can equally enjoy freedom regardless of the situation of the state and its circumstances. Considering our relationship with the North Korean communists, we are under circumstances in which freedom of survival of the nation is threatened .... If we indiscreetly pursue freedom, we will be deprived totally of the freedom of survival by the North Korean communist. We are doing our best to prevent this tragedy from occurring, and this efforts is the very ideology of the Yushin regime.71

We have to seek positive measures for national reunification, while maintaining absolute military and economic supremacy over North Korean communists.... 72

To accomplish this historic mission, we must nurture and develop our self-reliant national strength more than anything. Self-reliant national capability, however, cannot be fully developed by material growth or accumulation alone. The true growth of national power

71 Dong-A Ilbo, October 9, 1974.

can really be attained when it is buttressed by a solid national spirit of independence and concerted self-help efforts.\textsuperscript{73}

The new ideology fundamentally changed the rules of the political game, while closing the political space to a minimum. The \textit{Yushin} Constitution permitted Park an indefinite number of six-year terms, and replaced the direct and competitive election with an indirect and almost non-competitive one. It also maximized presidential power by providing Park with the power to appoint one-third of the National Assemblymen, as well as by giving him unlimited presidential emergency powers.\textsuperscript{74} New constitutional and legal frameworks enabled Park to suspend basic civil rights and freedoms of speech, press, and assembly and association.\textsuperscript{75} As a result, the cost of political opposition became extremely high, and the presidency became virtually unchangeable.

The regime change was only part of Park's new survival strategy. While the hard authoritarian regime was a defensive maneuver to block the emerging democratic popular opposition, the creation of a ruling coalition was an active way to consolidate the authoritarian rule. Under the slogan of "maximization of national power," Park and his power elite began to build up their ruling coalition. For them, "industrial deepening" through the promotion of heavy and chemical industries appeared to solve a number of problems simultaneously. The heavy industry drive would provide an engine for continuous rapid economic growth and export expansion by countering eroding international competitiveness as well as increasing protection measures of light, labor-

\textsuperscript{73} Ibid., p. 195.


\textsuperscript{75} For these legal frames and mechanisms, see Hak-Kyu Sohn, "Development of the Human Rights Movement under the Yushin Regime," \textit{Korean Social Science Journal}, 15 (1989), pp. 42-49.
intensive manufacturers in the United States. It would also increase military self-reliance by creating a defense industrial complex, while helping to consolidate the state-business alliance.

At the same time, the ruling elite appeased the rural sector by maintaining the "high rice price" policy which had been adopted in the late 1960s, as well as by launching Saemaul Movement in 1971. Despite the increasing rural-urban income disparity in the 1960s, the rural sector had continuously supported President Park and his DRP in the national elections. For the regime elite, the rural sector was their final popular support base. Furthermore, the growing importance of food security increased the necessity to maintain the "high rice price" policy in order to promote rice production as well as to suppress rice consumption. The withdrawal plan of the U.S. army from Korea, coupled with the emergence of the so-called "resource nationalism," forced the ruling elite to treat the secure supply of staple food in terms of national security. The achievement of "self-sufficiency" in rice thus became a major regime issue in the 1970s.76

Obviously, the ruling regime's efforts to build a security-developmentalist coalition (military-business-farm sector) implied a relative sacrifice of workers, urban poors, and political opposition. As far as labor was concerned, workers were to be excluded politically as well as economically. During the 1960s, a huge labor surplus contributed to South Korea's comparative advantage in labor-intensive exports. In the late 1960s, however, the labor surplus ended.77 The subsequent result was the growing

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77 John C.H. Fei and Gustav Ranis, "A Model of Growth and Employment in the Open
pressure for wage increase. Furthermore, in the late 1960s, some dissident social
groups began to emerge, and formed horizontal linkages with workers. To control wages
as well as to prevent the formation of labor-dissident groups link, the ruling regime
needed a powerful labor control mechanism. However, the corporatist labor control
entailed the severe repression of political oppositions, which had in turn, however, bred
the origin of democratic distributional coalition in the mid-1970s.

6. The Dynamics of State-Labor Relations

The Impact of Corporatist Control on Labor Unions

One immediate consequence of the tight state control over labor was the political
subjugation of the national union leadership. Hankook Nochong was forced to change its
accommodation strategy (confrontation but compromising) to a highly capitulatory one
(acceptance of top-down rules). An annual report of Hankook Nochong summarizes the
change quite succinctly;

Encountering a turbulent era of the 1970s, our Nochong should
throw away its old habitude and improve its organizational cohesion
to be a strong engine for achieving Yushin tasks such as social
stability, economic development, and reunification.... We now
pursue a sane trade unionism, avoiding radical class struggle, on the
basis of the national-security-first principle.... Therefore, we,
refraining collective actions for wage increase, have to improve
labor productivity before demanding wage increase, by initiating a
productivity promotion campaign. By doing so, we do our best in
finding a new institution which would promote cooperative capital-
labor relations and secure common interests.... On the other hand,
through the active participation in the Saemaul Movement according
to the spirit of the Yushin reform, we try to improve personal
income and national economy, to improve working conditions and
wages.... 78

Dualistic Economy: The Cases of Korea and Taiwan," Journal of Development Studies,

Hankook Nochong leadership defined the primary role of labor unions as an "active supporter" of *Yushin* tasks. Hankook Nochong urged local unions to cooperate with state public policies, while mobilizing workers into the state-led *Saemaul* Factory Movement.79

Corporatist control did not end with the state's direct control over national union leadership. At the local level, it facilitated a strong swing of managerial despotism. Employers, by taking advantage of the state's anti-labor policy, continuously tried to break autonomous labor unions, while increasing unfair labor practices. The consequence was an increase in company-dominated (*oyong*) unions and union leaders.

**Table 5.9: Unions, Memberships, and Density, 1971-1979**

<table>
<thead>
<tr>
<th>Year</th>
<th>IU* No. of Branches</th>
<th>No. of Union Memberships</th>
<th>No. of Total Employees (1000)</th>
<th>Estimate of Union Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>17 437 3,022</td>
<td>493,711</td>
<td>3,957</td>
<td>12.5%</td>
</tr>
<tr>
<td>1972</td>
<td>17 430 2,961</td>
<td>515,292</td>
<td>4,004</td>
<td>12.9%</td>
</tr>
<tr>
<td>1973</td>
<td>17 403 2,865</td>
<td>548,045</td>
<td>4,153</td>
<td>13.2%</td>
</tr>
<tr>
<td>1974</td>
<td>17 432 3,352</td>
<td>655,785</td>
<td>4,443</td>
<td>14.8%</td>
</tr>
<tr>
<td>1975</td>
<td>17 488 3,585</td>
<td>750,235</td>
<td>4,750</td>
<td>15.8%</td>
</tr>
<tr>
<td>1976</td>
<td>17 517 3,854</td>
<td>845,630</td>
<td>5,140</td>
<td>16.5%</td>
</tr>
<tr>
<td>1977</td>
<td>17 538 4,042</td>
<td>954,727</td>
<td>5,713</td>
<td>16.7%</td>
</tr>
<tr>
<td>1978</td>
<td>17 552 4,305</td>
<td>1,054,608</td>
<td>6,241</td>
<td>16.9%</td>
</tr>
<tr>
<td>1979</td>
<td>17 553 4,394</td>
<td>1,088,061</td>
<td>6,479</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

Notes: IU and LC indicate industrial unions and local chapters, respectively. Union Density = (No. of Union Memberships/ No. of Total Employees) x 100


Despite the anti-union policy, union density and membership steadily increased, as Table 5-9 shows. Such phenomena were closely related to the nature of the state corporatist labor strategy. The corporatist strategy does not aim at destroying labor organizations. Rather, it involves the creation by the state of an official union network. By doing so, the state encapsulates workers to the official union network and controls unions. In other words, the state corporatist strategy aims at reducing the organizational space of autonomous unionism rather than at destroying labor unions.

Despite the increase in unionized workers, union actions during 1974-1979 remained at almost the same level of 1963-1971, as Figure 5-2 illustrates. This could imply that state corporatist control was effective in controlling labor. But the real situation was quite different. Table 5-10 shows comparative wage trends during 1966-1979. In the 1970s, the state enforced a "productivity wage policy," which allowed a nominal wage increase at a rate below the combined rate of productivity and inflation increase. From 1971 (when the ruling elite began to prepare regime change) to 1975, severe control of labor unions kept wage increases low. But since 1976, the trend was reversed. The average rate of increase in the real wage was about 16% in the period from 1976-1979. In particular, during the three years (1976-1978) the nominal wage increases exceeded even the sum of the labor productivity and inflation rates. Compared with an 8% real average wage increase during 1966-1970, those of 1976-1979 were incredible. This phenomenon alludes that the Corporatist labor control was not effective with regard to wage control.

Why has the state, under a hard authoritarian regime, allowed wage increases or failed to control wages? According to the market-oriented explanation, the rapid real wage increases in 1976-1979 resulted from labor market tightness caused by the Middle East overseas construction boom. The outflow of workers to the Middle East,
Notes: Data for 1972-1973 are not available.

Figure 5.2: Comparative Trend of Labor Disputes, 1963-1979

Table 5.10: Increase Rates of CPI, Productivity, and Wages, 1966-1979

<table>
<thead>
<tr>
<th>Year</th>
<th>CPI</th>
<th>Productivity</th>
<th>Nominal Wage</th>
<th>Real Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966-70</td>
<td>12.2</td>
<td>15.2</td>
<td>21.1</td>
<td>8.0</td>
</tr>
<tr>
<td>1971</td>
<td>15.3</td>
<td>7.6</td>
<td>18.0</td>
<td>2.4</td>
</tr>
<tr>
<td>1972</td>
<td>11.7</td>
<td>7.7</td>
<td>17.5</td>
<td>5.2</td>
</tr>
<tr>
<td>1973</td>
<td>3.2</td>
<td>8.3</td>
<td>11.5</td>
<td>8.0</td>
</tr>
<tr>
<td>1974</td>
<td>24.5</td>
<td>10.1</td>
<td>31.9</td>
<td>5.9</td>
</tr>
<tr>
<td>1975</td>
<td>25.2</td>
<td>11.0</td>
<td>29.5</td>
<td>3.4</td>
</tr>
<tr>
<td>1976</td>
<td>15.3</td>
<td>6.8</td>
<td>35.5</td>
<td>17.6</td>
</tr>
<tr>
<td>1977</td>
<td>10.2</td>
<td>10.2</td>
<td>32.1</td>
<td>19.9</td>
</tr>
<tr>
<td>1978</td>
<td>14.5</td>
<td>11.5</td>
<td>35.0</td>
<td>18.0</td>
</tr>
<tr>
<td>1979</td>
<td>18.3</td>
<td>15.5</td>
<td>28.3</td>
<td>8.5</td>
</tr>
</tbody>
</table>

amounting to 27% of the male manufacturing workforce, produced a shortage of labor supply, resulting in the fast rise in real wages.80

The market explanation seems plausible. But it fails to capture the dynamics of wage politics under state corporatism. As shall be discussed below, wage politics was closely interwound with national politics. Thus, we need to examine what happened in national politics in the mid-1970s.

Rise of Political Linkage between Labor and Political Oppositions

The beginning of corporatist control over labor unions in the early 1970s immediately created an institutional vacuum in representing workers' interests. The vacuum soon began to be filled with dissident political groups. One of them was students. Since the April Uprising in 1960, students had been a most active political opposition force. However, their concern had largely been concentrated on grand issues such as democracy or national unification, rather than sectoral issues such as rural or urban problems. It was the Jeon Tae-il incident of 1970 that aroused student concerns over labor issues. In November 1970, garment workers at the Peace Market complex in Seoul protested against low wages and bad working conditions. When their protest was broken up by police, Jeon Tae-il burned himself to death, claiming, "we are not machines!" Jeon's shocking suicide had a great impact on students. After the incident, students established study circles on labor, and participated actively in the "Workers' Classroom," which was instrumental in raising the consciousness of workers. At the same time, the student groups expressed their solidarity with workers in almost every demonstration and statement.

Another labor-activist groups came from the Christian community. Korean Catholic and Protestant churches used to remain politically conservative and inactive in the 1960s. The emergence of the church groups as a strong political opposition force in the 1970s coincided with two factors. The first was the introduction of liberation theology, which identified the church with the poor and the oppressed and emphasized action-oriented mission for social salvation. The second was the imposition of the Yushin regime, which suspended basic human rights and freedom. The result was that the attainment of democracy and social justice became the undisputed goal of the Korean churches.

Church groups were much more active and articulate than student groups, as far as the labor issue was concerned. Inspired by the liberation theology and motivated by the human rights issue, many church leaders began to be engaged in protests against the authoritarian, inhumane labor controls. The prime examples were the Urban Industrial Mission (UIM) and the Jeunes Ouvriers Catholiques (JOC: Young Catholic Workers Association). Their activities for the working people can be traced back to the early 1960s. However, their activity was neither visible nor strong in the 1960s. Their main task was to convey the Gospel to workers for evangelical purposes, though they offered some educational programs for workers and sometimes assisted workers in forming unions with the cooperation of labor departments in city and national government.81 Entering the 1970s, they shifted their policy from individual salvation to social reformation. They concentrated their efforts on the development of the grass-root labor movement, including investigation of workers' problems and grievances,

81 According to Rev. Ogle, a former UIM staff in South Korea, the UIM activities for the working class could be done with the cooperation of the Labor Department during the 1960s. In fact, Rev. Ogle received commendations from the Labor Department for his work with unions of the Incheon area during this period. See George E. Ogle, South Korea: Dissent within the Economic Miracle (New Jersey: Zed Books Ltd, 1990), p. 88.
education of workers, protection of the human rights of workers, and promotion of the independent union movement against Hankook Nochong, along with general religious activities.82

For the authoritarian leadership, the penetration of the political opposition groups into labor unions was intolerable, because it meant an expansion of the opposition's political base. Park's extra efforts to attain regime stability began with the proclamation of a series of Emergency Measures in 1974 and 1975.83 Under the Emergency Measures, the education programs provided by UIM, JOC, and student groups were interrupted or forbidden, and many dissident leaders, including UIM and JOC leaders, were arrested.84 At the same time, the KCIA, by using Hankook Nochong, stigmatized the UIM and JOC as communist elements in religious clothing. The KCIA intended to destroy the two Christian groups.85

82 The activities of the UIM and JOC during this period were well documented in NCCK, Nodong Hyunjang kwa Jung'un [Workplaces and Testimony] (Seoul: Poolbit, 1984).

83 President Park proclaimed Emergency Measure No.1, 2, 3, and 4 in January and April 1974. Emergency Measure No.1 banned any person from denying, opposing, misrepresenting, or defaming the Yushin Constitution; under Emergency Measure No.2, Emergency Court Martial was established in the Defense Ministry to deal with violators of the presidential measures; Emergency Measure No.3 was proclaimed for the purpose of stabilizing public living; and Emergency Measure No.4 was declared to crack down "impure elements" on campuses. See Hapdiong News Agency, Korea Annual, 1974, pp. 18-20.

84 According to the prosecution of the Emergency Court Martial, 1,024 dissidents were interrogated and 253 were imprisoned. At that time, many church leaders were detained, imprisoned, or exiled: Rev. Cho Wha-Soon was detained by the KCIA for three months; Bishop Chi Hak-Sun, Rev. Park Hyung-Kyu, Rev. Cho Sung-Hyuk, and the general secretary and 20 members of the Korea Student Christian Federation were arrested; two JOC members were interrogated; Father George E. Ogle, a UIM leader, was exiled. See NCCK, Nodong Hyunjang, p. 272; Hak-Kyu Sohn, Authoritarianism and Opposition in South Korea (London and New York: Routledge, 1989), pp. 70-71; Geogre E. Ogle, South Korea: Dissent within the Economic Miracle, pp. xiii and 90.

85 A speech by the Chair of Hankook Nochong in 1974 illustrated the nature of the KCIA attack:

Some religious groups, including UIM, have infiltrated into the unions,
In addition to the harsh repression, another tactics was devised to block the growing labor-oppositions ties. In the spring of 1976, President Park announced his willingness to eliminate lower wages and to improve workers' wages. Furthermore, in his new year address of 1977, Park urged employers to improve working conditions, announcing that the "integration of people" was also important to the "maximization of security strength" as much as economic growth was. Obviously, temporal wage increases seemed to be an effective tactic, because low wage was a main issue that the opposition groups employed as their weapon both in criticizing the ruling power and in persuading workers of their correctness.

Park's extra efforts to block the labor-oppositions tie seemed to be effective, at least on the surface. The increasing labor disputes declined from 133 in 1975 to 110 in 1976 and to 96 in 1977. But political and dissident groups did not cease their activities. Student activists began to turn themselves into factory workers and to participate in labor protests directly. The UIM and JOC activists went underground and continued to teach workers how to organize and run a union, advise union strategies, and raise consciousness of workers. Their continuing underground activity eventually created a horizontal alliance between labor and opposition forces in the late 1970s.

It was the Carter administration's human rights policy that brought about a

stirred up workers, and produced serious problems such as labor disputes and internal division of the union.... Let's destroy those impure elements by mobilizing our all organizational strength, following the spirit that Daehan Nochong destroyed the communist Chunpyung....


turning point in the grass-root labor movement. Soon after President Carter took office in January of 1977, the U.S. accelerated criticism against Park's serious violation of human rights. The political and moral support from the U.S. made a significant impact on the resumption of the political opposition movement. Starting with declaring the Charter for Democratic Salvation of the Nation on March 23 and the Human Rights Declaration of Workers on May 10 by the intellectuals and church leaders, various forms of protest activities reappeared. The growth of the opposition movement produced the Coalition for Human Rights Movement in Korea (CHRMK) in December, 1977. The formation of the CHRMK, which comprised 25 dissident organizations, including UIM and JOC, meant the emergence of the alliance movement. Its aim was to disclose, tackle, and prevent the violation of human rights. To achieve this goal, it produced papers and pamphlets which contained details on the labor situation, farmers' difficulties, restrictions on religious freedom, and repression of the press and dissident leaders. In July of 1978, the CHRMK leadership organized the National Alliance for Democracy (NAD) in order to develop a broad coalition of popular democratic forces. One year later, the opposition leadership reorganized and expanded the NAD, and renamed it the National Alliance for Democracy and Unification (NADU).88 Finally, a broad alliance between opposition political forces and grass roots labor groups was formed at national level.

Against this backdrop, a dramatic confrontation between the authoritarian ruling elite and the opposition alliance began with the Y.H. labor protest. In August, 1979, the 187 Y.H. Company workers occupied the headquarters of the NDP and launched a sit-down demonstration to protest their loss of jobs due to the closure of the factory.

88 Hak-Kyu Sohn, Authoritarianism and Opposition in South Korea., pp. 126-128 and 150-151.
Originally, the grass-root Y.H. union was organized by the workers educated by JOC in May, 1975. Standing against the National Textile Workers' Union, which supported management and attempted to minimize union autonomy, it had intensified its external connections with other autonomous unions as well as social ties with UIM, JOC, and intellectuals. When the Y.H. incident took place, there was a widespread rumor that 2,000 Hai-Tai Confectionery workers would soon join the Y.H. workers. The police were informed that 2,000 truck drivers, who were on a strike, were also planning on joining the Y.H. workers. Under this situation, in spite of the NDP's efforts to find a peaceful solution, a coercive crackdown by one thousand policemen was undertaken, producing serious casualties: many workers, twelve newspaper reporters, about thirty opposition party members, and six opposition National Assemblymen were seriously injured; one worker was found dead.89

The Y.H. incident served as the critical momentum by which the horizontal coalition involving the church, students, workers, and opposition parties, staged a united political challenge to the Yushin regime. Political tension between the ruling circle and opposition forces became heightened, and the government expelled the incumbent NDP leader (Kim Young Sam) from his position in October of 1979. The event triggered extensive popular anti-regime riots in Pusan and Masan during October 18 to 20, 1979, which led to nationwide socio-political unrest, and eventually to the assassination of President Park on October 26, 1979.

7. Summary and Conclusion

State-labor relations in the 1960s were different from those in the 1950s. Under the Rhee regime, state-labor relations took the form of a patron-client relationship. In 1961, General Park and his colonels restructured state-labor relations, while removing the patron-client linkages.

With few social ties with dominant political and economic elites, the coup leaders did not have to hesitate about restructuring industrial relations at all. They preferred a "puritanic" way of showing their austerity as a sincere social reformer and neutral state manager. Their approach to power consolidation took the form of an uncertain coalitional choice. The military authority performed a social "purification" project by punishing old evils, from street gangsters to illegal wealth accumulators. The industrial relations system was no exception. The military effort to rationalize industrial order took the form of administrative neutralism, in which both labor and business were depoliticized and subjected to administrative control, while the state took a relatively equidistant position between labor and business.

The civilization of the military rule in 1963 required Park to shift his survival strategy from "purification" to "performance." Under a semi-democratic political frame, to produce some visible economic performance was seen as the best way to expand his popular support. For the maximization of economic growth, Park provided business groups with a considerable policy incentive in order to attract entrepreneurial energy, while promoting cooperative labor-management relations through imposing 'economic' unionism. But he did not have to change the existing industrial relations policy, because his ultimate goal was not to create a political relationship with business groups, but to elicit popular support through economic performance. Moreover, there were no dangerous signals in the power configuration of social forces. The opposition parties and groups did not show any political attention to mobilize workers against the ruling circle,
and labor was relatively compliant. A manipulated field control over labor was safe enough to control workers in the 1960s.

It was in 1971 when President Park showed his intention to reshape state-labor relations. Park's willing to place labor under the state corporatist control resulted from changes in circumstances as well as the emergence of strong political opposition, which eventually threatened his political survival. In the early 1970s, South Korea met new internal and external circumstances. Socio-economic problems caused by rapid industrialization began to erupt. Economic difficulties, coupled with other socio-economic problems, boosted up the opposition forces, which in turn facilitated popular activation. The circumstances required that the ruling circle adopt some dramatic institutional measures to overcome a legitimation crisis. Starting with the declaration of an emergency decree and enactment of the LSMSNS in December 1971, Park and his ruling elites paved the way for the imposition of the authoritarian Yushin regime in the name of national security.

The establishment of Yushin regime in 1972 was a preemptive measure to restrain the emerging democratic popular activation. It opened a new era of the security-development coalitional alignment. President Park, justifying his authoritarian rule with the urgency of the national security issue, argued that the only solution to the security crisis was to maximize national power. According to him, an increase in national power could be achieved by "industrial deepening" through promotion of the heavy-chemical industry, by which a defense industrial complex was created and the military self-reliance was increased. At the same time, he emphasized the importance of food security. The "high price rice" policy, which had been adopted in the late 1960s, was maintained under the policy slogan of "promotion of rice production" and "reduction of rice consumption." Following his new emphasis on the organic linkage between industrial deepening and food security, on the one hand, and military defense, on the
other, numerous policy instruments were mobilized to foster the formation of security-developmentalist coalition.

By contrast, workers were forced to sacrifice. A corporatist control was devised and placed labor unions under tight state control. The margin of autonomous action by union leaderships became very limited. Under the corporatist mechanism, national union leaders were selected or screened by the state, while company-dominated union leaders were proliferated at the plant level. The result was an institutional vacuum in articulating workers’ grievances. The vacuum was soon filled with opponents of the regime.

The efforts of the ruling elite to block or break labor-oppositions linkages were tremendous. However, both the repressive measures of 1974-1975 and the wage increases of 1976-1978 were useless. No union autonomy, coupled with the repression of political oppositions, facilitated the formation of democratic distributional coalitions in the late 1970s.

For the ruling elite, the year of 1979 proved a very difficult one. Externally, the favorable international market was severely damaged by the second oil shock. Internally, political opposition strengthened their offensive against the regime. Political tension between the ruling circle and the opposition reached a peak. The Y.H. incident ignited an open confrontation between them. From its outset, the confrontation took the form of a zero-sum game. The Yushin regime seemed to lose its political legitimacy completely. The confrontation ended with the self-rupture of the power elite. On October 26, 1979, Park was assassinated by his follower, Kim Jae-Kyu, director of the KCIA.
CHAPTER VI

Reactionary Exclusionism to Political Neutralism:
Crisis of Legitimacy and Choice for Chun Doo Whan

It took about seven months after the assassination of the President Park before General Chun Doo Whan took political power through a military coup. He became president in February, 1981, and transferred power to his friend, Roh Tae Woo, in February, 1988. Upon seizing political power, Chun, like his predecessor, adopted an exclusionary labor policy. However, in the mid-1987, he changed it to political neutralism.

1. Characteristics of Chun Regime

The Chun regime was an unwanted child of the Yushin authoritarianism. The Yushin elite believed that the Yushin regime ended with the Park's death. Acting President Choi Kyu Ha, who was the prime minister before the Park's assassination, promised democratic political reforms, while the ruling DRP supported the regime transformation and prepared itself for a democratic transition. The notorious Emergence Decree No.9 was lifted. Political prisoners were released. Student activists who had been expelled were allowed to return to schools. The civil rights of political dissidents were reinstated. Political optimism for a democratic transition rapidly emerged as a form of pluralism among the media, intellectuals, opposition politicians, students, workers, and civilian bureaucrats.
It was a group of younger generals who reversed the politics of democratic transition. On December 12, 1980, Major General Chun and his associates carried out a carefully planned mutiny. Chun and his coup makers were highly homogenous in terms of their background. They were graduates of the regular four-year military academy as well as members of a secret fraternal organization, Hanawhae.¹ They were internally very cohesive under the leadership of General Chun. The act of mutiny successfully evolved into the military seizure of political power on May 17, 1980.

The military was the backbone of the Yushin regime. With the clear intention of securing military support, President Park had carefully nurtured the young military elites and politically indoctrinated them. The coup leaders were those who had grown under the favoritism of President Park. Park placed them in the strategically important military posts. When Park was assassinated, General Chun, a leader of Hanawhae, was the commander of the NDSC (National Defense Security Command), and many Hanawhae members were in positions commanding and mobilizing soldiers. Under the Yushin regime, the NDSC, together with the KCIA, constituted the most important component of the state apparatus. It was through these security/intelligence agencies that the Yushin regime monitored, manipulated, and controlled political parties, civil forces, and the military. The assassination of Park by the chief of the KCIA created an enormous power vacuum, while allowing General Chun (then commander of the NDSC) to take full control of the entire security/intelligence community.²

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On assuming political power, the coup leaders tried to set the Fifth Republic apart from the Yushin regime, because of the latter's bad image. However, the Chun regime proved to be a modified version of the Yushin regime in every aspect. Chun and his associates had internalized conservative values and learned authoritarian politics under the Yushin regime. In terms of the ruling ideologies or values, the Chun regime presented the democratic welfare statism in which the indigenization of democracy, social justice, and economic welfare were put forward. From a comparative perspective, the democratic welfare statism was seen as a revolutionary ideology which rejected the Yushin's security-developmentalism. But the regime ideology soon proved to be political rhetoric intended to justify the ascendancy of the military to power. In real politics, egalitarian values and democratic ideas were rarely mentioned by the ruling Democratic Justice Party (DJP). Instead, ruling elites of the Chun regime reemphasized economic nationalism and anti-communism, the hallmark of the eighteen-year Park rule.

In terms of the rules of the political game, the Chun regime was basically the same as the Yushin regime. Political power was concentrated in the Blue House. President Chun personified the excise of power, channeling all power conduits directly himself so that even the ruling DJP could not have its own political initiative. A top-down command

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system became the norm within the ruling circle. The Chun regime also reduced the role of democratic institutions and procedures to a minimum. The concept of political compromise or negotiation was rejected. Zero-sum games prevailed in national politics.

Like the Yushin regime, the political space of the Chun regime was very narrow, replete with non-competitive Presidential elections. Regime tolerance of political oppositions was extremely low. Powerful security organizations -- including the Agency for National Security Planning Agency (ANSP, formerly the KCIA) and the NDSC -- monitored and repressed the political opposition, including the press, parties, and cultural and religious groups. Anyone who criticized the regime were arrested and punished. The regime's propensity for repression increased the cost of political participation, which in turn reduced the political space to a minimum.

Overall, the eight-year Chun regime was quite conservative, closed, and harshly authoritarian. Young-whan Kihl has thus characterized the Fifth Republic as a "successor regime" to the Yushin. Such regime character contributed not only to further development of the political opposition that had arisen during the Yushin period, but also to induce President Chun to make a defensive political choice in 1987.

2. Circumstantial Setting and Social Power Configuration

New Developments of the Circumstantial Setting

From the beginning, the Chun regime was faced with turbulent internal and external circumstances. Three circumstances were directly related to the very survival of the regime: (1) an accumulation crisis occurred when the favorable international market was severely damaged by the second oil shock of 1979; (2) a distribution crisis,

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originating from Park's developmental strategy, intensified when President Park died and political liberalization began; and (3) a generic legitimacy problem took place, as Chun's "new" military group seized power illegally. These circumstances, together with the authoritarian character of the Chun regime, pushed and pulled reemergent opposition forces, which in turn forced Chun to make a coalitional choice for his political survival.

*The Accumulation Crisis:* The year of Chun's takeover was a difficult one for the Korean economy: economic growth recorded a negative 4.8%, the gross investment ratio declined from 35.4% in 1979 to 31.5% in 1980 and to 28.4% in 1981, and inflation soared from 14.5% in 1978 to 18.3% in 1979 and 28.7% in 1980. The vaunted high growth economy showed serious signs of declining. As Figure 6-1 shows, economic growth rates averaging 9.9% from 1962 to 1978 fell to 2.7% in 1979-1981, and real growth in exports declined from a 27.4% annual average during 1962-1978 to 7.5% during 1979-1981, which worsened the trade deficit from $1.1 billion in 1978 to $4.9 billion in 1981.

This economic downturn was attributed to both internal and external factors. The second oil shock, worsening international market conditions, impeded the export-led Korean economy. Also, the sharp rise in interest rates of foreign loans following the second oil shock bolstered Korea's foreign loan interest burden. In contrast to the other East Asian NICs, Korea borrowed heavily during the 1970s in order to finance heavy industrialization and to finance adjustment to higher oil prices. The second oil shock raised Korea's annual interest burden from $1.03 billion in 1978 to $3.65 billion.

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7 Haggard and Moon, "The State, Politics, and Economic Development in Post-War South Korea," p. 42.
The Distribution Crisis: A growing income inequality also created new circumstances. At the end of Yushin regime, the structure of wealth distribution severely deteriorated, as shown in Table 6-1. In the 1960s, the Gini index declined from 0.448 in 1960 to 0.334 in 1965 and 0.332 in 1970. And between 1965 and 1970 the share of national income of the bottom 40% of the population increased from 19.34% to 19.63%, whereas those of the top 20% decreased from 41.81% to 41.61%. But the trend began to change under the Yushin regime. The Gini index increased noticeably, from 0.332 in 1970 to 0.391 in 1975. The income decile distribution also revealed the same trends: the share of the bottom 40% fell to 16.85% in 1975 from 19.63% in 1970, whereas that of the upper 20% increased to 45.34% in 1975 from 41.62% in 1970. Between 1975 and 1980, the income share of the poor further declined, though
the Gini index declined only slightly, from 0.391 in 1975 to 0.389 in 1980. The Decile Distribution Ratio (D.D.R.: income share of bottom 40% / that of top 20%) showed such trend clearly -- the D.D.R. had gradually declined over time.

Table 6.1: Trends in Household Income Distribution, 1960-1980

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom 40%</td>
<td>-</td>
<td>19.34</td>
<td>19.63</td>
<td>16.85</td>
<td>16.06</td>
</tr>
<tr>
<td>Top 20%</td>
<td>-</td>
<td>41.81</td>
<td>41.62</td>
<td>45.34</td>
<td>46.39</td>
</tr>
<tr>
<td>Gini Index</td>
<td>0.448</td>
<td>0.344</td>
<td>0.332</td>
<td>0.391</td>
<td>0.389</td>
</tr>
<tr>
<td>D.D.R.</td>
<td>-</td>
<td>0.463</td>
<td>0.472</td>
<td>0.372</td>
<td>0.354</td>
</tr>
</tbody>
</table>


The deterioration of wealth distribution originated from Park's enforcement of security-developmentalism under the slogan of "growth first, distribution later." President Park provided big business with all the favors, including inflationary financing, regressive tax policies, and corporatist control of labor. Boosted by Park's favoritist policies, big business groups grew rapidly and concentrated an extraordinary amount of wealth in their hands, as shown in Table 6-2. Compared with 9.9% of annual economic growth during 1973-1978, the forty six largest business groups grew annually by 22.8%. At the same time, their share in the gross national production increased progressively: the forty largest Jaebol shared 9.8% of GNP in 1973, 12.3% in 1974, and 17.1% in 1978. Consequently, the creation of a new privileged class consisted of large business owners and managers and government elites.
Table 6.2: Growth of Big Business Groups and Their Share in GNP, 1973-1978

<table>
<thead>
<tr>
<th>no. of Jaebol</th>
<th>1973</th>
<th>1975</th>
<th>1978</th>
<th>their annual growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>3.5% (269.85)</td>
<td>4.7%</td>
<td>8.1%  (1,006.64)</td>
<td>30.1%</td>
</tr>
<tr>
<td>10</td>
<td>5.1% (392.85)</td>
<td>7.1%</td>
<td>10.9%  (1,350.64)</td>
<td>28.0%</td>
</tr>
<tr>
<td>20</td>
<td>7.1% (549.95)</td>
<td>9.8%</td>
<td>14.0%  (1,739.39)</td>
<td>25.9%</td>
</tr>
<tr>
<td>40</td>
<td>9.8% ( -   )</td>
<td>12.3%</td>
<td>17.1%  ( -     )</td>
<td>--</td>
</tr>
<tr>
<td>46</td>
<td>-- (759.96)</td>
<td>--</td>
<td>(2,122.20)</td>
<td>22.8%</td>
</tr>
</tbody>
</table>


*The Generic Legitimacy Problem*: The origin of the Fifth Republic or Chun regime can be traced back to the so-called "December 12 Incident." Major General Chun and his young military officers carried out a revolt against their senior generals, including General Chung Sung Wha (the Korean Army Chief of Staff and Martial Law Commander) and other old generals. Their illegal moves continued. By using the power vacuum, they monopolized all strategic positions of the state apparatus, including the entire national intelligence agencies and the military. On May 17, 1980, Chun and his associates coerced President Choi to issue a far-reaching and nationwide martial law and assumed political power. These illegal power assumption processes generated a generic legitimacy problem for the Fifth Republic.

*Reshaping of Social Power Configuration*

Economic recession and deteriorating income distribution, together with political liberalization after Park's assassination, immediately influenced the social power configuration. The sudden collapse of the Yushin regime drastically reduced political
costs for popular action, while the poor performance of accumulation and distribution provided political motivation for popular activation. The most militant response came from workers. For five months -- between January and May 1980 -- 897 labor actions took place, as the workers demanded wage increases and democratization of labor unions. Protesting against the state's corporatist labor control, managerial despotism, and captive union leaders, workers developed a number of tactics for doing battle with the companies and state authorities, such as work stoppages, sit-ins, refusals of overtime, and hunger strikes. Since formal strikes were still illegal, workers were forced to adopt these militant tactics in a spontaneous desperation over their plight.

The most well-known militant labor action during this period was the four-day strike by the mineworkers at the Tongwon Mine in the district of Sabuk. The strike began with workers' protesting against their corrupt union leader. On April 21, during a sit-in of over 200 miners, the chief of the police intelligence section jumped into his jeep to drive off when the crowd got violent. Unfortunately, he rammed into three miners who were standing in the road to block his exit. This accident triggered the pent-up anger of the miners, who took over the whole town of Sabuk. They took the union leader's wife hostage, and clashed with combat police. The battle produced 70 casualties and 28 miners were arrested. Nonetheless, the strike was successful. The company agreed to a 30% wage increase, and the corruptive union leader resigned.

Students actively supported the labor action. When the spring semester started in March 1980, students held political rallies almost every day. Their demands covered all political and socioeconomic issues, including a speedy democratic transition, elimination

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of Yushin sympathizers from government posts, guarantee of workers' rights, and
dissolution of Chung-Kyung Yuchak (politics-business nexus). Student protests peaked
in May, 1980. On May 14, more than 50,000 students poured into the streets of
downtown Seoul. The streets of other major cities were also flooded with thousands of
college students.

However, not all political forces actively supported the workers' uprising. The
New Democratic Party and Christian Church community, both of which had actively
coordinated the labor movement and protested against the state's exclusionary labor
policy under the Yushin regime, became inactive and passive toward labor issues. The
New Democratic Party, preoccupied with intra-party problems which resulted from
excessive competition between two political camps (Kim Young Sam vs. Kim Dae Joong),
failed to coordinate the explosive labor movement. On the other hand, church leaders
maintained a certain distance from politics in the spring of 1980. Most of them
maintained a policy of non-interference with secular politics, when the Yushin regime
collapsed.\(^\text{10}\)

The interim government passively responded to labor actions. Deputy Prime
Minister and the Minister of EPB dissuaded business firms from laying off their idle
workforce in connection with the recent sluggish business activities, while promising
"positive supporting measures" for small business to create job opportunities. On the
other hand, business organizations, including the Korean Traders Associations, Korea
Chamber of Commerce & Industry, and Federation of Korean Industries, urged the
government to extend more tax and banking incentive measures to business firms to
overcome the economic recession.\(^\text{11}\)

\[\text{10} \] Kang Ro Lee, "Democratization and the Social Movements in South Korea: The
Dynamics of the Bureaucratic Mobilizational Regime," p. 311.

\[\text{11} \] Korea Newsreview, January 5, 1980, p.10.
The uncoordinated explosion of labor protests and student activities helped the political intervention of the military. Utilizing the social unrest as an excuse, Chun seized political power and imposed military authoritarianism. The military takeover of civil politics immediately produced massive political protests. Later in the month, from May 18 to May 27, there occurred the so-called Kwangju Uprising, mass protests in the provincial capital of South Cholla, Kim Dae Joong's home provinces, demanding the immediate lift of martial law, the release of Kim Dae Joong, and the resignation of General Chun. It was crushed brutally by the army and some airborne unit soldiers. Several hundred citizens were killed and thousands of them were detained. At the end of the month, Chun and his followers established a military junta (Committee for National Security) and controlled all state institutions.

Chun's political coup and subsequent bloody quashing of the Kwangju Uprising provided new momentum for opposition forces. They sought to establish a unified popular distribution coalition against the Chun regime. For example, the Church community, discarded its non-interference attitude, and began to participate in secular politics. Criticizing Chun's group as murderers, church leaders showed their determination to fight for human right against the Chun regime as they did under the Yushin regime. But their concern with human right was not confined to political repression such as inhumane practices or brutal torture. A fair share of economic growth was also incorporated into the human rights issue.

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Students also changed their ideological perspective and strategy. The orientation of the student movement in the spring of 1980 was liberal democracy, which aimed to democratize the political system after Park's death, as they had emphasized in the 1970s. After the failure of the democratic transition and Kwangju uprising, students explored a new way to struggle. They began to see Korean realities with a new ideological perspective, emphasizing a "scientific" understanding. The new perspective embraced a Marxist orientation. They viewed the Chun regime as an anti-nationalist, anti-Minjoong (people), military fascist regime. At the same time, departing from the favorable attitude toward the U.S., they criticized the role of United States in Korea. Students believed that the violent subjugation of the Kwangju uprising was instigated by the U.S., which commanded the Korean Army. President Reagan's invitation by Chun in February, 1981, reaffirmed students' belief that South Korea was a "neocolonial state" of the U.S. Students changed their strategy. They emphasized the necessity of the popular forces in their struggle against Chun's rule. They defined Minjoong as the popular forces (workers, farmers, and the urban poor) to be emancipated from the political repression and economic exploitation.14

New moves of dissident groups meant that the Chun regime started with considerable socioeconomic and political burdens. From the analytical point of view, social forces in the early 1980 were quite different from those in 1970 in term of structure, education level, and relational dynamics. In 1970, manufacturing employed 13.2% of the nation's workforce, but by 1980 the figure had reached 21.6%,15 while the urban population jumped from 42% to 57%.16 By 1980 the illiteracy rate had

14 Ibid., pp. 309-310.
almost been wiped out, as level of education increased. The average years of educational attainment increased from 5.74 in 1970 to 7.61 in 1980, while the number of college students increased from 136,414 in 1970 to 402,979 in 1980. Although farmers and Joongsanchung (the middle class) were still politically silent, the future regime stability was apparently in question.

3. Reactionary Exclusion of Labor

Survival Strategy: Coalitional Realignment

Chun devised a survival strategy to overcome the crises, to create a support base, and eventually to gain regime stability. Chun’s survival strategy represented a radical departure from Park’s under the Yushin regime. President Park accelerated heavy industrialization and activated Saemaul movement, which were designed to form a “security-developmentalist” coalition. He coopted big business and appeased farmers, while excluding workers and placing dissident groups under tight political control. Unlike his predecessor, Chun made a different choice. He pursued a series of economic reforms through which he attempted to coopt a silent majority of consumers and savers, the so-called Joongsanchung (middle class), while restraining, and distancing himself from, big business, and excluding the dissident popular sector.

Such coalitional realignment was a calculated political move. For Chun and his Democratic Justice Party (DJP), with weak political legitimacy it was politically imperative in creating the Fifth Republic’s new image. The best way was to transform the closed, conservative, authoritarian nature of the regime to an open, democratic, and


populist regime. However, for Chun and his DP, lacking their own support base, the
democratic transition meant political suicide. Under the authoritarian regime, the most
feasible way was to produce economic performance. They sought to wash out the
"politics-business nexus" which in the process of the heavy industrialization had gained
the bad image of political corruption and concentration of wealth. Furthermore, they
tightly controlled dissident social forces, while coopting middle class people.

Rapid industrialization during the past two decades expanded Joongsanchung, whose
core groups are professional and technical workers, small business owners, and
managerial employees. Strictly speaking, Joongsanchung is not a class but a sum of
diverse occupational groups. Joongsanchung people were beneficiaries of the economic
growth and they were generally integrated into developmental conservatism in the
process of industrialization.\textsuperscript{19} In terms of socioeconomic status, they had attained at
least a high school education, while their family income amounted at least 2.5 times as
much as that of the legally defined minimum living cost.\textsuperscript{20}

One researcher reported that Joongsanchung has been rapidly increasing since the
early 1960s: 20.5\% in 1960, 30.3\% in 1970, 31.4\% in 1974, and 40.3\% in 1980 of
the Korean population were classified as Joongsanchung.\textsuperscript{21} And the Economic Planning

\textsuperscript{19} Gwan-Mo Suh, "The Class Character of the Korean Middle Strata," Korea Journal,

\textsuperscript{20} According to the Economic Planning Board of the South Korean government,
Joongsanchung was defined as follows: (1) those who have a family income of at least 2.5
times as much as that of the legally-defined minimum living cost; (2) those who own and
dwell in a separate house or apartment, or rent a house or apartment with a deposit to be
repaid on leaving; (3) those who are employed on a full-time basis or own their
enterprise; and (4) those who attain high school graduation or above in education. See
Wonmo Dong, "The Democratization of South Korea: What Role Does the Middle Class

\textsuperscript{21} Doo Sung Hong, "Jikup Bunsuk ul Tonghan Gaechung Yongoo" [An Analysis of
82.
Board estimated that the size of Joongsanchung in 1985 was 43%.

Furthermore, if one adds those who identified themselves with Joongsanchung, the middle class becomes much larger. Those who subjectively identified as Joongsanchung increased from 42% in 1979 to 72% in 1987. Apparently, Joongsanchung constituted the largest share of the Korean population in the early 1980s. For Chun, who was faced with the emergence of the distribution coalition, the growing Joongsanchung was a natural target of political cooptation in order to create political support.

In analytical terms, Chun's survival strategy comprised two parts: one was authoritarian control over opposition forces, and the other was a series of economic reforms. On the political front, Chun initiated a massive "social purification" campaign in order to eliminate the most troublesome opposition leaders and activists from political activity as well as to build his puritanical image. At the same time, he tried to divide and pacify the opposition by replacing the traditional two party system with a multi-party system.

On the socioeconomic front, Chun tackled the economic crisis and distribution issue aggressively. His macro economic policy comprised two components -- (1) short term economic stabilization through wage control, fiscal restraint, and monetary control, and (2) long-term structural adjustment through industrial restructuring, financial reforms, and a liberalized domestic market. Both components were designed to restore economic dynamism, to erase the bad image of the state's discretionary protection of big business, and eventually to create public confidence in the ruling circle.

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24 For details on the Chun government's economic stabilization and structural adjustment, see Tun-jen Cheng and Stephan Haggard, Newly Industrializing Asia in Transition: Policy Reform and American Response (University of California, Berkeley: Institute of International Studies, 1987), pp. 15-23; and for excellent analysis of the
Reactionary Exclusion of Labor

From the outset, the Chun regime viewed labor as a "dissident" and "impure" social force. The growing labor militancy was obviously dangerous not only to the national economy but also to regime stability. Chun was quite aware of the connection between the YH incident and the death of his mentor, Park Chung Hee. He also knew well that there were dissident social groups (such as students and church groups like UIM or JOC) behind the labor movement.

The first signal of the exclusionary labor policy was a series of government "guidelines for purification of labor unions" in 1980. Through the "purification" campaign, the Chun government purged 13 industrial union leaders, banned about 200 leading union cadres from union activity, and dissolved 107 regional unions. The results of this measure were not entirely negative for the union movement, because some of the purgees included corrupt labor union leaders such as the infamous Kim Youngtae, head of Hankook Nochong, and Chin Yongtaek, chief of the Auto Workers Union.

However, these measures effectively blocked the Hankook Nochong's efforts to recover union autonomy. By using the political power vacuum following the assassination of President Park, Hankook Nochong, discarding its accommodation stance, took a somewhat aggressive stance against the state. Park's sudden death radically

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changed the political situations surrounding Hankook Nochong. The state's tight control over Hankook Nochong loosened, while the rank-and-files' criticism against Hankook Nochong strengthened. Faced with growing pressure from below, in January of 1980 Hankook Nochong urged the National Assembly that a new constitution should guarantee workers' rights in order to recover union autonomy, and should include the rights to participate in management and share profits for realization of industrial democracy.\textsuperscript{27} In February, against the government wage guideline (10-15%), Hankook Nochong held a symposium on the state wage policy and argued for a more than 60% raise in wages.\textsuperscript{28} And in March, Hankook Nochong held a public hearing and contended that the government should allow the unionization of state employees and political activity of the unions.\textsuperscript{29} Such new moves by Hankook Nochong were dissipated by the massive purification campaign.

Chun's effort to control labor was not limited to robbing the unions of independence. Through the amendment of labor laws in December 1980, Chun totally decentralized and atomized union organization. At the national level the industrial union system was denied, while at the plant level an "open shop" system was imposed instead of the existing "union shop" system. Consequently, the nation- or industry-wide negotiation between labor and business could not perform any longer, rendering the national unions and leadership impotent as organizers of labor interest, while union membership was no longer compulsory, and thus the union's capacity to recruit and control membership was severely reduced.\textsuperscript{30}

\textsuperscript{27} Hankook Nochong, January 30, 1980.
\textsuperscript{28} Ibid., February 29, 1980.
\textsuperscript{29} Ibid., March 31, 1980.
At the same time, by strictly prohibiting third party intervention in labor disputes, Chun attempted to block the linkages among local unions, between local unions and upper-level industrial unions, and between local unions and dissident social forces. Consequently, local unions could not obtain information from nor consult with outsiders about union affairs. The prohibition of third party intervention, coupled with the decentralization of union system, atomized the working class, while isolating workers from other social forces.

Furthermore, state authorities monitored and repressed labor activists by allowing and even encouraging managerial despotism. State security agencies assisted managerial efforts to prevent labor strikes. The police and the ANSP, by using their intelligence networks, made "blacklists" of labor activists, distributed them to industrial complex, and enabled management to remove the union activists. The most sophisticated tactic was the so-called "proxy" method. The police or ANSP, in collusion with management, infiltrated their agents into labor organizations and ferreted out activists.

In addition to the organizational restrictions, a strict wage control was imposed. The government adopted and implemented a one-digit wage increase guideline. Compared with the productivity wage system of the 1970s, the one-digit wage guideline was much more intense in squeezing wages. Under the productivity wage system, nominal wage

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31 Both Labor Union Law (12:2) and Labor Dispute Adjustment Law (13:2), which were amended in December 1980, prohibited third party intervention.


33 Ibid., pp. 123-136.
increases were ensured within the sum of the labor productivity increase and inflation rate, and thus there was no wage increase ceiling in theoretical terms. However, the one-digit wage guideline meant that nominal wage increase rate would be locked below 10% regardless of the inflation rate and productivity increases.

In order to implement the wage policy in an effective way, the state exerted financial control over employers. In November of 1981, the Organization of Korean Banking and Financing Institutions adopted a resolution not to provide new credits to companies that increased wages while operating in the red, or raised wages in excess of the rise in labor productivity. In practice, this resolution was the state's official warning to employers to keep its wage guideline. Any firm whose wage increase rate exceeded the official wage ceiling had to risk losing various types of government subsidies and credits.34

President Chun's exclusionary labor policy was quite different from his predecessor's in terms of the political motive and operational strategy. Under the Yushin regime, President Park followed the state corporatist strategy, by using the already centralized union system, which generated a politically compliant or supportive union leadership and manipulated workers ideologically. His labor control was largely a preventive measure. Korean labor in the early 1970s was neither politicized nor strong enough to threaten the ruling power. By contrast, Chun attempted to pacify labor by adopting a 'free-market' strategy through which he decentralized the union system, isolated workers, and encouraged managerial despotism. Chun's exclusionary labor

policy, unlike Park’s labor control, was a defensive measure intended to pacify the explosive labor activism. Workers in 1980 were very different from those in 1970. Under the Yushin regime, they became a politically dissident force and their potential strength in the national economy increased greatly. Furthermore, they were now seen as a potential political ally by the political opposition. In this situation, it was dangerous for Chun to maintain the corporatist strategy that would encourage the centralization of labor unions and compulsory membership and allow union formation. The shift in labor control strategy largely resulted from the increased "structural" power of labor as well as from the politicization of the labor movement. In this sense, Chun’s 'free-market' labor containment strategy was largely characterized as a reactionary political choice to the Yushin legacy.

Consequences of Reactionary Exclusion

Labor control under the Chun regime proved much more aggressive and penetrating than that under the Yushin regime. In terms of union density, the 'free-market' strategy was very powerful and effective. Under the Yushin regime, both union memberships and unions continued to increase over time, while union density rose from 12.9% in 1972 to 16.8% in 1979. However, this trend was reversed in 1980, as Table 6-3 shows. In 1980, union membership declined from 1.09 million in 1979 to 0.95 million in 1980, while union density decreased from 16.8% in 1979 to 14.7%. Thereafter, union density continuously declined and recorded 12.3% in 1986. During 1981-1986, union membership increased slowly but was still lower than 1979 membership levels. Democratization in 1987 reversed the general trends. Both union membership and union density sharply increased. This will be explained more specifically later.
Table 6.3: Unions, Membership, and Density, 1977-1987

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Industrial Union</th>
<th>No. of Local Union</th>
<th>No. of Union Memberships (1000)</th>
<th>No. of Total Employees (1000)</th>
<th>Estimate of Union Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>17</td>
<td>*</td>
<td>1,088</td>
<td>6,479</td>
<td>16.8%</td>
</tr>
<tr>
<td>1980</td>
<td>16</td>
<td>2,618</td>
<td>948</td>
<td>6,464</td>
<td>14.7%</td>
</tr>
<tr>
<td>1981</td>
<td>16</td>
<td>2,141</td>
<td>967</td>
<td>6,605</td>
<td>14.6%</td>
</tr>
<tr>
<td>1982</td>
<td>16</td>
<td>2,191</td>
<td>984</td>
<td>6,839</td>
<td>14.4%</td>
</tr>
<tr>
<td>1983</td>
<td>16</td>
<td>2,238</td>
<td>1,010</td>
<td>7,171</td>
<td>14.1%</td>
</tr>
<tr>
<td>1984</td>
<td>16</td>
<td>2,365</td>
<td>1,011</td>
<td>7,632</td>
<td>13.2%</td>
</tr>
<tr>
<td>1985</td>
<td>16</td>
<td>2,534</td>
<td>1,004</td>
<td>8,104</td>
<td>12.4%</td>
</tr>
<tr>
<td>1986</td>
<td>16</td>
<td>2,658</td>
<td>1,036</td>
<td>8,433</td>
<td>12.3%</td>
</tr>
<tr>
<td>1987</td>
<td>16</td>
<td>4,086</td>
<td>1,267</td>
<td>9,191</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

Notes: * In 1980, two industrial unions (Transportation and Stevedores Unions) were unified, and the local union system (chapters and branches) was restructured.
Union Density = (No. of Union Memberships / No. of Total Employees) x 100

In terms of wage control, the state’s labor strategy seemed to be successful. As shown in Figure 6.2, despite the two-digit labor productivity growth, the real wage recorded negative or positive one-digit increases. More specifically, from 1980 to 1987, the annual average of labor productivity increase rate was 11.9%, whereas the annual average of real wage increase rate was 4.7%. Considering that the annual average of real wage increase rate (10.8%) exceeded the annual average of productivity increase rate (10.1%) during the Yushin regime (1972-1979), the wage control of the state under the Chun regime proved highly repressive.
Sources: Labor productivity data come from the Korea Labor Institute, KLI Labor Statistics (Seoul: KLI, 1992), p.115; Real wage rates were calculated on the basis of the mining and manufacturing workers' real wages, taken from the Economic Planning Board, Social Indicators in Korea (Seoul: EPB, various issues).

Figure 6.2: Comparative Increase in Labor Productivity and Real Wages, 1980-1987

From the policy-maker's point of view, however, the government wage policy was less successful. Throughout the whole period of the Chun regime, nominal wage increases exceeded the government wage guidelines (see Table 6-4). Despite the 10% wage increase ceiling, the government could not help permitting an increase of more than 20% in nominal wages during 1980-1981, due to unusually high inflation rates. From 1982 to 1987, the high inflation was controlled and declined to one-digit. But wage drift (nominal wage increase rate minus government wage guideline) continued.
Table 6.4: Changes in Consumer Price Index and Wage Drifts, 1980-1987

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumer Price Index</th>
<th>Government Guidelines (A)</th>
<th>Nominal Wage Increases (B)</th>
<th>Wage Drifts (B-A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>28.7%</td>
<td>10%</td>
<td>22.9%</td>
<td>12.9%</td>
</tr>
<tr>
<td>1981</td>
<td>21.3%</td>
<td>10%*</td>
<td>20.2%</td>
<td>10.2%</td>
</tr>
<tr>
<td>1982</td>
<td>7.3%</td>
<td>10%*</td>
<td>14.6%</td>
<td>4.6%</td>
</tr>
<tr>
<td>1983</td>
<td>3.4%</td>
<td>6.9%</td>
<td>11.9%</td>
<td>5.0%</td>
</tr>
<tr>
<td>1984</td>
<td>2.3%</td>
<td>5.4%</td>
<td>7.7%</td>
<td>2.3%</td>
</tr>
<tr>
<td>1985</td>
<td>2.5%</td>
<td>7.0%</td>
<td>10.2%</td>
<td>3.2%</td>
</tr>
<tr>
<td>1986</td>
<td>2.6%</td>
<td>6.4%</td>
<td>9.2%</td>
<td>2.8%</td>
</tr>
<tr>
<td>1987</td>
<td>3.0%</td>
<td>7.7%</td>
<td>11.3%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

Note: * Since the figure is not available, 10% is applied by author.
Sources: Consumer price index and nominal wage increase rates (of mining and manufacturing sectors) come from the Economic Planning Board, Korea Statistical Yearbook (Seoul: EPB, various years); and government wage guidelines come from the Federation of Korea Trade Unions, SaupBogo (Seoul: FKTU, 1989), p. 55.

Why did the state permit wage drifts? First, the state usually announced its wage guideline in the spring, when collective bargaining (Choontoo: Spring Offensive) began. The guideline was thus decided on the basis of predicted or assumed economic data such as inflation rate. The state's expected economic data often proved wrong in the end of year. In such cases, the state authority inevitably permitted wage drifts. The prime examples were the cases of 1980-1981.

Second, another factor producing wage drifts was the state labor control strategy itself. The 'free market' labor containment strategy was based on the decentralization of the collective bargaining process. Even though the state set a ceiling on wage increase, the real wage bargaining takes place at the plant level. At the local level, companies differ from each other in terms of financial conditions, union militancy, labor management policy, and so on. Consequently, under the state's repressive wage control,
there was a high probability of wage drift rather than of wage squeeze. In other words, the institutional mismatch between the wage control policy and the union containment strategy contributed the wage drifts.

Finally, the most important factor was the emergence of a powerful Minjoo Nocho (democratic labor union) movement. The new labor control system in the early 1980s destroyed most of the Minjoo Nocho that had emerged during the Yushin period. The year 1984 was a turning point. Approaching the 1985 National Assembly election, President Chun lifted some of the severe restrictions imposed at the beginning of the Fifth Republic and opened some political breathing space, as a means of appeasing the public after harsh authoritarian rule since May of 1980. Chun removed the restrictions on political activity on banned politicians and government officials. He lifted the ban on 250 persons in February of 1983, on 202 in February of 1984, and on all except 14 core opposition leaders in November, 1984. In December of 1983, the government announced a liberalization policy on campus. In February, 1984, the government allowed reinstatement of dismissed students and removed the police from campus.

The way labor activists responded to the limited liberalization was prompt and strategic. They began to form their own organizations and fostered workers' alliance with other social and political forces. The first move was the establishment of the Council for Korean Labor Welfare (CKLW: Hankook Nodongja Bokji Hyupuihwae) in March of 1984, outside the framework of Hankook Nochong. During 1984-1985, more than two dozen similar organizations were formed, including the Association of Labor Activists.35

35 Asian Watch Committee, Human Rights in Korea, p. 61.

36 Ibid., p.94.

Korean Catholic Workers, the Association of Seoul Labor Movement, and the Association of Incheon Labor Movement. These groups emphasized workers' solidarity beyond the individual and isolated struggle, while fostering the political struggle against the Chun regime.

The immediate consequence of the Minjoo Nocho movement was the emergence of new labor strategies -- labor protest through inter-union alliance, labor-student alliance, and inter-sectoral alliance. The prime example was Guro workers' protest in June, 1985. On the first day, eight unions decided to go on an allied strike to protest the police arrest. Two days after the strike began, about 1,710 workers participated in the allied strike. On the third day, the inter-union alliance struggle developed into the labor-student allied struggle and into the inter-sectoral alliance protest. About 100 student activists participated in the protest, and various dissident social organizations also joined in. As the number of participants increased over time, their protests were not confined to the factories. Church groups protested at a Christian hall, political dissident groups at their offices, students on campus and the streets, and some workers at the headquarters of the opposition party, the Hankook Nochong building and the local office of the Ministry of Labor.38

The changes in labor struggle strategies proliferated both participation and frequency of labor disputes, while increasing the number of working days lost. Government statistics (see Table 6-5) clearly show us the effect of the labor strategy changes. From 1980 to 1983 the "strike volume"39 decreased, but from 1984 to

38 For details on the Guro workers' protest, see Seoul Nodong Undong Yonhap [Association of Seoul Labor Movement], SeonbongeSeoseo [Standing in the Vanguard] (Seoul: Dolbaegae, 1986); Asian Watch Committee, Human Right in Korea, pp. 260-270.

39 Strike Volume is defined as man-days lost per 1,000 wage and salary workers. See Douglas A. Hibbs, Jr., "Industrial Conflict in Advanced Industrial Societies," The American Political Science Review, 70:4 (December 1976), p. 1035; Douglas A.
1987 it increased rapidly. The emergence of the *Minjoo Nocho* movement and changes in labor struggle strategies generated a high "containment effect" of labor actions as well as increased "strike volume," which in turn increased the employers' cost of labor disputes. The increasing cost contributed to making employers adopt a more or less conciliatory attitude toward labor demands which, in spite of the state's wage ceiling, produced wage drifts.

Table 6.5: Trends of Labor Disputes: Frequency, Participants, and Working Days Lost

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Disputes</th>
<th>No. of Workers Involved</th>
<th>No. of Working Days Lost</th>
<th>Strike Volume*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>407</td>
<td>48,970</td>
<td>61,269</td>
<td>13.0</td>
</tr>
<tr>
<td>1981</td>
<td>186</td>
<td>34,586</td>
<td>30,948</td>
<td>6.3</td>
</tr>
<tr>
<td>1982</td>
<td>88</td>
<td>8,967</td>
<td>11,504</td>
<td>2.2</td>
</tr>
<tr>
<td>1983</td>
<td>98</td>
<td>11,100</td>
<td>8,671</td>
<td>1.6</td>
</tr>
<tr>
<td>1984</td>
<td>113</td>
<td>16,400</td>
<td>19,900</td>
<td>3.3</td>
</tr>
<tr>
<td>1985</td>
<td>265</td>
<td>28,700</td>
<td>64,300</td>
<td>10.1</td>
</tr>
<tr>
<td>1986</td>
<td>276</td>
<td>46,914</td>
<td>72,025</td>
<td>10.8</td>
</tr>
</tbody>
</table>

Note: * In calculating strike volume, total employees are counted.

In sum, the state's labor control was successful by 1983, even though wage drifts occurred. However, as the statistics show, the exclusionary labor policy had begun to lose its effectiveness after 1984. In other words, against the state's repressive labor policy, workers developed their own organizations and strategies.

4. Transition to Political Neutralism

The Legitimation Crisis: Revolt of the Middle Class

On June 29, 1987, Rho Tae Woo, a presidential nominee and the chairman of the ruling DJP, announced an 8-point democratization plan. This plan included immediate revision of Constitution calling for a presidential system of government with direct election of the President, rehabilitation of the political rights of Kim Dae Joong and release of the political prisoners, and protection of human rights and freedom of the press. The Rho's "June 29 Declaration" meant a self-opening of the authoritarian regime.

The political opening was a political choice of the ruling circle for political survival in the face of a severe legitimation crisis. The Assembly election of February, 1985, gave new impetus to opposition forces. In the election, the New Korea Democratic Party (NKDP), formed largely by politicians who had been released from the political ban in 1983-1984, made an impressive showing, winning fifty of the 184 elective seats.40

The entry of the NKDP into the political arena meant an erosion of Chun's survival strategy. In the early 1980s, Chun created a multi-party system for the purpose of blocking the emergence of a strong opposition party. However, the NKDP's slogan,

40 Results of 1985 general elections are:

<table>
<thead>
<tr>
<th>party</th>
<th>distribution of votes (%)</th>
<th>number of seats won</th>
<th>proportional representation seats</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>DJP</td>
<td>35.3</td>
<td>87</td>
<td>61</td>
<td>148</td>
</tr>
<tr>
<td>NKDP</td>
<td>29.2</td>
<td>50</td>
<td>17</td>
<td>67</td>
</tr>
<tr>
<td>DKP</td>
<td>19.5</td>
<td>26</td>
<td>9</td>
<td>35</td>
</tr>
<tr>
<td>KNP</td>
<td>9.2</td>
<td>15</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Other</td>
<td>6.8</td>
<td>6</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>total</td>
<td>100.0(%)</td>
<td>184</td>
<td>92</td>
<td>276</td>
</tr>
</tbody>
</table>

"purity of opposition" (sonmyongsong), broke the multi-party system and produced a virtual two-party system. The NKDP, by absorbing the defecting assemblymen from other opposition parties (Democratic Korea Party and Korea National Party), became the dominant opposition party. The number of NKDP members in the Assembly soon surpassed 100. Breaking the one-third barrier, thus, NKDP gained the right to unilaterally convene the Assembly and to initiate a motion to dismiss cabinet members, while having the veto power over constitutional amendments. The ruling elite now had a "challenger" instead of a "sparring partner."41

The sudden rise of the NKDP changed the political climate. The NKDP pushed President Chun and his DJP by raising a symbolic, yet substantive, issue of constitutional reform for direct popular vote for the president. The indirect election of the president was the regime's institutional safety device since the Yushin Constitution. Dissident groups, including students, intellectuals, and progressive Christians supported the NKDP's proposal. Even Cardinal Soowhan Kim joined those who called for a constitutional change. External factors also supported the new political moves. American pressure and the ousting of the Marcos government by "people power" in the Philippines encouraged the opposition forces.42

In February, 1986, Chun expressed his favorable consideration of the constitutional revision. In realizing the constitutional revision, the NKDP pushed President Chun by applying a combination of two strategies -- mobilization of street demonstrations through dissident groups, and parliamentary negotiation with the ruling DJP. However, as the debate on constitutional revision continued, it became clear that it

41 Ibid., pp. 895-896.

was impossible to reach a compromise. The DJP proposed and insisted on a parliamentary system of government, with the clear intention of reducing the risks of a defeat in the presidential election. The DJP had a better chance to achieve a majority in the National Assembly, while there was no guarantee of winning the next presidential election if the election were held through direct popular vote. For the ruling elite, a turn to the parliamentary system where the head of the majority party automatically becomes the head of state was virtually the only way to remain in power. For the same reason, the opposition NKDP and its supporters rejected the idea of a parliamentary form of government.

Political tension between the ruling elite and the oppositions mounted when the parliamentary negotiation reached an impasse. On April 13, 1987, President Chun issued a special announcement to terminate the on-going discussion of constitutional revision. It was an apparent sign that the ruling circle had opted for repression of the mounting opposition movements. However, the authoritarian way, instead of pacifying the opposition movement, helped consolidating the NKDP's internal cohesion and external linkages with various dissident groups. Internally, the leaders of the NKDP (Kim Dae Joong and Kim Young Sam) consolidated their position by creating a new opposition party (Reunification Democratic Party: RDP), leaving Lee Min Woo and a few other most moderate members in the NKDP who were willing to compromise with the ruling DJP.43 Outside the opposition party, the National Headquarters to Denounce Torture and Acquire the Democratic Constitution (NH), the alliance of all anti-regime forces including the RDP, the National Council of Churches in Korea, the United Minjoong Movement for Democracy and Unification, and various labor and student organizations, was formed to

cope with Chun's special announcement of April 13. The result was the increasing coordination strength of the opposition forces, which was missing in the late 1970s.

The confrontation between the regime elite and the oppositions reached its peak in June, 1987. Despite the explosive student protests, President Chun expressed that he had no will to reform the Constitution, by designating Roh Tae Woo as a presidential candidate on June 10. The opposition's response was quick. The NH held national rallies across the country. The opposition movement was strong enough to threaten the regime. Citizens, most of them from the middle class, actively supported the NH-led anti-regime movement.

For the ruling circle, the middle class was a strategic target to coopt. From the outset, the ruling circle, by enforcing a series of economic reforms (i.e., economic stabilization and structural adjustment measures), attempted to broaden the political support of the middle class people who would benefit from improved economic conditions. The economic reforms were successful in removing "public evils," such as inflation, and in creating "public goods," such as economic growth. But their political consequence was largely unforeseen by the ruling elite. The middle class, which had largely been silent, now actively participated in the anti-regime movement led by the NH. The revolt of the middle class largely resulted from the "mismatch between macroperformance and microrewards." Given the regime's generic legitimacy problem resulting from the illegal capture of power and the Kwangju Incident, political support should have been created and consolidated through sector-specific microrewards. The economic reforms


46 Chung-In Moon, "The Demise of a Developmentalist State?" p. 81.
failed to generate such rewards. The consequence was the Olsonian "free rider" problem.\textsuperscript{47} In other words, the middle class, which the Chun regime considered the backbone of its social coalitional base, turned out to be a free rider.\textsuperscript{48}

**Political Opening: "Great Workers' Struggle" and Political Neutralism**

For the ruling elite, faced with severe legitimation crisis, there were basically two political options -- repression or compromise. It was not only because their earlier attempt to stay in power through introducing a parliamentary system of government ended with a failure due to the successful political mobilization of the opposition social forces by the NKDP, but also because their another trial to maintain the indirect presidential election system proved to be impossible due to the revolt of the middle class.

The repression option, a bloody clampdown like the case of the Kwangju Massacre, required tremendously high costs which might endanger the very survival of the regime. Unlike those in 1979, the opposition forces were now well organized and coordinated, and they were supported by the middle class. If an armed repression was not feasible, the only option left for the ruling circle was to make minimal concessions to the opposition, while trying to protect their vital interests. For Chun and Roh, the latter was seen as a less risky and more feasible option, compared with the former. They saw the high probability of the division of the NKDP along with its two tops (Kim Dae Joong and Kim Young Sam) if a direct electoral contestation was allowed. The June 29


\textsuperscript{48} Chung-In Moon, "The Politics of Structural Adjustment In South Korea," pp. 63-65.
Declaration of 1987 announced by the ruling DJP's presidential nominee, Roh Tae Woo, signalled the regime elite's choice of the latter.

The impact of the June 29 Declaration was great. The announcement of a democratization proposal by the authoritarian ruling elite meant that the Chun regime would be a transitional one for the coming democratic regime. It immediately swept away the existing confrontational political climate. National consensus on the democratization proposal surfaced, as political negotiations between the ruling elite and opposition leaders began.

It was the so-called "Great Workers' Struggle of July-September" that exploited the ruling elite's defensive. Workers, demanding wage increases, better working conditions, and the right to organize independent unions, resurrected themselves. The number and intensity of workers' strikes were unprecedented. Between July 1 and September 31, more than 30% of the companies which employed more than 100 workers experienced labor strikes; more than one million workers participated in the "Great Workers' Struggle"; and more than one thousand local unions were newly organized during the three-month period.49

In terms of the frequency (see Table 6-6), the labor strife was almost revolutionary in Korea. Between July 1 and December 31, more than 3,500 strikes took place. This number was about 3.4 times of the total number of strikes (1,026) that had occurred during 1981-1987 and about four times the number of strikes (897) in the short-lived democratic opening of 1980.50 In terms of strike volume (man-days lost per 1,000 workers), the figure soared tremendously -- from 10.8 in 1986 to


50 The figure (897) was the FKTU's statistics. But according to the government's official statistics, the number of labor disputes in 1980 was 407.
755.9 in 1987. Furthermore, after the June 29 Declaration, the number and the membership of the unions, and union density rapidly increased from 2,658 to 4,086, from 1.05 to 1.27 million, and from 12.3 to 13.8%, respectively.

Table 6.6: Intensity of the Great Workers' Struggle

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Labor Disputes</td>
<td>276</td>
<td>124</td>
<td>3,625</td>
</tr>
<tr>
<td>Strike Volume</td>
<td>10.8</td>
<td>-</td>
<td>755.9</td>
</tr>
<tr>
<td>No. of Unions</td>
<td>2,658</td>
<td>2,725</td>
<td>4,086</td>
</tr>
<tr>
<td>No. of Membership (1,000 person)</td>
<td>1,036</td>
<td>1,050</td>
<td>1,267</td>
</tr>
<tr>
<td>Union Density</td>
<td>12.3%</td>
<td>-</td>
<td>13.8%</td>
</tr>
</tbody>
</table>


There were several factors facilitating the huge scale of labor upsurge. Obviously, the most important factor was the uncertainty of transitional politics, which increased political space and reduced the political risk of labor activism. Despite the Federation of Korean Industries' (FKI) request to prohibit illegal labor strikes, the ruling elite declared openly a "no-intervention policy" by the state in business-labor relations, warning employers not to rely on government assistance any longer to end labor disputes.

51 Korea Employers' Federation, Hankook Kyungchong Yisipnyonsa [The 20-Year History of the Korea Employers' Federation] (Seoul: KEF, 1990), pp. 221-223.

The choice of the political neutralism was not a simple step back from labor affairs but a well-calculated political move. Initially, in order to avoid the political costs that might incur due to the state intervention in the labor movement, the Chun government restrained itself from involving labor-business conflicts. After the presidential election day was selected to be held in December 1987, the ruling elite needed to contain labor militancy in the capsule of pure economic struggle between labor and business in order to the political effects of the labor movement to a minimum. In November 1987, the ruling DJP allowed a series of amendments of labor laws. The new Labor Union Law of 1987 recognized the "union shop" system and removed many requirements for establishing unions, while the Labor Dispute Adjustment Law was amended to reduce the cooling-off period in the case of both private and public sectors from 20 days and 30 days to 10 and 15 days, respectively. It was in this context that the state's "no-intervention policy" should be viewed as a political strategy to preserve workers' political compliance by allowing workers' economic gains.

Another crucial factor for the large-scale labor strikes was the change in the "center of gravity" of the labor movement. After the June 29 Declaration, worker protests were expected. But nobody expected such huge wave of strikes. Most people predicted that labor actions would take place in the Seoul-Incheon industrial areas, where labor-intensive factories were concentrated and where inter-union solidarity and labor-student nexus were much stronger than any other areas. Notwithstanding such expectations, strikes started from the heavy-industrial sectors, in which unions were almost absent and labor activism was relatively weak, and moved to the light-industry sectors, in which unions were well organized and labor activity was strong.53 This

implied that the labor movement has broadened its space of activity from traditional industrial sectors with low wages and unskilled workers to modern industrial sectors with high wages and skilled workers. Such internal changes in the labor movement, which was closely related to industrial deepening, clearly contributed to the emergence of the unprecedented large-scale labor strikes in 1987.

**Transitional Politics and Labor Movement**

It seemed then that a new era of industrial relations ushered in. The state’s neutral position clearly enhanced labor’s position, while driving business into a corner. Despite the huge labor strife, however, real wage increase in 1987 recorded 8%. This figure, compared with 7% annual average real wage increase of 1982-1986, could hardly be seen as good performance on the part of labor.

There are several reasons why workers had to be satisfied with a relatively small wage hike, despite the huge strike volume of 1987. First, managerial resistance was strong. Employers or managers organized strike-breakers by mobilizing managerial workers, while appealing to the spirit of factory familism. Even though they set on negotiation table, they were tough and skillful enough to reject or dissuade workers’ demand. Compared with employers, second, workers had little knowledge on negotiation skill and technique. Most local unions rejected the Hankook Nochong’s assistance, mainly because of its opportunistic political stance under the previous authoritarian regimes. Furthermore; they had no financial capacity to maintain strikes over a long haul.

The most important factor, finally, was a fever of electoral politics, which dissipated the labor movement and diluted labor issues. As the presidential election day approached, the opposition party was divided along with the two tops (Kim Dae Joong and Kim Young Sam) as Chun and Roh had initially predicted and wanted. The two Kims failed to agree on a single presidential candidacy issue. On October 10, Kim Young Sam,
president of the Reunification Democratic Party (RDP), publicly announced his bid for presidency. Eighteen days later, Kim Dae Joong also officially declared his intention of running for president and of founding a separate party (Party for Peace and Democracy: PPD) to back his presidential campaign.\textsuperscript{54}

Each Kim saw himself as the leader of South Korea's democratic opening. For one thing, Kim Dae Joong perhaps suffered most under the successive regimes of Yushin and Chun. Since his unsuccessful running against Park Chung Hee in the 1971 presidential election, he was jailed repeatedly for his political view and anti-authoritarian activities. Kim Dae Joong was the first politician who argued for a populist economy -- which was based on popular welfare, fair distribution of the fruits of economic growth, an employee share-owning system, and new taxes on the rich -- in postwar Korean politics. He nearly lost his life when he was kidnapped from Japan by the KCIA in 1973. He was sentenced to death for sedition of "Kwangju Riot" by military court in 1980. He was released in 1982 and went into exile in the United States. He returned to Korea in 1985, but he had to be under house arrest. At the time of the 1987 presidential election, Kim Dae Joong truly believed that he carried a cross symbolizing the weight of all the tragedies in modern Korean political life and history. During the presidential campaign, he argued that he was the only leader who could heal the wounds of the Kwangju Massacre and end the military authoritarian rule.\textsuperscript{55}

On the other hand, Kim Young Sam thought of himself as having been the prime mover and vanguard of democratic struggle against Park's and Chun's authoritarian rules. In the 1970s, he took over the leadership of the opposition party and initiated anti-Yushin regime movement successfully. During the Chun regime, he managed to

\textsuperscript{54} Korea Newsreview, October 31, 1987, p. 6.

\textsuperscript{55} ibid., p. 7.
unite opposition forces in a series of anti-authoritarian struggle when Kim Dae Joong was in exile in the United States. Kim Young Sam may never have believed that Kim Dae Joong would be elected president. Because of Kim Dae Joong's "radical" image, the military would never allow him to become their command-in-chief, and because of the strong regional antagonism between Honam (Cholla provinces) and Youngnam (Kyungsang provinces), Kim Dae Joong, who was regarded as a charismatic leader by the Honam people, could not gain electoral support of the Youngnam.56 Kim Young Sam argued that he was the only leader who could prevent the military's "veto power" because of his relatively moderate political stance, as well as that he could enlist the electoral support of both Youngnam and Honam because his home province was the same of Roh's, that is Youngnam.57

The impact of the rivalry between the two Kims was more than the division of opposition parties into RDP and PPD. Dissident groups and activists were also divided along with their political orientations and internal organizations. For example, Chondaehyup (National Association of the Representatives of University Students), which was regarded as one of the most active group among opposition social forces, was divided into three groups: (1) those who supported Kim Dae Joong, as they were impressed with his record of anti-dictatorial struggle; (2) those who favored the single candidacy of Kim Young Sam, as he was considered to have a better chance of winning the race; and (3) those who at first demanded a boycott of the election but later supported an independent Minjoong candidate (Paek Ki Wan), who argued that one of the two Kims be


57 During the campaign, Kim Young Sam said that "if he (Kim Dae Joong) becomes the opposition candidate, it will aggravate provincialism and many people (the military and Youngnam people) oppose him." See Korea Newsreview, October 31, 1987, p. 7.
dropped out from the race. Consequently, dissident leaders and groups were no longer able to carry out in concert with the labor movement effective political actions against the DJP and Roh.

Another impact was the emergence of strong regionalism, especially in the individual candidates' home areas. Each candidate was enthusiastically welcomed in his respective home province: Kim Dae Joong in Cholla and Kwangju, Kim Young Sam in southern Kyungsang and Pusan, Roh Tae Woo in northern Kyungsang and Taegu, and Kim Jong Pil in southern Choongchung. But each could not complete his campaign rallies in the others' territory. In particular, electoral localism was very serious in Honam and Youngnam. On December 7, for example, Kim Dae Joong had to cut his speech in the Masan (southern Kyungsang area) campaign. His campaign vehicles were turned upside down and set on fire. On the same day, Kim Young Sam was forced to cancel his rally in Yosu (Cholla area) because of the violent crowds against his campaign. Four days later, Roh's rally in Chunju and Kunsan (Cholla areas) met with violent protesters. Throughout the period of campaign, violent localism dominated the electoral politics. Consequently, regional antagonism contributed to the dilution of the basic issue of "democracy vs. dictatorship" -- which had dominated the national politics during the Chun regime and subsequently contributed to the weakening of workers' political strength.

As Table 6-7 shows, the white collar, small business, students, and manual workers, who had strongly supported the opposition party in the spring of 1987, split among themselves or withdrew their support for opposition parties. Instead, they


59 Ibid., December 12, 1987, pp. 4-7.
realigned themselves along with regionalism (in the case of Honam, Youngnam, and Southern Choongchung areas), division of internal organizations (in the case of the dissident organizations), and personalities.

Table 6.7: The 1987 Presidential Election: Patterns of Voter Support for the Major Candidates

<table>
<thead>
<tr>
<th>Occupations(a)</th>
<th>Roh T.W.</th>
<th>Kim Y.S.</th>
<th>Kim D.J.</th>
<th>Kim J.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmers &amp; Fishermen</td>
<td>46.9(%)</td>
<td>17.7(%)</td>
<td>25.6(%)</td>
<td>8.5(%)</td>
</tr>
<tr>
<td>Small Business</td>
<td>33.3</td>
<td>29.3</td>
<td>30.5</td>
<td>6.9</td>
</tr>
<tr>
<td>Blue Collar</td>
<td>29.2</td>
<td>28.8</td>
<td>33.7</td>
<td>8.2</td>
</tr>
<tr>
<td>White Collar</td>
<td>22.2</td>
<td>45.4</td>
<td>24.4</td>
<td>5.8</td>
</tr>
<tr>
<td>Students</td>
<td>6.1</td>
<td>43.1</td>
<td>34.3</td>
<td>15.3</td>
</tr>
<tr>
<td>Housewives</td>
<td>39.6</td>
<td>24.8</td>
<td>26.4</td>
<td>9.3</td>
</tr>
<tr>
<td>Others</td>
<td>35.9</td>
<td>31.7</td>
<td>27.1</td>
<td>5.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regions(b)</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Youngnam</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N. Kyungsang</td>
<td>64.8</td>
<td>28.6</td>
<td>2.3</td>
<td>8.1</td>
</tr>
<tr>
<td>Taegu</td>
<td>69.8</td>
<td>24.0</td>
<td>2.6</td>
<td>2.0</td>
</tr>
<tr>
<td>S. Kyungsang</td>
<td>40.4</td>
<td>50.3</td>
<td>4.4</td>
<td>2.6</td>
</tr>
<tr>
<td>Pusan</td>
<td>31.6</td>
<td>55.2</td>
<td>9.0</td>
<td>2.6</td>
</tr>
<tr>
<td>Honam</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N. Cholla</td>
<td>13.7</td>
<td>1.5</td>
<td>80.9</td>
<td>0.7</td>
</tr>
<tr>
<td>S. Cholla</td>
<td>8.0</td>
<td>1.1</td>
<td>87.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Kwangju</td>
<td>4.8</td>
<td>0.5</td>
<td>93.4</td>
<td>0.2</td>
</tr>
<tr>
<td>S. Choongchung</td>
<td>25.5</td>
<td>15.6</td>
<td>12.1</td>
<td>43.8</td>
</tr>
<tr>
<td>Others</td>
<td>36.9</td>
<td>28.0</td>
<td>24.9</td>
<td>8.2</td>
</tr>
<tr>
<td>Nationwide</td>
<td>36.6(%)</td>
<td>28.0(%)</td>
<td>27.0(%)</td>
<td>8.0(%)</td>
</tr>
</tbody>
</table>

Sources: (a) comes from Chosun Ilbo, December 19, 1987, and (b) is calculated on the basis of the election results reported in Korea Newsreview, December 26, 1987, p. 4.

In sum, the effect of the above three factors — the management’s strong resistance, workers' lack of strategy and tactics, and electoral politics -- was largely negative to the labor movement. Most of the labor actions occurred without specific
strategies. Their lack of financial capacity made it impossible to keep their strikes going for a long period. Furthermore, the advent of the electoral politics dissipated workers' concern as well as diluted labor issue. As a result, the "Great Workers' Struggle" soon lost its strength, as the presidential elections approached (see Figure 6.3).


Figure 6.3: Strength of the Labor Movement in terms of the Number of Labor Actions

5. Summary and Conclusion

President Chun, like his predecessor, continued to exclude labor. But his political motives and operational modes of labor control were different from Park's state corporatist control. To cope with the simultaneous outburst of the legitimation, accumulation, and distribution crises, Chun and his regime elite pursued economic
reforms through stabilization and structural adjustment, while repressing oppositions. Their survival strategy was aimed at building a new coalition based on the middle class, by both dissolving the Yushin's security-developmentalalist coalition and excluding labor.

Given the growing linkage between labor and the opposition, the only option for Chun was the repression of labor under the authoritarian regime. His choice was a 'free-market' labor containment policy. He decentralized union organizations and collective bargaining processes in order to atomize workers, as well as to isolate them from other dissident social and political groups. At the same time, Chun placed labor activists under the state's supervision and repression. He also tried to control employers financially in order to prevent any conciliatory wage bargaining.

Despite the efforts of Chun and his ruling elite to realize their survival strategy, signs of a serious legitimation crisis has appeared since the 1985 general elections. The escalating confrontation between the ruling power and the opposition party facilitated the formation of horizontal ties among labor, churches, students, and the opposition party. But a new ruling coalition never came about. On the economic front, the reforms were very successful; but the middle class turned out to be a free rider. On the political front, the continuous harsh authoritarian rule only consolidated the horizontal ties of political opposition.

The democratic opening in 1987, which was a defensive response of the authoritarian elite to the nationwide "June Democratization Movements," changed state-labor relations drastically. Labor's growing external ties with other social sectors and increased internal strength have turned it into one of the most powerful social forces in transitional politics. Despite the explosive labor actions, state authorities used riot police only sparingly and pledged to remain neutral in labor disputes. The changes in political dynamics forced the ruling power to shift labor policy from exclusionism to neutralism. The state's "no-intervention policy" was a strategic step-back. The ruling
elite urgently needed to avoid the political costs they might incur due to their intervention in labor disputes.

A new spate of labor movements which followed the democratic opening turned out to be unprecedentedly powerful. Business naturally called the government to intervene in labor disputes. But the state authorities warned companies not to rely on state assistance to end strikes. It seemed that a new era of industrial relations was just began in Korean politics. However, the state's labor policy shift was merely a temporary political measure. Many issues remained to be solved before the state, labor, and business could begin a true democratic era of industrial relations.

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CHAPTER VII

Industrial Relations under Democratic Changes:

A Move Toward Societal Corporatism?

Democratic transition in South Korea was loud but swift. After many rounds of negotiation between the ruling DJP and opposition RDP (Reunification Democratic Party), a democratic constitution was adopted in October 1987, and presidential election was held in December 1987. The split of the two Kims gave a critical advantage to Roh Tae Woo. The two Kims together garnered 55% of the votes, while Roh earned 36.6%. The politics of democratic transition ended with the installation of the Roh government in February 1988. Initially, President Roh maintained a defensive political neutralism toward the labor movement, taking a "wait-and-see" approach. However, as the Korean society, facing to economic recession, became conservative, Roh shifted his labor strategy from the defensive to active neutralism, taking a "tackle-and-fix" approach. The new strategy Roh adopted consisted of the two different tactics: (1) selective exclusionism and (2) societal corporatism.

In 1993, the state's labor policy shifted again, as the Kim Young Sam government inaugurated. The Kim government continued to maintain the "tackle-and-fix" approach toward the troublesome industrial relations. But its tactics were different from the Roh government's. Discarding an exclusionary tactic, President Kim tackled the labor-business affairs with neo-corporatist frameworks, emphasizing compromise and grand harmony.
1. The Sixth Republic under Roh Tae Woo: Transitional, Incomplete Democracy

Democratic transition of 1987 was a watershed event in South Korean politics. Korean voters exercised their rights in the nation's first direct presidential election in sixteen years, and experienced a peaceful transition of power for the first time in modern Korean history. In O'Donnell's terms, Korean politics ended the "first" democratization process of "democratic transition" and entered the "second" period of "democratic consolidation." In his inaugural address, President Roh declared the end of authoritarianism and realization of democracy as overriding national goals.

With the launching of the new Republic, we will sail steadfastly toward democracy.... The day when freedoms and human rights could be slighted in the name of economic growth and national security has ended. The day when repressive force and torture in secret chambers were tolerated is over.... With the new Constitution incorporating the will of the people now going into effect, I declare that the new administration will be a government of the people. It will open an era of democracy in which each citizen can reach his full potential.

Democratization became the "number one priority" of the Roh government.

Certainly, the political space was enormously expanded. The Sixth Republic under Roh

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1 According to O'Donnell's notes, the overall change from an authoritarian to a democratic regime contains two transitions. The first is the transition from the previous authoritarian regime to the installation of a democratic government. And the second transition is from the democratic government to the consolidation of democracy. See Guillermo O'Donnell, "Transitions, Continuities, and Paradoxes," in Scott Mainwaring, Guillermo O'Donnell and J. Samuel Valenzuela, eds., Issues in Democratic Consolidation: The New South American Democracies in Comparative Perspective (Notre Dame, Indiana: University of Notre Dame Press, 1992), p. 18.


3 In his interview with Newsweek on September 5, 1988, President Roh said that "Democratization is the main preoccupation, the No.1 priority." See Robert Maxwell, ed., Roh Tae Woo -- Korea: A Nation Transformed (Elmsford, New York: Pergamon Press, 1990), p. 123.
formally allowed and advocated popular political participation. Basic civil rights and freedoms were guaranteed, electoral politics became relatively open and competitive, and autonomous associational life was allowed. Political criticism against the ruling elite was seen as legitimate and natural. Political interventions of the state agencies in civil society were visibly reduced.

Political rules and procedures were also redefined anew. The previous top-down and zero-sum rules of the game gradually shifted to the bottom-up and non zero-sum, though they were not fully democratic. Political compromise began to take root in party politics, and pluralistic confrontation and negotiation replaced the vertical and authoritarian norms in interest politics. In terms of authority structure, the highly-centralized authority and almost unlimited state power were relatively reduced and decentralized. Instead, legislative power to check the government was strengthened, judicial independence from the ruling power was guaranteed, and local council elections were held to promote local autonomy.

Despite the drastic changes in regime character, the Roh regime was hardly seen as fully democratic. A consolidated democracy must have a considerable ability to minimize or eliminate potentially destabilizing elements inducing regime reversals. The retention of democratic formality does not necessarily ensure the reproduction of the minimal procedures of democracy. As Samuel Valenzuela points out, the quality of a "consolidated" democracy can be achieved when the potential factors (such as reserved domain of authority and policy-making, undemocratically generated tutelary power, or electoral discrimination and undemocratic electoral means) undermining democratic formality are substantially eliminated.4

Despite its democratic formalities, the Roh regime retained several authoritarian elements. One of them was a strong element of electoral conservatism. It did not permit progressive or leftist elements in party politics. Ruling elites repressed radical groups, while prohibiting their formation of political parties. More negative side was a lack of effective party-financing rules to ensure a fair electoral contestation. Political funds were raised in an informal and covert way.

Another was the existence of a "reserved domain" of authority.5 The state security agencies, including the ANSP and the military, remained politicized and often deeply involved in politics. Members of Chun and Roh's Hanawhae continued to occupy almost all key positions in the military, constituting a potential and powerful political group. As a result, the "praetorian problem"6 -- how to reduce military involvement in politics and establish a professional pattern of civil-military relations -- remained unresolved.

The coexistence of the two contradictory elements -- democratic formalities and authoritarian legacies-- seemed to be closely related to the nature of the democratic transition. In fundamental terms, the Roh regime was a product of the political compromise between explosive popular demands for political participation and the willingness of the ruling elite to stay in power. President Roh was Chun's hand-picked successor. The birth of the Roh government thus meant the launching of a new regime without changing ruling elites. In Huntington's terms, the regime change in South Korea can be categorized as "transplacement," in which democratization is a product of the


combined actions of ruling elites and opposition forces. The Roh government thus had difficulties in removing all authoritarian legacies favoring their critical support groups. In this sense, the democratization in South Korea was a defensive measure to cope with the severe legitimation crisis of the Chun's authoritarian regime without wholesale elite replacement and completely dismantling repressive state structures and apparatuses. Due to such elements, some scholars have regarded the Roh regime as a "sophisticated" form of authoritarianism.

In spite of its generic ties with the Chun regime, however, the Sixth Republic under Roh was hardly seen as authoritarian. The Roh regime, though it retained some authoritarian elements, was clearly different from its predecessors in terms of the political space, the rules of the game, and regime value. And President Roh apparently tried hard to distance his regime from the Fifth Republic as much as he could. Viewed from such perspective, the Roh regime could be characterized as an "incomplete democracy" or "transitional democracy" in which new democratic rules and principles coexisted with old authoritarian norms and practices. Certainly, the five-year Roh regime was a period of a trial-and-error in making rules and setting patterns. The incomplete and weak democratic nature of the Roh regime increased political uncertainty.

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7 ibid., pp. 151-161.


and opportunism in the national politics, while spawning a host of more or less radical
and leftist-oriented dissenters.

2. New Political Issues and Social Power Configuration

Circumstantial Setting: Emerging New Issues

Roh's victory in the direct electoral contest provided the new regime with much
better position than its predecessor in terms of political legitimacy. Furthermore, the
national economy in 1988 performed well. The economic reforms during the Chun
regime, coupled with the so-called "three lows" (low oil prices, low interest rates, and
low exchange rates), produced positive effects on the national economy. Economic
growth rates recorded 12.4% in 1988. The trade balance, which had suffered deficits,
began to turn to surplus. Unemployment rate was reduced from 5.2% in 1980 to 2.5%
in 1988. Consumer price was quite stable.

According the government statistics (see Table 7.1), income distribution was also
modestly improved. The Gini index declined from 0.389 in 1980 to 0.363 in 1985 and
0.336 in 1988. And the shares of national income of the bottom 40% of the population
increased from 16.06% in 1980 to 19.68% in 1988, whereas those of the top 20% of
the population decreased from 45.39% in 1980 to 42.24% in 1988.

<table>
<thead>
<tr>
<th>Income Group</th>
<th>1980</th>
<th>1985</th>
<th>1988</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom 40%</td>
<td>16.06</td>
<td>17.71</td>
<td>19.68</td>
</tr>
<tr>
<td>Top 20%</td>
<td>45.39</td>
<td>43.71</td>
<td>42.24</td>
</tr>
<tr>
<td>Gini Index</td>
<td>0.389</td>
<td>0.363</td>
<td>0.336</td>
</tr>
</tbody>
</table>

Sources: Economic Planning Board, Social Indicators in Korea (Seoul: EPB, various
issues).
The authoritarian-turned-democratizers, however, were not free from political liabilities. Democratic change itself created new circumstantial settings. Distributive justice became a central issue in democratization. In retrospect, a "tunnel effect" of the economic growth\(^{10}\) began to disappear in the 1970s. In the early 1980s, the "tunnel effect" was completely reversed. The Chun regime did not ignore the distribution issue at all. While suppressing distributive demands, the Chun government took measures to reduce \textit{Jaebol}'s industrial concentration as well as to favor small and medium-sized firms. Despite the relatively improved income distribution during 1980-1988, however, popular resentment on the unequal distribution of the benefits of the economic boom has became stronger since the democratic opening of 1987.

Several factors contributed to the spread of the popular feeling of relative deprivation. First was the haves' luxurious consumption behavior. Their sumptuous wedding ceremony, expensive trip abroad, and deluxe foreign-made cars aggravated the sense of relative deprivation. Second was the sharp increases in land and housing prices. As Table 7-2 shows, the price increase of land and house has by far exceeded other economic indicators during 1975-1988. This abnormal price increase brought the owners of land and house a great amount of unearned income, while frustrating lower income people. In 1988, the top 20\% of the population shared 87.7\% of the private land and 61\% of real assets, whereas the bottom 40\% owned only 0.4\% of the private land and 0.06\% of real assets.\(^{11}\) Furthermore, most of the capital gains generated from ownership of land and housing were not reported or properly taxed and not included in

\(^{10}\) For the notion of the "tunnel effect," see Albert O. Hirschman, \textit{Essays in Trespassing: Economics to Politics and Beyond} (Cambridge: Cambridge University Press, 1981), pp. 40-43. According to Hirschman, "As long as the tunnel effect lasts, everybody feels better off, both those who have become richer and those who have not."

the household income. Consequently, there was a widening gap between perceived inequality and statistical inequality.

Table 7.2: Trends of Land and Housing Prices and Other Economic Indicators

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Price</td>
<td>100.0</td>
<td>328.1</td>
<td>440.5</td>
<td>533.5</td>
<td>565.5</td>
<td>839.0</td>
</tr>
<tr>
<td>Housing Price</td>
<td>100.0</td>
<td>355.3</td>
<td>328.7</td>
<td>397.0</td>
<td>400.8</td>
<td>466.5</td>
</tr>
<tr>
<td>National Income</td>
<td>100.0</td>
<td>142.1</td>
<td>178.6</td>
<td>204.2</td>
<td>256.9</td>
<td>287.9</td>
</tr>
<tr>
<td>Wholesale Price</td>
<td>100.0</td>
<td>225.4</td>
<td>284.4</td>
<td>289.0</td>
<td>286.1</td>
<td>293.9</td>
</tr>
</tbody>
</table>


In addition to the distribution issue, the liquidation of old authoritarian remnants was seen as another inevitable process of democratization. Roh's political ties to the Chun regime generated new debates on the legitimacy of the new government. One major development that served to undermine Roh's efforts to present a non-military image of himself was the controversy surrounding the so-called "December 12 Incident" of 1979. On that day several military leaders, including Generals Chun Doo Whan and Roh Tae Woo, mobilized troops without proper authorization and arrested General Chun Sung Wha who was then the army chief of staff and martial law commander. During the 1987 presidential election campaign, General Chung joined the Kim Young Sam camp and publicly accused the Chun-Roh group of having carried out a "mutiny." The public revelation of details of the "December 12 Incident" was obviously a serious setback for Roh's effort to create a popular image of himself.

12 Ibid., p. 27.

Another development was Chun Doo Whan’s efforts to retain political influence even after his stepping down from the presidency. Before the transfer of power, he expanded the size and functions of the Council of Elder Statesmen, of which the outgoing president was to be the chairman, with an apparent intention of straining the relationship between him and Roh. Chun wanted to nominate his loyal supporters as DJP candidates for next National Assembly elections. Even after the transfer of power, President Roh, apparently constrained by his relationship with the Fifth Republic, retained seven of Chun’s ministers in the 24-member cabinet that he appointed.14

Still another development was the emergence of the so-called Yoso Yadae (small government party and large oppositions) phenomenon in the April 1988 National Assembly election. The result of the election stunned authoritarian-turned-democratizers who had predicted the government party’s victory by an overwhelming margin. The ruling DJP won only 87 of the nation’s 224 constituencies, against 54 for Kim Dae Joong’s PPD, 46 for Kim Young Sam’s RDP, and 27 for Kim Jong Pil’s NDRP.15 Control of the National Assembly by the opposition parties signaled rough sailing for the Roh government, as they vowed to bring to light all "irregularities" of the Fifth Republic, including Kwangju massacre that had consolidated Chun and Roh’s political control in 1980. From October through December 1988, the National Assembly held a series of hearings on the wrong doings of the Chun regime, which generated new debates on the political authenticity of the Roh government.


These newly emerging circumstances triggered the realignment of the social forces that had been fragmented along with regionalism, personalities, and internal organizations during the short period of democratic transition (June 1987 - February 1988). Instead, social forces began to polarize along with the issue of "conservatism vs. reformism."

Realignment of Social Forces: Proliferation of Sectoral Movements

Once the presidential election ended, political focus of the social forces rapidly was shifted to their sectoral interests. The newly emerging distribution issue facilitated their shift in political concerns, while new rules and procedures of political engagement fostered the proliferation of politically active social groups. The most salient phenomenon was the rise of sectoral movements among workers, farmers, urban poors, and teachers. Workers, emerged as the most powerful social force after the democratic opening, continued to demand fair distribution of the benefits of economic growth. They organized themselves along with regional and occupational lines against business despotism, while initiating their movement for revision of "anti-labor laws." New union leaders, accusing Hankook Nochong of its pro-government elements, sought to form their own national organization. On the other hand, Hankook Nochong declared its new start as a true labor organization.

Starting with the protest against "water tax" in the autumn of 1987, farmers were also actively engaged in the national politics. They initiated an internal democratization process for Nonghyup (National Agricultural Cooperatives Federation) which had previously been organized, subsidized, and supervised by the government, while establishing many independent farmers' organizations. In 1988, mass demonstrations by farmers became loud and pervasive: they protested against the government's market
opening of agricultural products, high medical care insurance premium, and inconsistent agricultural policies.\(^{16}\)

The urban poors' movements also became active. Under the authoritarian Chun regime, their basic life had continuously been threatened by the government policies. As a part of infrastructure projects aimed at beautifying Seoul and other major cities to host 1985 IMF meeting, 1986 Asian Games, and the 1988 Olympics, the government ordered the removal of illegally built shacks and prohibited street vendors. The nationwide democratization movement in 1987 mobilized and politicized the urban poor. Unlike workers and farmers who spend their life in production sites, the urban poors whose living space is metropolitan areas could easily join the "June Democratization Movement." The experience of the successful protest against the authoritarian regime encouraged their enthusiasm to organize themselves. Under the slogan of "no democracy without ensuring basic rights of the urban poors!" they began to establish their own organizations such as Seoul Squatters' Council and Urban Street Vendors' Association.\(^{17}\)

School teachers also initiated the Cham Kyoyook (true education) movement, criticizing the government's highly standardized and poor education policy and complaining their heavy work load and poor salary. They rejected the Kyoryun (Federation of Korean School Teachers), which had been subsidized and supervised by the government, and formed their own organization -- Chunkyohyup (National Association for School Teachers) -- in the summer of 1987. It also claimed that an

\(^{16}\) Sangki Na, "Chunkookjuk Danil Jojik ui Kyulsung kwa 80 Yondae Nongmin Undong ui Pyungka" [Formation of the National Organization and Assessment of the Farmers' Movement in the 1980s], in Hankook Kidokkyo Sawhae Moonjae Yongoowon, Goosip Yondae Hankook Sawhae wa Pyunhuk Undong (Seoul: CISJD, 1990), pp. 162-166.

\(^{17}\) Kidokkyo Dosi Binmin Sunkyo Hyupuiwhae, "80 Yondae Binmin Undong ui Chungae kwajung kwa 90 Yondae Chumang" [The process of the Urban Poors' Movement in the 1980s and Its prospects in the 1990s], in Ibid., pp. 174-181.
independent and autonomous union of their own was the best way to improve their working conditions as well as to safeguard "independence of education from politics." In 1988, the true education movement gained rank-and-file teachers' support rapidly and emerged as a strong interest group.\textsuperscript{18}

With regard to the rising sectoral movements, students and politicians outside party politics (Jaeya) responded positively and strategically. These groups tended to define democracy in terms of the substantive, maximalist view. Their version of "minjoong (people)" democracy emphasized not only thorough liquidation of the authoritarian legacies as a precondition of populist political order but also radical social reforms as a prerequisite for establishing egalitarian society. Their goals were to expel the military-turned-politicians including Roh Tae Woo from politics, as well as to establish a "civilian" government supported by the "minjoong." Having experienced severe internal divisions during the 1987 presidential election, they saw the rising sectoral movements as an opportunity to reunite them and reconstruct their political strength. To boost the sectoral movements and to realize "minjoong" democracy, they also organized a preparatory committee for "minjoong" democracy, the so-called \textit{Chunkook Minjok Minjoo Undong Hyupuiwhae Choojin Wiwonwhae}, in September 1988. Six months later, they established a new dissident political organization, \textit{Chunminryun}, in order to form a united front of the popular democratic forces against the "fascist military" government.\textsuperscript{19}

\begin{itemize}
\item \textsuperscript{18} Dong-A Ilbosa, \textit{80 Yondae Minjok Minjoo Undong} [Social Movements of the 1980s for Nationalism and Democracy] (Seoul: Dong-A Ilbosa, January 1990), p. 327.
\item \textsuperscript{19} Bookyum Kim, "Jinbo Chungdang Choolhyun eun Yeoksai ui Pilyonyida" [The Emergence of Progressive Party Is Historically Inevitable], \textit{Sindong-A} (February 1989), pp. 265-266.
\end{itemize}
Unlike the dissident groups, the middle class people held ambivalent attitudes toward the sectoral movements. Most of the middle class population were sympathetic toward the popular sector movements, but did not want radical social reforms. They became increasingly conservative unlike the early state of democratic transition. The Great Workers' Struggle in July-September 1987 generated worries about the uncertain future of economic growth and political development among the middle class population. They, unlike Jaeya forces, defined democracy in terms of procedural and minimalist view. They seemed to be considerably satisfied with the progress in the classical aspects of democracy such as the freedom of speech, freedom of assembly and organization, and free and regular elections. They wanted continuous economic growth. In other words, they did not want a militant, radical popular mobilization which might threaten economic growth and stability. Although they saw the popular sectors' demands as quite legitimate, the middle class people viewed the rising popular movements with some fears and worries.20

3. Defensive State and Offensive Labor

Roh's Survival Strategy: Maintaining Political Neutralism Toward Labor

From the beginning, the Roh regime was faced with the rising expectation of the mass calling for distributive justice and liquidation of old authoritarian legacies. Roh's strategic choice to ensure political support and regime stability was the replication of Chun's strategies with some modifications such as distancing itself from the previous regime, the cooptation of the middle class, a squeeze on big business, and the neutralization of the popular sector offensive. The strategy was well reflected in his

"grand platform" that Roh declared in his inaugural speech. Advancing the politics of "botong saram (ordinary people)," Roh showed his intention to sever his political ties with the previous authoritarian regime, while demonstrating his willingness to achieve "national reconciliation" through "changes, renovations, and quantum leaps."21

In dealing with the labor upsurge, President Roh was quite cautious, despite workers' critical stance toward the ruling elite. Politically, he took a neutrality between labor and business, announcing that labor-management conflicts should be settled by themselves through compromise without government intervention. Economically, Roh attempted to appease labor by publicly declaring that he would "pursue a policy of resolutely ensuring that workers get their fair share of the fruits of growth."22 He continued to maintain the political neutralism adopted in the summer of 1987.

Such a defensive labor policy was predictable. Public opinion was still sympathetic toward demands for wage increase. The control of National Assembly by opposition parties made it difficult for Roh to neglect the labor issue. Furthermore, unprecedented economic boom of 1987-1988, which was attributable to favorable external conditions, also provided Roh as a state manager with a room to tolerate unions' wage hikes. In these situations, Roh did not have to take the confrontation policy against labor that might magnify his military image. For him, there was no alternative but to take a "wait-and-see" strategy toward the labor movement unless there is a justifiable cause to intervene in labor affairs. The state's initial hands-off policy toward labor relations provided favorable conditions for the new union movement which began to

21 See Roh's inaugural address on February 15, 1988.

emerge immediately after the democratic opening. Consequently, the South Korean industrial relations began to take the form of pluralism, in which labor and business compete for their special interests without serious state interferences.

**Labor Movement in Transition: Hankook Nochong vs. Chunnohyup**

Since its birth of 1961, Hankook Nochong has alternated its stance toward the state between compliance and challenge: when the state control over labor was strong, it took an accommodationist stance and at the time of political opening or change, it behaved on the side of rank-and-files. Although the Hankook Nochong's oscillation between accommodation and confrontation contributed to its survival under the past authoritarian regimes, the swing of the pendulum became increasingly conservative and self-destructive over time. At the time of the democratic opening in 1987, Hankook Nochong, which had already been incapacitated by the harsh market labor containment strategy by the Chun regime, played little role in the Great Workers' Struggle and remained largely irrelevant to rank-and-files. Hankook Nochong's legitimacy as a sole national body of the labor movement was seriously challenged by rank-and-files. Consequently, the labor movement lacked national leadership to guide and coordinate local union movements.

In the absence of legitimate national leadership, many local unions began to develop their own inter-union networks along regional and occupational lines in order to strengthen their negotiation power against business. Starting with establishing *Machangnoryun* (Inter-union Association in Masan and Changwon) in December 1987, many independent inter-union alliance groups appeared in 1988. By the end of 1988, seventeen regional or occupational associations were formed, and 790 local unions belonged to them (see Table 7-3). They were very critical toward Hankook Nochong.
They thought that Hankook Nochong was too passive and too conservative to vitalize the Korean labor movement.

### Table 7.3: Regional and Occupational Inter-union Associations

<table>
<thead>
<tr>
<th>Regional Associations</th>
<th>Date of Foundation</th>
<th>No. of Member Unions</th>
<th>No. of Rank-and-Files</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machangnoryun</td>
<td>Dec. 12, 1987</td>
<td>30</td>
<td>26,000</td>
</tr>
<tr>
<td>Chinjoonoryun</td>
<td>April 17, 1988</td>
<td>12</td>
<td>1,200</td>
</tr>
<tr>
<td>Seonohyup</td>
<td>May 29, 1988</td>
<td>108</td>
<td>34,081</td>
</tr>
<tr>
<td>Innohyup</td>
<td>June 18, 1988</td>
<td>46</td>
<td>7,000</td>
</tr>
<tr>
<td>Seongnohyup</td>
<td>June 25, 1988</td>
<td>28</td>
<td>4,500</td>
</tr>
<tr>
<td>Ulsannoryun</td>
<td>Aug. 6, 1988</td>
<td>21</td>
<td>3,100</td>
</tr>
<tr>
<td>Chunbooknoryun</td>
<td>Aug. 21, 1988</td>
<td>30</td>
<td>6,262</td>
</tr>
<tr>
<td>Taegukyungbooknoryun</td>
<td>Dec. 7, 1988</td>
<td>35</td>
<td>4,500</td>
</tr>
<tr>
<td>Kyungginoryun</td>
<td>Dec. 28, 1988</td>
<td>52</td>
<td>13,933</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupational Associations</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Samookumyungnoryun</td>
<td>Nov. 27, 1987</td>
<td>85</td>
<td>25,000</td>
</tr>
<tr>
<td>Minjchoolnohyup</td>
<td>Jan. 16, 1988</td>
<td>18</td>
<td>1,752</td>
</tr>
<tr>
<td>Daehaknohyup</td>
<td>Feb. 1, 1988</td>
<td>54</td>
<td>9,200</td>
</tr>
<tr>
<td>Yonjeonkihyup</td>
<td>July 16, 1988</td>
<td>38</td>
<td>12,000</td>
</tr>
<tr>
<td>Eonronnoryun</td>
<td>Nov. 11, 1988</td>
<td>43</td>
<td>13,600</td>
</tr>
<tr>
<td>Keonsulnohyup</td>
<td>Dec. 10, 1988</td>
<td>22</td>
<td>14,142</td>
</tr>
<tr>
<td>Waeginohyup</td>
<td>Dec. 11, 1988</td>
<td>70</td>
<td>15,000</td>
</tr>
<tr>
<td>Byungwonnoryun</td>
<td>Dec. 17, 1988</td>
<td>98</td>
<td>35,000</td>
</tr>
</tbody>
</table>

| Total                                 | Total: 790          | Total: 226,275       |                       |


On June 3, 1988, the dissident union leaders established a special committee to form a united front in order to initiate the workers' movement to revise "anti-labor laws." Four days later, former labor activists, who were now out of unions, formed Nowoonhyup (National Council of Labor Movement Groups) to support the dissident union leaders. At the end of 1988, they held a national meeting and formed Chunkook Whaeui (National Conference of Regional and Occupational Unions). In this meeting, they
decided to establish Chunnohyup (National Council of Labor Unions) as an alternative of Hankook Nochong after consolidating working class solidarity through initiating the labor movement to revise labor laws and to increase wages.\(^{23}\)

Threatened by organization crisis, Hankook Nochong had to reform itself in order to obtain rank-and-files' loyalty and eventually to survive. Hankook Nochong's efforts to wash out its bad image began with self-criticism. In July 1987, a group of Hankook Nochong leaders, admitting its opportunistic and collaborative attitude toward the government, argued that Hankook Nochong should be born again through internal democratization.\(^{24}\) In December of 1987, Hankook Nochong published handbooks for assisting workers' wage struggle and distributed them to local unions. In March and April 1988, Hankook Nochong organized symposium tours for local union leaders.

The most dramatic changes came with the election of the new leadership in November 1988. The new leadership adopted a resolution that Hankook Nochong would not tolerate the state's unfair intervention in labor affairs any longer. It also discarded the anti-communism that had been a major guideline of the labor movement since the national independence of 1948 and participated actively in national politics for representing labor interests.\(^{25}\)

Hankook Nochong's efforts to rebuild its public image were desperate. Against the managements and employers who opposed to the recognition of unions, Hankook Nochong

\(^{23}\) Joowan Lee, "Chunnohyup ui Kyulsung kwa Chunmang" [Establishment and Prospects of Chunnohyup], in Korea Labor Institute, Nosa Kwangae Gowee Jidojakwajung (Seoul: KLI, 1989/90), pp. 6-8.

\(^{24}\) Sung Wook Jang, "Nosa Boonkyu ui Hyunjang ul gada" [Visit the Spots of Labor-Business Conflicts], Sindong-A (September 1987), p. 484.

organized a consumers' boycott movement (against the Samsung Group), held a mass protest rally (against Hyundai Group), and formed union squads to protect striking workers from the strike breakers organized by companies. The new leadership also urged the government to maintain neutrality between labor and business, while challenging directly the government-imposed legal provision forbidding political activities by unions. Internally, Hankook Nochong created a political affairs bureau and organized seminars for union members to enhance their political awareness.26

The dissident union leaders, however, saw the reform efforts of Hankook Nochong not only as another expression of its political opportunism but also as insufficient in emancipating workers from the state power and business despotism. They thought that Hankook Nochong could not be a democratic agent, not only because there still existed a number of the labor aristocracy among Hankook Nochong leaderships, but also because the new line Hankook Nochong decided to pursue was a simple modification of the old accommodationist strategy. In their view, the best way to introduce industrial democracy and to consolidate it was to weaken and eventually replace Hankook Nochong through the construction of Chunnohyup.27

In July 1988, dissident union leaders, responding to Hankook Nochong's self-reforms, decided to establish Chunnohyup as soon as possible. Three months later, they held a national conference and discussed how to organize Chunnohyup. At the end of 1989, they settled platforms, regulations, and organizational system for Chunnohyup, while dissolving Chunnohyup and launching a preparatory committee for the


27 For the dissident labor leaders' view toward Hankook Nochong, see Sang Soo Huh, "Chaekun Sawhae Byunhyuk Undong kwa Nodong Undong," pp. 144-147; Yoon Woo Park, "Chunnohyup uiro Dallinun Nodong Undong" [Labor Movement Running Toward Chunnohyup], Sindong-A (September 1989), pp. 394-399.
founding of Chunnohyup. Finally, in January of 1990, they founded Chunnohyup based on 200,000 members and 603 local unions.

Chunnohyup, compared with Hankook Nochong, pursued a more combative and militant unionism. Chunnohyup's primary goal was beyond the simple material concession from capitalists, which was Hankook Nochong's primary goal. Chunnohyup, emphasizing "solidarity of the working class," put forward the "emancipation of working class" as its primary goal. In short, Hankook Nochong put its efforts on the improvement of workers' economic gains, while Chunnohyup struggled not only for material gains but also for the realization of the "minjoong" democracy.

**Labor Offensive: Confrontation with Management**

The bifurcation of the union leadership has contributed to the activation of the labor movement, though it sometimes created intra-union squabbles at the plant level. To legitimize its position in competition with Chunnohyup, Hankook Nochong encouraged its affiliated unions to be aggressive in their plant-level wage bargaining, while expanding its concerns from "bread-and-butter" issues to political issues. On the other hand, Chunnohyup developed coalitional linkages between the union movement and the newly emerging sectoral movements and also coopted non-unionized workers. Furthermore, despite the competitive relationship between Hankook Nochong and Chunnohyup, they did not hesitate to form a united front against business, if necessary.

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Consequently, union memberships increased rapidly from 1.2 million in 1987 to 1.7 million in 1988 and to 1.9 million, while unions became increasingly articulate and offensive.

Faced with the increasingly aggressive labor activism, managements began to develop new collective counteractions. First, a new tactic of the so-called "camouflaged lockout" was invented. This tactic, by using the structural relationship between big companies and small factories, aimed at destroying labor unions in the latter. If unions were organized in the subcontract companies, the big companies which gave the contract manipulated their subcontractors to close factories temporarily or to change production items by rejecting re-contract with the latter or by giving the latter a totally different contract from the old one. Since this tactic was enforced under the cooperation between contract and subcontract companies, the latter easily reopened their factories after destroying unions or severely damaging union activity.

Second, business created the "no work, no pay" principle and applied it to the labor movement. This principle is based on the idea that wage is a price of human labor. In other words, employers do not have to pay wages when workers do not provide their labor for production. This principle, unlike the tactic of "camouflaged lockout," was invented to weaken the union capacity to strike. Considering that most of the Korean labor unions lacked financial resources, the "no work, no pay" tactics was powerful enough to damage labor strikes.


Finally, managements established a new organizational network, *Kyungdanhyup* (Council of National Business Association), to strengthen solidarity among them as well as to coordinate their collective actions against labor strife. In November 1989, six major business associations held a press conference and declared their united front against "militant" union activities. As part of the efforts, *Kyungdanhyup* was launched in December 1989. Main functions of *Kyungdanhyup* were to collect information and develop new tactics, to adjust and coordinate collective actions, and to regulate its members to prevent "free riders."

The new managerial tactics, coupled with a growing militant unionism, brought about further deepening of industrial conflicts. Labor accused managements for their selfishness, while business criticized unions as "destroyers of industrial peace." To defend or realize their class interests, both labor and business largely relied on radicalism or terrorism rather than negotiation or compromise. The result was escalation of industrial conflicts. Frequency of labor disputes was still high (1,873 cases in 1988 and 1,616 cases in 1989), though it decreased compared with the year of 1987 (3,749 cases); average duration of the dispute seriously increased from 5.3 days

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35 The six business associations are as follows: Federation of Korean Industries, Chambers of Commerce and Industry, Korea Employers' Federation, Korea Traders' Association, National Cooperative of Small- and Medium-sized Firms, and National Bankers' Association.


in 1987 to 13.9 days in 1988 and to 18.8 days in 1989;\textsuperscript{38} and number of working days lost soared to 5,400,837 in 1988 and 6,351,433 in 1989.\textsuperscript{39}

4. State Policy Shift to "Tackle-and-Fix" Approach

Changing Political Dynamics: Rise of Political Conservatism

Until the first half of 1989, the state action toward industrial relations was largely characterized by a minimum intervention. Democratic transition and subsequent political dynamics minimized the room for state intervention in industrial relations, while good economic performances expanded the state’s tolerance level vis-a-vis the labor movement.

By early 1990, however, such favorable conditions surrounding the labor movement largely disappeared. Instead, a conservative political climate, in which political stability and economic growth were preferred rather than radical politico-economic reforms, emerged among the public. The rise of political conservatism turned the sympathetic public opinion to be critical toward industrial conflicts, and eventually reduced the public tolerance of the labor movement.

Several incidents contributed to the rise and consolidation of the conservative political climate. First, growing radical and leftist-leaning elements and their activities generated a serious social instability. A visible and rapid expansion of the so-called "Joosapa" (groups following the official Juche doctrine of North Korea) among student activists frightened the ordinary people.\textsuperscript{40} More shocking event was the death in May 1989 of seven riot policemen in the process of student demonstration. They were trapped on the top of a building on Dong-ui University in Pusan and died in a fire set by

\begin{itemize}
\item \textsuperscript{38} Quarterly Labor Review, 3:1 (1990), pp. 10 and 187.
\item \textsuperscript{39} Korea Statistical Association, Korea Statistical Yearbook (1992), p. 93.
\item \textsuperscript{40} Young Jin Kang, "Joosapa," Sindong-A (August 1989), pp. 378-393.
\end{itemize}
student demonstrators. The impact of this accident was strong enough to alert the general public on the danger of radicalism.

Another event, second, was the secret visits to North Korea by Reverend Moon Ikwhan and a student activist (Im Sookyung) in March and June of 1989, respectively. Moon, an impassioned advocate of reunification of the two Koreas, accepted the invitation that had been issued by Kim Il Sung, and Im was invited by North Korea to participate in the International Youth Festival. Their secret trip to North Korea disturbed the ordinary people not because they broke the controversial National Security Law but because their traveling North had the potential to threaten democracy at home by galvanizing rigid rightist groups such as the military.41

Third, the national economy was on a downhill. The double-digit economic growth during 1986-1988 suddenly fell to 6.8% in 1989. Trade surplus decreased from $8.8 billion in 1988 to $0.9 billion in 1989. In 1990, trade balance reversed, recording $0.5 billion deficit.42 The economic downturn largely resulted from the double pressure of international market and labor wages. Externally, increasing protectionist policies of the advanced industrial economies, coupled with intensifying international competition from late-late industrializing countries such as Thailand, Malaysia, and China, pushed the Korean economy in trouble. Internally, double-digit wage increase of 19.6% in 1988 and 25.1% in 1989 deteriorated Korea's competitiveness in the international market.43


43 The data are quoted from Korea Labor Institute, KLI Labor Statistics, p. 89.
The impact of the economic slowdown on the labor movement was negative. Sympathetic public opinion turned to be critical toward the labor movement. According to the Korea Gallup's survey conducted in December 1989, 52.9% of the interviewees responded that the recent economic recession was caused by wage increases in excess of productivity gains and labor unrest.44 One newspaper editorial well reflected the waning public tolerance of the industrial conflict: "the [Korean] economy is now in a sorry state, as our exports are showing poor performances. To weather this crisis, a climate should be created in which both employers and employees do their respective best [to achieve industrial peace]."45

The Roh government, trapped between the dictates of legitimation and accumulation, realigned its political strategy.46 By taking advantage of the rising conservative mood, Roh and his DJP successfully formed a grand conservative ruling coalition by coopting, and merging with, two opposition parties (Kim Young Sam's RDP and Kim Jong Pil's NDRP) in January 1990. The coalition reflected the regime's ideological reaction to the crisis. Since the democratic opening of 1987, Korean society has shown a growing polarization between the conservative and progressive camps. The rise of the dominant Democratic Liberal Party (DLP) turned the Kim Dae Joong's PPD, which had supported the progressive social forces than any other parties, to a meager opposition party in the national politics. By contrast, the coalition gave President Roh a

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44 Korea Newsreview, January 6, 1990, p. 16.

45 Editorial of Dong-A Ilbo, recited from Korea Newsreview, January 27, 1990, p. 34.

more stable power base in the National Assembly, as well as a firm ground to lead the national politics on his own pace.\textsuperscript{47}

In sum, during the early phase of the Sixth Republic, Roh, taking a "wait-and-see" stance, let problematic situations deteriorate until it became clear that some drastic action had to be taken. Underlying his strategy was the political calculation that the political cost or risk for tackling potential problems rather than simply reacting patiently was too high. But the rise of the political conservatism provided a new momentum for the Roh government in dealing with the troublesome industrial conflicts. The radical activities by dissident groups and economic slowdown pushed and pulled the rise of the political conservatism. The rightward shift of the political mood was further consolidated by the "conservative alliance" of party politics. The changes in political climate and dynamics made Roh reconsider his labor strategy.

\textbf{Dualism of State Strategy: Selective Exclusionism and Societal Corporatism}

Defining the situation as a "total crisis," Roh began to emphasize the urgent need of a "tackle-and-fix" approach. He publicly announced that illegal industrial conflicts would not be tolerated any longer, while making it clear that the state would regulate both labor and business on the basis of democratic principles and norms.\textsuperscript{48} In analytical


\textsuperscript{48} At the New Year's (1990) News Conference, President Roh mentioned as follows:

The cause [of the economic crisis] lies in the decline in morale and work ethics among the major economic participants, including businessmen and workers. In other words, our economic difficulties have been caused not necessarily by external variables beyond our control, but by internal factors.... The government will deal firmly with any illegal union activities and labor-related violence. We will seek to maintain private sector stability by enforcing general rules practiced in most of the Western democracies.
terms, Roh declared an active neutralism, discarding the passive and defensive neutralism. Such Roh's choice, despite his conservative position toward the labor movement, was apparently conditioned by his effort to build popular image as well as by the democratic rules of the games.

Roh's new labor strategy reflected this point well. It consisted of two different tactics -- selective exclusion and societal corporatism. The former was a tactic for eliminating radical elements from the labor movement by taking advantage of rising conservative social mood, while the latter was for creating a labor-inclusionary institution to generate a social consensus on industrial peace.

There were two major goals of the state exclusion. One was to make it clear that several issues, including the "no work, no pay" principle and the right of business to manage company and personnel, could not be negotiated in collective agreements or bargainings. Originally, the "no work, no pay" principle was invented by business to cope with union activism, while the issue of the workers' participation in management was demanded by labor to encounter managerial despotism such as camouflaged lockout or plant relocation. Workers argued that the "no work, no pay" principle was irrelevant in Korean situations, not only because of their lack of strike fund but also because of the poor level of the social security.49 Regarding the latter, workers contended that workers' participation in management was a precondition of industrial democracy. Even though these issues were formally rejected or favored by Hankook Nochong and

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Chunnohyup, on the one hand, and Kyungdanhyup, on the other, they were often used as negotiating cards by both workers and companies in the plant-level bargaining.

The state position toward these issues, however, was crystal clear. According to the state authority, these issues are closely related with basic principles of the capitalist economy -- wage is a price for labor that workers provide for employers, and the right to manage company and personnel, thus, belongs to the employers. The state declared that these principles could not be a negotiable subject between labor and business, and that those violating these principles would be punished.50

The other target was the radical and leftist unionism. The state authorities thought that the penetration of leftists into unions was one of the major reasons for the escalation of industrial conflicts. The government viewed Chunnohyup as a leftist-oriented group. Even before the formation of Chunnohyup, the state security agent watched for dissident labor activists not only because of their pursuit of radical unionism but also their visible direct challenge to the state policies.51 Unfortunately, when the dissident activists organized Chunnohyup, the national politics already shifted to conservative mood.

In January, 1990, President Roh, holding a cabinet meeting, discussed governmental measures to break up the Chunnohyup's radical unionism. In this meeting, several countermeasures were presented.52 First, the government decided to implement


51 According to the official document that a state security agency reported to the ruling party in July 1989, there existed twelve leftist national organizations, one of which was Chunnohyup. See Kyung Ok Jang, "No-Sa-Chung Goosipyondo KisunJae'ap Kukbi Jeonryak," pp. 85-87.

52 Chunnohyup, Hankook Nodong Undong Tanap Paekseo.
the legal clauses strictly. It defined Chunnohyup as an illegal organization, applying the 'second union' prevention clause (article 3:5 of the Labor Union Law). At the same time, it determined to block the Chunnohyup's penetration into local unions by enforcing the Labor Union Law (12:2) and Labor dispute Adjustment Law (13:2) which prevented third party intervention in union affairs.

Second, in order to pressure the Chunnohyup-affiliated unions to withdraw from Chunnohyup, the government authority used its legal right to investigate union business (articles 30 and 47 of the Labor Union Law) and indicted them on the charge of violation of law. Finally, to eliminate the sympathetic forces to Chunnohyup, the government employed an ideological manipulation tactic by taking advantage of the breathtaking democratic convulsions in Eastern Europe and Soviet Union. Its main theme was the falsehood of the socialist goals which Chunnohyup and dissident union activists pursued.

The state's labor strategy was not all confined to the exclusionary tactics. The government also sought an institutional mechanism to incorporate moderate or reformist labor unions to the formal policy-making process. The first governmental attempt was the proposal of the National Wage Council (Kookmin Imkeum Wiwonwhae). In June 1989, Deputy Prime Minister Cho Soon proposed a trilateral National Wage Council, which would comprise representatives of the state, labor (Hankook Nochong), and business (Kyungdanhyup). According to the government proposal, the National Wage Council was to decide wage rates jointly industry by industry.

The state's attempt to establish a tripartite council, however, turned out to be unsuccessful. Hankook Nochong was very reluctant to join the council, not only because its participation in the government-initiated council might generate a negative

53 Korea Newsreview, August 5, 1989, p.16.
54 Ibid., October 14, 1989, pp. 16 and 21.
image of Hankook Nochong, but also because the function of the council was too limited to solve the current labor issues. In August 1989, Hankook Nochong rejected the government offer, criticizing it as "an attempt to restore the 'wage guidelines' of the past authoritarian regimes." Hankook Nochong argued that for the council to be feasible, the following conditions must be satisfied: (1) the council must have the capacity to deal with inflation control, tax policy, housing policy, and employment policy as well as wage policy; (2) the unions must have confidence in the government ability to enforce equal sacrifice on the part of the business community; and (3) the current enterprise-level bargaining system should be changed to national, industrial bargaining system. 

Another attempt was the creation of the "Joint Conference of the State, Labor, and Business for Promotion of Social Consensus on Labor-Management Relations" (hereafter Joint Conference). The Joint Conference was presided by President. The Joint Conference, thus, enabled both labor and business to articulate their interests and even to present policy alternatives to President directly, while providing the government with an opportunity to appeal or persuade that wage stability and industrial peace are the key factor of the national economy. This Joint Conference was held in 1991 and 1992.

Finally, despite the de jure prevention of the unions' political activity, the state connived at the unions' participation in politics as long as they did pursue a liberal democracy. In the local assembly and local council elections, which were held in March and June of 1991 respectively, Hankook Nochong put up its candidates and supported

57 Haksool Danchae Hyupuiwhae, Roh Taw Woo Daetongryung ui Mahunnaegasi Jalmot, p. 252.
pro-labor candidates without any serious state impediment. As a result, twenty-six current or former union leaders were elected to local assemblymen and three pro-labor candidates became local council members.58

Consequences of Dualistic State Strategy

The state's "tackle-and-fix" approach effectively reduced industrial conflicts, while changing dynamics of industrial relations. One of the most visible consequences was the decline of radical or leftist unionism. All leftist labor organizations (e.g., Inminnoryun, Sanomaeng, and Innomaeng), which had pursued communist or socialist unionism, were broken up by the state security agency on the charge of 'anti-system' bodies.59

Chunnohyup, which had pursued a radical political unionism, also suffered loss of memberships. Not only because its activities were restricted due to the state's strict enforcement of the legal clauses -- e.g., prevention of 'second unions' and third party intervention, but also because employers often rejected to recognize the Chunnohyup member unions as a legitimate negotiation partner, some of the Chunnohyup-affiliated unions canceled or changed their affiliation. For example, six labor unions withdrew from Chunnohyup in March 1990, claiming that they could not be affiliated with Chunnohyup any longer because the radical political unionism was not helpful to their union activities.60 Furthermore, many independent unions in the large industrial monopoly sectors, which had considered seriously to join Chunnohyup, rejected the

58 FKTU, SaupBogo (Seoul: FKTU, 1992), pp. 460-479.


Chunnohyup's radical unionism and established their own organizational networks, Daekiup Nocho Yondae Whaeui (National Council of Large Company Unions for Solidarity) on December 9, 1990. Consequently, Chunnohyup memberships decreased over time: when it inaugurated in January 1990, Chunnohyup had 193,258 memberships in 602 unions; but the numbers fell to 97,000 in 274 unions in December 1990, and to 900,000 in 232 unions in June 1991.

Second, a bilateral commission between labor and business appeared. In April 1990, in order to coordinate and to produce agreement on various issues related to labor-business relations, National Economics and Social Council (Kookmin Kyungjae Sewhae Hyupuiwhae, hereafter Kyungsahyup) was founded. Originally, the idea of Kyungsahyup was proposed to business by Hankook Nochong as an alternative of the National Wage Council which the state proposed to labor and business. Kyungsahyup, composed of representatives of labor, business, and non-government public interests, was to deal with a broad range of issues such as employment, wages, labor welfare, prices, and tax policy.

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63 Korea Newsreview, July 20, 1991, p. 11.

64 Chosun Ilbo, April 11, 1990.

65 FKTU, SaupBogo (Seoul: FKTU, 1990), p. 539.
Kyungsahyup is the first voluntary bilateral communication channel between labor and business in Korean history. Major platforms of Kyungsahyup in 1990-1992 included the promotion of industrial peace, income tax policy, housing construction for workers, and minimum wages. Some of the consensus were actively articulated to the state authorities by both labor and business. The prime example was the issue of housing construction for workers.66

Table 7.4: Unions, Membership, and Density, 1987-1992

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Industrial Union</th>
<th>No. of Local Union</th>
<th>No. of Union Memberships (1000)</th>
<th>No. of Total Employees (1000)</th>
<th>Estimate of Union Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>16</td>
<td>4,086</td>
<td>1,267</td>
<td>9,191</td>
<td>13.8%</td>
</tr>
<tr>
<td>1988</td>
<td>21</td>
<td>6,142</td>
<td>1,707</td>
<td>9,610</td>
<td>17.8%</td>
</tr>
<tr>
<td>1989</td>
<td>21</td>
<td>7,861</td>
<td>1,932</td>
<td>10,354</td>
<td>18.7%</td>
</tr>
<tr>
<td>1990</td>
<td>21</td>
<td>7,676</td>
<td>1,887</td>
<td>10,865</td>
<td>17.4%</td>
</tr>
<tr>
<td>1991</td>
<td>21</td>
<td>7,656</td>
<td>1,803</td>
<td>11,286</td>
<td>16.0%</td>
</tr>
<tr>
<td>1992</td>
<td>21</td>
<td>7,527</td>
<td>1,735</td>
<td>11,505</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

Note: Union Density = (No. of Union Memberships / No. of Total Employees) x 100

Third, union density declined. According to the statistics (see Table 7.4), the year of 1990 was a turning point; the number of local unions began to decrease from 7,861 in 1989 to 7,676 in 1990, to 7,656 in 1991, and to 7,527 in 1992, while the number of unionized workers declined from 1.93 million in 1989 to 1.89 million in 1990, to 1.80 million in 1991, and to 1.74 million in 1992. As a result, estimated

66 Hankook Kyungjae Shinmoon, September 26, 1990.
union density fell from 18.7% in 1989 to 17.4% in 1990, to 16.0% in 1991, and to 15.1% in 1992. However, these numbers were much higher than those of 1987 (4,086 local unions, 1.27 million union memberships, and 13.8% of union density). The decline in union density largely resulted from the state's selective exclusionism against radical and leftist labor organizations.

Table 7.5: Trends of Labor Disputes: Frequency, Participant, and Working Day Lost, 1987-92

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Labor Disputes</th>
<th>No. of Workers Involved</th>
<th>No. of Working Days Lost</th>
<th>Strike Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>3,749</td>
<td>1,262,285</td>
<td>6,946,935</td>
<td>755.9</td>
</tr>
<tr>
<td>1988</td>
<td>1,873</td>
<td>293,455</td>
<td>5,400,837</td>
<td>562.0</td>
</tr>
<tr>
<td>1989</td>
<td>1,616</td>
<td>409,134</td>
<td>6,351,433</td>
<td>613.4</td>
</tr>
<tr>
<td>1990</td>
<td>322</td>
<td>133,916</td>
<td>4,487,151</td>
<td>413.0</td>
</tr>
<tr>
<td>1991</td>
<td>234</td>
<td>175,089</td>
<td>3,251,621</td>
<td>288.6</td>
</tr>
<tr>
<td>1992</td>
<td>235</td>
<td>104,489</td>
<td>1,520,364</td>
<td>132.1</td>
</tr>
</tbody>
</table>

Note: In calculating strike volume, total employees are counted.

Finally, industrial conflicts also reduced, as Table 7.5 shows. Strike volumes had drastically declined since the year of 1990 -- from 613.4 in 1989 to 413.0 in 1990, to 288.6 in 1991, and to 132.1 in 1992. More specifically, the four-digit number of the labor disputes during 1987-1989 was sharply reduced to three-digit number in 1990; the number of workers involved in labor disputes also drastically decreased from 0.41 million in 1989 to 0.13 million in 1990, and to 0.10 million in 1992, though the
number of participants increased in 1991 in small scale (0.18 million); and the number of working days lost had gradually declined since 1990.

In sum, immediately after the June 29 Declaration of 1987, the state, dropping exclusionary labor containment policy, adopted a political neutralism toward the explosive labor union movement. The politically defensive measure toward labor was maintained by President Roh Tae Woo for a while. Around mid-1989, however, Roh dropped the political neutralism, and began to intervene in labor-business relations, putting an emphasis on the importance of "industrial peace" for the national economy. The state redefined organizational space of labor in a conservative way, while fostering "harmonious" industrial relations by attempting to create a kind of societal corporatist linkage. The new experiment by the Roh government contributed to the weakening of labor militancy. But it was not successful in creating a societal corporatism.

5. The Kim Government and Re-experiment of Societal Corporatism

Kim Young Sam, the DLP's candidate, was elected to president in December 1992 and took office in February 1993. The new government continues to maintain the "tackle-and-fix" approach. But its tactics are somewhat different from the Roh government's. Discarding an exclusionary tactic, Kim has tackled the labor-business affairs with a political persuasion based on a mixture of bottom-up and top-down communications.

The Sixth Republic under Kim Young Sam: Democratic Consolidation

The Sixth Republic under Kim Young Sam has shown very different characters, compared with those of the Roh regime. First of all, the Kim administration is the first civilian government in thirty-two years. The inauguration of the Kim government per se thus symbolizes the end of military rule. From its outset, Kim differentiated his
regime from the Roh regime by defining the new government as a legitimate inheritor of "the pro-democracy struggles" of the April Student Uprising of 1960, the May 18 Kwangju Incident of 1980, and the June 10 Democratization Movement of 1987, while putting a great emphasis on the values of democratic consolidation, humanization, and national integration as follows:

We have set ... for the first time a civilian government in name and in fact.... I will commit all my energy to opening an era of grand harmony.... I ask all of you to share the pain. I am ready to go before you on that long and painful road.67

Today, we gather here to open a new era of democracy under civilian government.... We have had to wait for this moment for 30 long years.... I have a vision of "New Korea." The "New Korea" will be a freer and more mature democratic society.... We must replace bigotry and inertia with open-mindedness and vitality, strife and confrontation with dialogue and cooperation, and mistrust with trust. We must stop considering narrow self-interests and build a society which sees us not only live together but also truly care about each other. These goals are very root of the change and reform I advocate.68

The regime goals or ideologies that Kim put forward are closely related to his view of Korean politics. Kim believed that the thirty-two years of military rule produced "the-ends-justify-the-means" political culture, which in turn generated political corruptions and social conflicts and dehumanized Korean society. In his belief, a "New Korea" could be achieved only after curing these "Korean diseases" through institution


changes and policy reforms. His political slogans -- e.g., "clean politics," "pain-sharing," and "grand harmony" -- show these points very well.

In terms of the rules of the games and political space, the Kim regime is much more democratic than the Roh regime. Kim effectively eliminated the authoritarian elements that the Roh regime had retained. First, military/intelligence-civil relations are restructured. The military and state intelligence agencies have played a dominant role in South Korean politics during the past three decades. Since the military coup of May 1961, Park, Chun, and Roh have patronized and politicized the state security apparatus by taking advantage of their military expertise and personal networks.

Even under the Roh regime, the military and intelligence agencies remained heavily politicized and often participated in politics.

The Kim regime depoliticizes the armed forces and intelligence agencies. Most of the high-ranking military officers who had belonged to Hanawhae organized secretly by Chun and Roh or had actively involved in politics were replaced. At the same time, the Kim regime downgrades the influence of the military's intelligence division, the Defense  

69 Deog Ryoung Kim, "Reform and National Development," Korea and World Affairs, 17:3 (Fall 1993), pp. 405-418.


71 The most startling revelation of the military intervention in politics under the Roh regime took place in October 1990. A deserter from the Defense Security Command (DSC) went to the Human Rights Committee of the Korean National Council of Churches and disclosed the DSC's illegal surveillance of prominent civilian figures. He presented as evidence of DSC's undercover operations some floppy discs containing files on over 1,300 politicians, scholars, journalists, students and labor activists, including Kim Young Sam, even though he had joined the DLP nine months ago. See Korea Newsreview, October 13, 1990, pp. 6-7.

72 See Byung Hyo Lee, "Chultwea Matneun Kwonryuk Jipdan - Kun" [A heavy Blow to the Military Power], Wolgan Chosun (July 1993), pp. 204-211.
Security Command (DSC). In the past, the DSC had a virtual autonomy in its operations, as it acted directly under instruction from the president and therefore was not answerable to any other government authority. President Kim emasculates the DSC by banning it from conducting civilian surveillance, requiring it to report to the Ministry of National Defense, and appointing a relatively low-ranking officer to head of the division.73 He also reorients the Agency for National Security Planning (ANSP). He places a university professor in the charge of the organization, breaking the tradition that the military officer or retired general was appointed to the ANSP director. He depoliticizes the ANSP by preventing the director from attending cabinet meetings, by ending its function of domestic political surveillance, and by putting it under the National Assembly oversight and supervision.

Second, the Kim regime removes an old authoritarian practice of money politics such as the ruling party's illegal fund-raising from big business. To prevent the past practice, Kim pledged not to take any political funds during his terms of office, while enacting the Public Servants' Ethics Law. Furthermore, he has enforced the mandatory use of real-name in all financial transactions by issuing emergency presidential decree. The implementation of the real name financial transaction system is indeed a significant measure in achieving a fair electoral contestation. In Korean politics, most of the electoral funds had been raised under the table between politicians and businessmen, which fostered political corruptions and often contributed to seasonal economic inflation. Much more negative effect was the uneven distribution of political resources between the ruling and the opposition parties. The ruling party, by using its position, often forced businessmen to donate political money to it, while monitoring their contribution to the

opposition parties. The ruling party thus always enjoyed sufficient fund, whereas the opposition parties suffered from its shortage. The consequence was the unfair competition in electoral politics. Kim's enforcement of the real-name financial system, which would enable the Board of Audit and Inspection to trace the black money, has fundamentally blocked the source of illegal fund-raising.

In short, the military intervention in politics is less probable; potential of the civilian surveillance by the state disappears; electoral contestation truly becomes the ultimate arbiter in national politics; and compromise or conciliation though sharing pains becomes a political norm as well as the rule of the game. Such newly emerging regime characters, coupled with the sagging economic conditions and subsequent realignment of social forces (which will be discussed later), conditions both labor unions and business community, while contributing to the creation of a new industrial order.

Rise of Societal Corporatist Pact among the State, Labor, and Business

The South Korean economy has been in trouble long before the birth of the Kim regime. The balance of trade has recorded deficit since 1990, and the economic growth rate has declined from 9.3% in 1990 to 8.4% in 1991 and to 4.9% in 1992. More troublesome is negative prospective of the international market system. Sandwiched between the advanced economies based on technology innovations and the newly industrializing economies based on cheap labor, Korean export is losing its competitiveness in the world market. Moreover, increasing international pressures to open domestic agricultural market makes the future of South Korean economy more uncertain than ever before. If Korea allowed a complete liberalization of agricultural

74 The data are recited from Korea Newsreview, January 23, 1993, p. 5.
products, the high damage cost is expected, including unemployment of farmers and political instability.

The social cleavage along with the issue of "conservatism vs. reformism," which had appeared since the mid-1988, was further worsened by the economic recession. The general public including middle class people wanted social and economic stability, whereas students and dissident social forces called for radical reforms. The political alienation of the latter by the Roh regime facilitated the emergence of radical or leftist social organizations. The polarized Korean society, however, began to change as the democratic, reformist Kim regime inaugurated. Among dissident leaders and groups, there appeared a growing tendency to see the new government as their partner for social reforms rather than as their target to struggle against. For example, student activists by themselves dissolved their radical leftist organization (Chundaehyup) and began to take much moderate stance toward the state policies; Chunkyocho (Teachers' Union), dropping its confrontation strategy against the government, declared that it would achieve its goals through dialogue with the government; and Chunnohyup decided to pay its attention to the counseling or educating workers rather than to radical confrontation.75

Motivated by the building of a "mature" democracy, stimulated by the accumulation problem, and responding to the new development of social climate, Kim was highly determined to create a cooperative and self-regulated industrial order. Discarding the selective exclusionism that the Roh government employed, he tackled the troublesome industrial order with a class compromise strategy. Kim declared to minimize the state intervention. Instead, he persuaded both labor and business to share sacrifice and pain

for economic recovery. The state authorities frequently invited and visited business leaders and union representatives, including even the Chunnohyup leaders.

These new developments contributed to opening of a new era of class compromise. On April 1, 1993, an agreement on the wage increase rate was reached between the representatives of labor and business. It is the first time in South Korean history. The agreement came 50 days after Hankook Nochong and Korea Employers' Federation (KEF) began wage negotiations on February 18. At initial stage, prospects for negotiation were not bright because the KEF proposed a 4.5% increase while Hankook Nochong insisted on a 12.5% hike. But the negotiation mood changed after President Kim appealed, in a special statement televised live on March 19, for concerted efforts for revitalizing the slumping economy. They began to move up or down their wage rates, and finally found a compromising point. They set the wage increase rates for the year of 1993 ranging from 4.7% to 8.9%.

Shortly after the agreement reached, both labor and business representatives jointly demanded that the government stabilize prices through the early enforcement of a series of reforms (such as elimination of illegal political fund-raising, implementation of the real-name financial transaction system, and etc.) so that their agreement retained validity. The state responded positively, and several "revolutionary" reforms were introduced. The "clean politics" program, the real-name system, and other political and economic reforms were vehemently implemented.

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76 In a press meeting after the successful wage negotiation, one Hankook Nochong negotiator said, "we agreed with the KEF on the single-digit wage increase in our expression of trust of and active support to the government's reform-oriented drive." See Korea Newsreview, April 10, 1993, p. 14.

The reform efforts of the state generated another positive result. On October 27, 1993, the state, labor, and business adopted a kind of trilateral pact, in which they agreed to construct the so-called Sinhyupryuk Chaejae (new cooperative industrial system) in order to recover the sagging national economy.\(^7\) This is a tremendous development, considering the episode that happened three years ago. In June 1989, the Roh government attempted to form a trilateral council but it ended in failure, partly because of the government's lack of political credit, and partly because of the Hankook Nochong's competition with Chunnohyup for organizational legitimacy. In other words, since the rank-and-file workers strongly doubted the political intention of the government proposal, Hankook Nochong rejected the government proposal.

In mid-1993, however, the situation became totally different. The new government obtained wide social supports -- Kim's popularity increased from 30.1% on February to 73.1% on May to 75.1% on August.\(^8\) Such high social support for the government has been unprecedented since the democratic transition of 1987. Furthermore, Hankook Nochong seems to obtain a firm legitimacy as a true labor organization. Chunnohyup's membership, which counted about 200,000 in 602 unions in January 1990, declined to 50,000 in 182 unions in January 1993.\(^9\) These changes provided Hankook Nochong with a political room to negotiate with the state, while the

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\(^7\) *Joong-Ang Ilbo*, October 28, 1993.


growing national consensus on economic recovery facilitated the emergence of the trilateral pact.

The formation of a trilateral agreement does not mean installation of societal corporatism, but only a positive sign for the possibility. The literature on Western European corporatism identifies three sets of preconditions conducive to corporatist concertation: (1) a strong sense or ideology of social partnership, shared by the state, business, and unions, as well as expressed in national politics; (2) a system of centralized and concentrated of peak associations; and (3) a pro-labor government or close tie between unions and leftist party.81 In analytical terms, South Korea now meets only the first condition, whereas the second and third conditions are absent. Since the non-existence of the centralized union system, a consensual wage bargaining in national level is not a mandatory at the plant level. Therefore, a successful operation of the trilateral agreement is in question. Moreover, there exists neither leftist party nor pro-labor party having close organizational ties with labor unions. All existing parties are conservative in terms of their ideological orientation. Therefore, whether labor continuously shows its willingness to participate in the tripartism, despite its lack of the potential allies in the political arena, will be in question.

For a successful operation of the neo-corporatist concertation in South Korea, the state should remove at least the following old labor practices. First, the state should not obstruct workers' efforts to change from a decentralized and fragmented "enterprise unionism" to a centralized and encompassing "industrial unionism." In many cases neo-corporatist concertation works effectively because national/industrial unions have

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coercive power over their member unions. Second, the state should grant workers the right to organize their own parties or participate in party politics to advance their interests in the political arena. Thereby, the state must enable unions to shift the arena of conflict from the market to politics, while providing them with greater confidence of eventual gains from the tripartism.82

6. Summary and Conclusion

State-labor relations under the Sixth Republic have shown totally different patterns from those under the Fifth Republic. The state can no longer prevail over labor. Democratization has not only invalidated authoritarian rules and procedures of political engagement, but has also opened up organizational space of labor. Furthermore, it has radically changed the social power configuration: popular sectors have increased their voice, party politics have re-emerged, and electoral politics has made ruling groups be vulnerable to public opinion.

When Roh Tae Woo took office in February 1988, he faced a political landscape completely different from that of the previous regime. The democratic transition set new norms, rules and principles of the political games, which fostered the proliferation of politically active social groups. The new composition of the National Assembly, in which three opposition parties formed the majority, delimited the ability of the Roh government to control social forces. More critical was the rising voice for equality and distributive justice as well as the growing debates on the legitimacy and authenticity of the Roh regime.

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82 Similar argument is found in Hyug-Baeg Im, "State, Labor and Capital in the Consolidation of Democracy: A Search for Post-Authoritarian Industrial Relations in South Korea," Korea Social Science Journal, 18 (1992), p. 23.
Faced with the explosive labor activism, Roh took a defensive neutralism, announcing that labor-business conflicts should be settled by themselves without governmental interferences. The Roh's choice was predictable. Public opinion was relatively sympathetic toward labor, while the control of the National Assembly by opposition parties made it difficult for Roh to neglect the labor's demand. Unprecedented economic performances of 1987-1988 also provided Roh with a room to tolerate unions' wage hikes. Furthermore, the regime character itself conditioned the range of his choices. Roh personally put forward democratization as his regime's first priority. To put down the labor movement without any justifiable reason would damage critically the political image of the Roh regime. In these situations, Roh did not have to take a confrontation strategy toward labor.

Around mid-1989, however, the state's labor strategy turned to active neutralism in which the state, dropping the step-out policy, intervened in industrial conflicts, taking a relatively neural position between labor and business. Several factors contributed to the policy shift. Under the pluralistic industrial order, labor-business conflicts escalated without any sign of compromise. Furthermore, public opinion became conservative and critical toward the increasingly militant labor activism. Much more crucial was the deteriorating national economy.

Trapped between the dictates of legitimation and accumulation, Roh adopted an active "tackle-and-fix" approach. His new strategy was composed of two different tactics - (1) selective exclusionism for eliminating radical elements from the labor movement by taking advantage of rising conservative social mood and (2) neo-corporatist inclusionism for incorporating moderate labor unions to a trilateral coordination mechanism. Thanks to the first tactic, industrial conflicts were visibly reduced in terms of frequency, participants, and durations. However, the new experiment of societal corporatism ended with failure. Mainly due to its lack of political
credit, the Roh government’s proposal to form a tripartite council was rejected by Hankook Nochong.

The inauguration of the Kim government in February 1993 has changed the mode of interactions between the state and labor again. Compared with its predecessor, the Kim regime enjoys high political legitimacy, not only because of its civilian element but also because of its reformist character. However, the Kim regime is not free from liability. The sagging national economy and its negative prospective are threatening the hard-won political stability. Kim's decision to ensure political support and stability has resulted in the initiation of radical social reforms. Under the slogan of "grand harmony," Kim has emphasized "pain-sharing" to overcome accumulation crisis, while eradicating all old authoritarian legacies. In dealing with the labor issues, he has tackled them with neo-corporatist idea, emphasizing that both labor and business are in the same small boat, that the waves are high, and that both of them must share sacrifice and pain to survive.

Successful enforcement of reforms has produced an unprecedented popular support for the new government, which in turn would provide Kim with political credit as a fair state manager in dealing with labor issues. Hankook Nochong and KEF reached an agreement on the wage increase rate, while the state, labor and business produced a trilateral social pact in which they agreed to do their best for economic recovery. These moves must be regarded as positive signs for industrial peace. However, they are neither the guarantee of class compromise nor that of industrial peace, not only because the bilateral agreement is not mandatory for individual labor unions, but also because the social pact could be broken at any time if labor lost its confidence on eventual gains from the tripartite agreement. To be an effective operation of the bilateral agreement, the decentralized union system should be centralized. And in order for the neo-Corporatist to be succeed, the state should allow workers to participate in party politics.
CHAPTER VIII

Conclusion:
Longitudinal Comparison and Comparative Implications

State-labor relations in South Korea have so far been analyzed in a discrete manner through a holistic framework. In this chapter, each case will be compared in an aggregate way in order to examine the existing theoretical perspectives and to discuss some policy implications.

1. Longitudinal Comparison of State-Labor Relations

State-labor relations in South Korea have changed over time, showing a variety of patterns and dynamics. As Table 8-1 illustrates, depending upon coalitional dynamics and leadership choice, the relationships have alternated between inclusionism and exclusionism, and have often bordered on neutralism. Under the Rhee regime, state-labor relations were characterized by a patron-client relationship. Starting with a symbiotic relationship based on reciprocity, Rhee patronized labor by incorporating it into the core of the ruling coalition. Around the Korean War, the clientele inclusionism shifted to a predatory patronism in which labor was forced to sacrifice for Rhee and his Liberal Party. Throughout the period of the First Republic, workers were extensively mobilized for patron's political survival.

During the early period of the Park regime, the state depoliticized labor and subjected it to administrative guidance, creating a relatively neutral and equi-distant relationship with labor and business. The Yushin regime heavily relied on the
security-developmental coalition, which not only excluded labor from political processes, but also placed it under the tight state corporatist control. Under the Chun regime, the state continued to exclude labor, but with different political motives and operational modes. Chun realigned the ruling coalition, distancing himself from the Yushin regime.

Table 8.1: State-Labor Relations in South Korea: Longitudinal Comparison

<table>
<thead>
<tr>
<th>Period</th>
<th>State-Labor Relations</th>
<th>Coalitional Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhee (1948-60)</td>
<td>clientele inclusionism to predatory patronism</td>
<td>mobilizational patronism (business/labor/youth corps)</td>
</tr>
<tr>
<td>Park (1961-71)</td>
<td>administrative neutralism</td>
<td>uncertain coalitional choice (military/weak link with business)</td>
</tr>
<tr>
<td>Yushin (1972-79)</td>
<td>state corporatist exclusionism</td>
<td>security-developmentalism (military/business/farmers)</td>
</tr>
<tr>
<td>Chun (1980-87)</td>
<td>reactionary exclusionism to political neutralism</td>
<td>coalitional realignment (middle class)</td>
</tr>
<tr>
<td>Roh (1988-92)</td>
<td>political neutralism to a mixture of selective exclusionism &amp; neo-corporatism</td>
<td>conservative alliance (middle class)</td>
</tr>
<tr>
<td>Kim (1993-97)</td>
<td>a move toward societal corporatism?</td>
<td>uncertain coalitional choice (emphasis on &quot;grand harmony&quot;)</td>
</tr>
</tbody>
</table>

With the democratic transition in 1987, the Roh government attempted to appease labor by taking a neutral position between labor and business. But its failure to neutralize political activism of labor produced a dualistic labor strategy of selective
exclusionism and societal corporatism. The Kim government, the first civilian
government in thirty-two years, continues to maintain a "tackle-and-fix" approach in
order to foster industrial peace. But the interactional dynamics between the state and
labor shows patterns different from those under the Roh regime. The state now demands
both labor and business to share pains and sacrifice for economic recovery, while labor
responds to the state policy in a positive way.

Various South Korean leadership's choice of coalitional politics was constrained by
three major factors such as regime character, social power configuration, and
circumstantial setting (see Table 8-2). Under the nominally democratic system, Rhee
fostered popular support base against the landlords and industrialists. Rhee's choice was
strategic. Due to his long-term oversea stay, Rhee lacked his own political support base
at home. In terms of the circumstantial setting, the redistribution of social values was a
pending issue in the national politics, not only because the Rhee government was the
first South Korean political regime, but also because it was born against the backdrop of
a bloody left-right struggle. Rhee urgently needed more or less populist policy
measures in order to eliminate leftist elements, to achieve national unity, and eventually
to secure regime stability. For this reason, he coopted Daehan Nochong. Rhee protected
labor from industrialist offensive, and labor politically supported him. In this process,
a clientele inclusionism appeared between the state and labor.

The Korean War created a totally different circumstantial setting -- a legitimization
crisis from above and an accumulation crisis. The former triggered a coalitional shift
among legislators, while the latter brought massive American economic assistance,
which in turn facilitated the emergence of new social forces such as a group of new
entrepreneurs and politically attentive public. These new circumstances brought about
much more intense political competition than before, while forcing Rhee to foster close
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ties between his Liberal Party and the new business group against the "grand coalition" of opposition parties.

As close linkages between the ruling party and new entrepreneurs emerged, Rhee began to change his approach toward labor unions. But Rhee could not exclude labor from his political client groups, because he still needed the labor's nationwide organizational networks to mobilize popular electoral supports under nominally democratic system. Rhee's new choice was a predatory patronism. Rhee strengthened his patronage toward Daehan Nochong through political cooptation of the union leadership, but ignored patronal obligation by adopting "free market" tactics.

The Park regime, like the First Republic, was nominally democratic. Its rules of the game, however, were quite different from those of the Rhee regime. The Park regime denied the patrimonial practices or norms that had dominated the Rhee regime. The depoliticization of industrial relations was the manifestation of the regime character. Circumstantial setting and social power configurations also influenced Park's choice of administrative neutralism. Park took political power through a military coup. His regime thus had a procedural legitimacy problem. Park attempted to overcome his inherent legitimacy problem by generating high economic performance as well as by showing his populist image. In this respect, his neutral position between labor and business was a compromise of the two values: economic rationality and populist image. In terms of social power configuration, Park and his ruling elite, unlike civilian politicians, had few ties to major social forces. Thus, they had little reason to show favoritism toward any social groups.

In the early 1970s, South Korea met new internal and external circumstances. Socioeconomic problems caused by rapid industrialization began to erupt. Economic difficulties, coupled with growing social problems, boosted up the opposition forces, which in turn facilitated urban popular activism. The circumstances dictated that the
ruling circle should adopt some dramatic institutional measures to overcome a growing legitimization crisis. The establishment of the authoritarian *Yushin* regime in 1972 was a preemptive measure to control the growing democratic popular activism in the urban areas. It opened a new era of the security-development coalitional alignment. Justifying his authoritarian rule with the urgency of the national security, Park argued that the only solution was to maximize national power through industrial deepening. At the same time, he emphasized the importance of food security. He fostered state-business alliance, while strengthening the traditional government support base, the agricultural sector. On the other hand, he placed labor under a tight state corporatist control, while repressing political oppositions.

The authoritarian Chun regime was inaugurated in the middle of the simultaneous outburst of the legitimization, accumulation, and distribution crises. Democratic social forces began to form a horizontal coalition against ruling circle. Economic conditions deteriorated due to the second oil shock, and income inequality became more acute than before. Chun's survival strategy represented a radical departure from Park's. He pursued a series of economic reforms through which he attempted to coopt a silent majority of the middle class, while restraining, and distancing himself from, big business, and excluding the dissident popular sectors. Given the growing linkage between labor and opposition, Chun continued to exclude labor. He decentralized the union system in order to atomize workers as well as to isolate them from dissident social forces, while adopting a "free market" labor containment strategy.

Notwithstanding Chun's efforts to realize his survival strategy, serious signs of a legitimization crisis have appeared since the 1985 general elections. The escalating confrontation between the ruling power and the opposition party facilitated the formation of horizontal ties among labor, churches, students, and the opposition party. But the new ruling coalition Chun had tried to build never came about. On the economic
front, the reforms were very successful, but the middle class turned out to be a free rider. On the political front, the continuous harsh authoritarian rule consolidated the horizontal linkages among opposition forces.

The democratic opening in 1987 changed state-labor relations drastically. Chun took a hands-off policy toward industrial relations. The announcement of democratization by the authoritarian ruling core changed the regime character. It immediately opened a new political space, weakened authoritarian rules and principles, and created political uncertainty. The state's "no-intervention policy" toward the labor movement was a strategic setback in order to avoid the political costs that might incur due to the state intervention in labor disputes.

The "suicidal" rivalry between the two opposition leaders (Kim Dae Joong and Kim Young Sam) gave a critical advantage to Roh Tae Woo in the 1987 presidential election. Roh's victory in the relatively open and fair electoral contest enabled him to retain much better position than his predecessor in terms of political legitimacy. The Roh government, however, was not free from political liabilities. Democratization itself created new circumstantial settings. Roh's political ties to the Chun regime stirred new debates on the legitimacy of the new regime. The democratic transition set new rules and procedures of political engagement. Politically-active social groups were proliferated, and the National Assembly was controlled by the three opposition parties. More critical was the growing expectation of the masses calling for distributive justice. Union activities were on the rise. Due to the democratic regime character, however, Roh could not rely on coercive measures any longer. Roh's strategic choice was a defensive neutralism in which the state encouraged volunteer settlement of industrial conflict, minimizing state intervention. Unprecedented economic performance also contributed to the expansion of the state tolerance over unions' wage hike.
In mid-1989, the state labor strategy turned to an active neutralism. The state's simple stepping-out from industrial relations without presenting an institutional mechanism to solve labor disputes fostered a vicious cycle of industrial conflicts. The escalation of class conflicts between labor and business, coupled with a growing militancy of the dissident activities, turned the general public to be critical toward the labor movement. Most important factor was the declining economic performance, which sharply reduced public tolerance toward the union movement. Cynical opinion, like "mool Tae Woo" (water-like or soft Roh Tae Woo), against Roh's indecision or indifferent attitude emerged among the general public.

Roh's response was an active "tackle-and-fix" approach toward increasing labor disputes, while forming a grand conservative ruling coalition by coopting, and merging with, two opposition parties. The coalition reflected the regime's ideological reaction to the crisis. Since the democratic transition in 1987, Korean society has shown a growing polarization between the conservative and progressive camps. The democratic transition put the right-wing, conservative on the defensive, and the progressive on the offensive. The rise of the dominant ruling party halted the offensive from the progressive camp and reshaped the firm ground for state intervention in industrial relations. However, Roh could adopt neither pro-business strategy nor labor-exclusionary one, due to the democratic regime character. His new strategy was composed of selective exclusionism and societal corporatist experiment.

The inauguration of the Kim government in early 1993 has changed the mode of interactions between the state and labor once again. The state appealed to unions for industrial peace, while fostering class compromise between labor and business. Under the state's initiative, a tripartite agreement was reached.

Two factors contributed to such a new development. One is the regime character. The Kim regime, compared with the previous one, enjoyed much higher political
legitimacy, not only because of its civilian origin and democratic elements but also because of its reformist character. Such characters enabled social forces (including labor unions) to have political confidence toward the Kim government, which in turn conditioned Kim's choice of labor strategy. The other is the sagging national economy, which further makes Kim's appeal persuasive and necessary, while forcing unions to be cooperative.

In conclusion, state-labor relations in South Korea have varied over time, running the gamut of inclusionism, exclusionism, and neutralism. The variation has been a function of leadership choice of coalition formation. The choice in turn has been conditioned by the confluence of regime character, circumstantial setting, and social power configuration.

2. Comparative Implications

From the historical trajectory of the South Korean state-labor relations, several interesting comparative implications can be drawn. First, "politics" should be brought back into the analysis of state-labor relations as a principal explanatory variable. As I mentioned in Chapter 2, the several existing contending perspectives, despite their different epistemological origins, have arrived at surprisingly similar explanations of state-labor relations in South Korea. They argue, (1) state-labor relations are inherently asymmetrical, in which the "overdeveloped" state always prevails over fragmented and weak labor; (2) they are mutually exclusive, in which strong state and weak labor lead to the formulation and implementation of anti-labor polices, breeding opposition and animosity of labor; (3) they are essentially stable, in which the formation of state-business alliance through the convergence of interests cultivates a repressive social structure and ideology; and (4) the nature and direction of state-labor relations are primarily determined by economic variables. Underlying their arguments
is the assumption that the state controls and excludes labor in order to cope with economic crises of foster economic growth and capital accumulation.

However, the pattern of development strategies and production relations are necessary but insufficient conditions for accounting for the dynamic interactions between the state and labor. State power has been dominant, but the asymmetry of power between the state and labor has not always been the case. As this study has shown, the argument of "overdeveloped" state is only a theoretical myth. At times of political rupture, political liberalization, and democratic transition, labor resurrected itself as a powerful social force, played a leading role in limiting state power, and reshaped the balance of power among social forces.

State-labor relations have not been mutually exclusive all the time. The state, in most cases, excluded and controlled labor, but it often coopted, appeased, and neutralized labor. Labor, most of the time, was quiescent and passive, but it sometimes projected its power by engaging in political protest movements against the state, forming a united front with other social forces. Combinations of cooptation, exclusion and neutrality seems to portray better the nature of the state policy toward labor, and the alternation between accommodation, confrontation and compromise seems to explicate better the nature of labor responses toward the state in the South Korean case.

It seems also misleading to postulate that state-labor relations have been stable. Hierarchical control of labor by the state, buttressed by state-business alliance, has created an appearance of stability. However, relationships between the two have not been fixed, but have varied over time as political regime, circumstances and social power configuration change.

Economic variables such as developmental strategies, capital accumulation, and production relations are important, but not the determining factors in shaping state-labor relations. The politics of survival, legitimacy, and power consolidation have often
mattered in a fundamental way, producing more dynamic interactions between the two. All in all, the existing contending perspectives, though making an important contribution to the understanding of the state-labor relations in South Korea, have largely failed to take the dynamics of political changes into account. As a result, they represent only static, partial, and somewhat apolitical analyses of state-labor relations in South Korea.

Second, from the South Korean case, we can draw some policy implications -- e.g., which state labor strategy is better in achieving industrial peace? The South Korean state has experimented with diverse labor strategies. However, these labor policies often proved to be a temporary expedient in controlling labor disputes. As Figure 8.1 shows, the long-term trend of labor strikes clearly shows that labor actions in South Korea are closely intertwined with national politics rather than with the conditions of the national economy. Three major labor insurgencies took place in the period of political changes against the existing industrial relations. In 1960, workers stood up against Rhee's patronage with labor unions; the labor upsurge of 1980 proved to be another example of the failure of the state labor policy; and the year of 1987 showed that the state's "free-market" containment strategy brought about a high-cost 'boomerang effect.' Much more serious was that the labor insurgency became larger and larger in terms of its scale and intensity over time.

One critical policy question is how to promote industrial peace and to stop the vicious cycle of labor disputes. It is self-evident that repression is not a panacea. The more repressive the state labor strategy is, the more militant labor becomes. Neither state's cooptation of union leadership nor its simple equidistance between labor and business is a fundamental solution. If the repression were a political 'pressure cooker,' the cooptation and simple neutrality would be a 'slow cooker.' Both "cookers" ensure boiling water, though the timing is different. What is really needed is a political...
mechanism which is conducive to a voluntary and continuous compromise between labor and business.

Figure 8.1: Long-Term Trends of Industrial Conflicts, 1954-1992

South Korea needs the active neutralism in which the state creates and institutionalizes an interest-intermediation mechanism for class compromise. In this aspect, the small Western European countries' experiences - e.g., Belgium, Switzerland, and Sweden - are useful. Before World War II, these countries suffered from class conflicts as well as weak positions in the international market. To overcome the internal class conflicts and the external vulnerability (which resulted from their economic openness and dependence), the state elites initiated and developed the coalescent style of political practices and arrangements, the so-called societal corporatism, through which
narrow conceptions of class interest were broadened to include an acute awareness of the fragility of the small states in a hostile world. Political leaderships in these countries cultivated an "ideology of social partnership," emphasizing the importance of an equitable sharing in economic gains and losses. Furthermore, they developed a voluntary, informal, and continuous style of political bargaining in order to coordinate conflicting objectives among social forces. Of course, the Western European neo-corporatism can hardly be seen as institutions crafted only by the leadership efforts. Rather, it seems that the neo-corporatism is a combined product of the historical contingency and leadership crafting. Nonetheless, for the South Korean leaderships, the successful Western European institutional crafting is a valuable historical lesson.

The recent Japanese case is much more illustrative for Koreans, because Japan is much closer to South Korea than the Western European countries in terms of political culture and geopolitics. Recent Japanese "cooperative" industrial relations are not a natural result of its unique social structures, such as enterprise familism, lifetime employment, and the seniority system. Behind the "harmonious" industrial relations lay the government's intensive political efforts to make the unions economically rational. In the face of a series of external shocks in the early 1970s, the Liberal Democratic Party adopted a host of pragmatic measures for its political survival. Formal tripartite consultations and informal negotiations were frequently held in order to strike a consensus among the three parties. As a result, Japan's "corporatism without labor"


(where labor unions were excluded from policy-making process) has now shifted to a "limited corporatism" in which the three parties share information channels through which labor unions restrain their wage demands in return for low inflation and job security.4

South Korea now holds a good chance of crafting a new mechanism. Over the past three decades, authoritarian elements (such as hierarchical rules of the game, anti-communism, and narrow political space) have prevailed in Korean society so much so that the country had no opportunity to experiment with a democratic corporatist institution. South Korea today is faced with new situations. Democratic rules and procedures began to be consolidated, the bad political formula of 'radical labor activism = communist activity' is losing its political meaning due to the end of the Cold War, and the Korean economy urgently needs industrial peace to survive in a hostile international market.

In this sense, the Kim government's policy orientation toward "grand harmony" seems to be on the right track. Nevertheless, the new leadership should note several points. In order for the recent tripartite agreement not to be a temporary expedient, the state has to make every effort to gain political credit from workers as a fair and sincere policy manager. Any repressive action by the state would be apparently detrimental to the hard-won trilateral agreement.


In terms of political and organizational infrastructure, the tripartite agreement is still fragile and primitive. Unlike the Western European countries and Japan, there is no social democratic or socialist party to represent labor in South Korea. The party systems in these countries have played the role of converting class conflicts from the market to politics.\(^5\) At the same time, the party politics gave labor unions political confidence of eventual gains from the tripartism. Despite its enterprise union system, Japan's relatively successful operation of the "limited corporatism" seemed to have resulted partly from the existence of the socialist parties. Even though the working-class based parties did not have a dominant political parties, varieties of 'political exchange' took place in an informal way.\(^6\)

Another important point should be made about the union system and density. In South Korea, most negotiations between labor and business are conducted at the plant level. The national or industrial unions thus do not have the power to force local unions to follow the bilateral or trilateral national-level agreement. In order for the national-level agreement to be effective, the state must encourage or allow workers to transform their decentralized union system to be centralized. The centralization of the union system is necessary but not sufficient conditions. The state also has to encourage unionization of workers in order for the national/industrial unions to have the ability to grasp control of extensive number of rank-and-file workers. By doing so, the room of the wildcat strikes by non-unionized workers can be reduced.


Finally, Korean political leaders should recognize that there are various paths to achieve the neo-corporatism, and that there exist diverse patterns of the societal corporatism. Depending upon the political system, social structure, and internal and external circumstances, the Western European countries have developed their own neo-corporatist mechanisms. The Korean leadership does not need to follow strictly any particular corporatist model in the future. A Korean-style neo-corporatist model can be crafted as long as it promotes and institutionalizes class compromise in a democratic way.
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