Globalisation and the Working Class in South Korea: Contestation, Fragmentation and Renewal

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ABSTRACT This paper explores the impact of globalisation on the working class in South Korea. Globalisation in South Korea has been distinctive in that it has taken place during the transition to democracy. While democratisation has empowered workers to organise, globalisation has undermined the strength of the organised workers, segmenting regular workers from contingent workers. The abrupt neo-liberal economic reforms that followed the financial crisis of 1997-98 totally transformed the structure of the labour market, generating massive numbers of contingent workers who are vulnerable to economic insecurity and social risks. Under the system of company unions, the militant economic unionism that developed among unions in big corporations demonstrated its limitations in promoting the interests of contingent workers. As the struggles of contingent workers have expanded, social movement unionism, which unifies labour issues and social issues, has emerged as an alternative to militant economic unionism of unions composed of regular workers. This movement could provide a glimpse of a possible new future for the union movement in other Asian countries that have experienced similar economic and political changes.

KEY WORDS: Globalisation, democratisation, South Korea, working class, contingent workers, social movement unionism

Over the last two decades South Korea has experienced significant changes in its economy and politics due to democratisation and globalisation. These changes affect the working class in complex ways in which various actors engage in multifaceted interactions including contestation, compromise and fragmentation. Democratisation in South Korea, as an important part of the contemporary political change, empowered workers as their rights were enhanced from 1987. Since 1997, however, neo-liberal globalisation, as the core of economic change, has undermined the power of the working class, fragmenting and demoralising workers via the demands for increasing flexibility in the labour market. At the same time, the rise of citizens’ movements, at the core of social changes in the 1990s, had a negative impact on working class movements, marginalising unions as a movement of particular interest groups. However, the rise of essentially unorganised and contingent workers has given vent to struggles that display a new type of labour movement, showing the
possibility of an alliance between the labour and social movements. Those changes were not concurrent, but sequentially differentiated, meaning that the complex of changes has been remarkably dynamic in contemporary Korea. Though the temporal sequence of those events was not predicted and prepared by social actors, they significantly affected the working class through a changing matrix of choices for individual workers and unions alike.

As the transition to democracy proceeded from June 1987, it turned out to be a stormy process, wildly contested by different political parties and social groups with different ideas of democracy. The authoritarian ruling party could maintain its rule, as it won the first general election by a slight margin due to the split of candidates in the opposition camp. It could exercise power to delay democratic transition until it finally lost power in the presidential election in 1997. The draconian labour relations law, enacted by the military junta in 1981, was maintained until 1997 with the strong support of business who opposed any attempt at revision. With delayed democratisation, the labour movement could not avoid the legal and political constraints until the successful revision of the labour relations law was finally completed by the National Assembly in January 1997 (Shin 2003).

However, the financial crisis that occurred in December 1997 curtailed the power of the labour unions as massive layoffs were made. As bankruptcy, restructuring and mergers and acquisitions expanded, the number of unemployed tripled in the first three months in 1998. The leadership of both union confederations, the older Federation of Korea Trade Union (FKTU) and the new Korea Confederation of Trade Union (KCTU), was also damaged with the crisis pact made by the state, labour and business, permitting company layoffs for “reasonable” managerial reasons. Particularly, the KCTU was engulfed in a leadership crisis, as its leader, who had joined the tripartite agreement, was criticised by rank and file members, and eventually resigned. The internal dispute in 1998 set the limits for the leadership of the KCTU to act (Roh, 2008: 176-80).

Significantly, the timing of neo-liberal economic reform and the political transition from an authoritarian to a democratic regime coincided in South Korea. The Kim Dae Jung government, the first democratic government, carried out neo-liberal economic reforms. It implemented a package of economic reforms, guided by the International Monetary Fund (IMF). This included four major reforms: privatisation of public corporations, enhancement of labour market “flexibility,” opening the financial market and governance reforms of the big family-owned corporations or chaebol. While the last reform was unique to South Korea, the other three belong to the core of neo-liberal reform around the world (Harvey, 2005; Stiglitz 2000). The goal of this neo-liberal reform was to transform identified “crony capitalism” in which the developmental state controlled the economy, distorting the dynamics of the market. As South Korea was a member of the Organization of Economic Cooperation and Development (OECD), the Korean financial market was partially opened in 1996. After the 1997 financial crisis, the newly democratised regime pushed ahead with a full suite of neo-liberal reforms under the guidance of the IMF.

The impact of the neo-liberal reforms was more severe for workers than any other social class, simply because the enhancement of labour market flexibility was directly related to mass layoffs and much increased unemployment. So-called flexible employment was expanded with the introduction of new types of contingent work,
such as indirect employment, short-term employment, dispatched workers, subcontracting workers and so on. As many companies hired contingent employees when they hired new employees or they replaced existing regular workers with new contingent workers, the proportion of the contingent workers rapidly increased after 1998. While the rate of contingent workers varies according to the definition used, it is conservatively estimated at almost 34% of total employment (Ministry of Labour, 2008). Hiring contingent employees became a dominant employment practice so as to minimise the labour costs of firms. While organised workers – almost 10% of the total number of employees – were protected by the unions, unorganised workers were vulnerable to labour market dynamics. Shifting the boundaries of employment has produced a fragmentation of the working class, eroding the sense of solidarity among workers.

However, contingent workers began to organise themselves with the help of social movement organisations. Unionised workers have been less interested in the issues related to contingent workers. Indeed, contingent workers, who are usually considered as the most difficult workers to organise, began to organise themselves and this resulted in some fierce strikes in 2008. The rise of contingent workers indicates the new types of working class movement, potentially providing a common ground for the alliance of social movements and the working class movement. The cleavage within the working class and the shift of the labour struggle under neoliberal globalisation in South Korea might shed light on the future of the working class movement in Asia.

**Democratisation and Workers’ Contestation**

The authoritarian regime that continued for more than two decades surrendered to the long struggle for democracy in June 1987. The fall of the Marcos regime in the Philippines heralded the beginning of the domino effect of democratisation in East Asia including the Philippines, Korea and Taiwan. Like people’s power in Manila, massive demonstrations in June 1987 overrode the police’s power, demanding the end of the dictatorship and democratisation of the political regime. As white-collar workers and other citizens began to join the students’ struggle against military dictatorship, the regime conceded to negotiations on democratisation. Their main concern was to avoid the complete collapse of the regime as had happened in the Philippines (Shin, 1999: 124-5).

Democratisation in South Korea displays two significant features. First, the major actors who successfully forced the military regime to accept the demand for democratisation did not have an opportunity to engage in the negotiation for democratisation. Student organisations that played the most important role in the June Democratisation Struggle were totally excluded from political bargaining. Opposition parties that monopolised the power to negotiate for the transition to democracy shielded the influence of the radical political demands from the outset as part of a deal in secret to drive the street protesters away from the negotiating table. Secondly, while the working class played a leading role in the introduction of democracy in Western Europe, allying with peasants, the middle class or bourgeoisie (see Marks, 1989; Rueschemeyer et al., 1993; Therborn, 1977), the working class did not play a significant role in the Korean struggle for democratisation. Instead, in
South Korea, the well-organised student movement and political opposition movements succeeded in mobilising the masses in favour of democracy, as the authoritarian regime relied on a brutally oppressive apparatus to counter pro-democracy movements. Most Korean workers did not engage in the democratisation movement, although some labour activists led protest movements against the authoritarian regime in some regions.

**Labour Offensive**

Major strikes took place immediately after the authoritarian regime, faced with popular protests, announced negotiations for democratic transition with opposition party leaders. The explosion of strikes in the summer of 1987 followed the earlier spring struggle for democracy by students and activists. As more than four million demonstrators participated in the street demonstrations that took place across the country from 10 to 29 June, the authoritarian regime finally gave in and negotiated the revision of the constitution with opposition parties (Johnson, 1989; Lim, 1994). Workers successfully utilised this opportunity provided by the democratisation movement. The authoritarian government, severely weakened by the popular challenge, lost the capacity to oppress the labour movement.

The eruption of labour strikes occurred on a gigantic scale and spread with alarming speed across the country. As Table 1 shows, the number of strikes exploded in 1987, with 3,749 strikes, which was 13.6 times higher than in 1986. Almost 70% of the strikes were related to demands for wage increases. The second largest proportion was about working conditions. The timing of this explosion of strikes is important for understanding the nature of contestation by Korean workers. Almost 88.3% of the strikes were concentrated in the summer of 1987. The largest number of strikes in a single month in Korean history was in August 1987 (2,469), with 880 strikes in a single week, 17-23 August (Ministry of Labour, 1988: 17). These were all illegal strikes and, most strikingly, more than 45% of them took place at

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*Source: KLI Labour Statistics (1994: 180).*
companies without unions. They were so-called wildcat strikes, displaying the spontaneity of strikes of unorganised workers. Mass grievances exploded with the weakening power of the authoritarian regime’s security forces.

Organisational revolution followed the hot summer of strikes in 1987. Workers who were engaged in wildcat strikes began to organise themselves as unions. Union membership increased by 34.7% from 1,267,457 to 1,707,456 for the six-month period from July to December in 1987. The total number of unions increased from 2,742 to 4,103 (by 49.6%) for the same period. The organisational power of unions culminated in 1989 with 7,883 unions and 1,932,415 union members (Shin, 1999: 166-7). The rate of unionisation also drastically increased from 15.7% in 1987 to 19.8% in 1989.

One of the most significant developments for the labour movement was the unionisation of workers in big companies, including within the chaebols. The Hyundai Group companies, all non-unionised before 1987, were all unionised. After the workers in Hyundai Engine Corporation succeeded in establishing a union on 5 July 1987, Hyundai Group unions played a leading role in unionising the workplaces of the Southern industrial belt in August 1987 (Koo, 2002: 154-69). As the owner of Hyundai Group did not recognise unions and tried to destroy them by violence, Hyundai companies became the scene of battles between workers and managers. Workers marched in the streets of downtown Ulsan, a new industrial city, where most Hyundai companies were located. More radical repertoires of protest, such as sit-down strikes and occupations of factories, were introduced to fight management oppression. With widespread demonstrations by workers, the Hyundai Group could not but help but recognise de facto the unions as counterparts in collective bargaining after several failed attempts to abolish the unions. The Union of Hyundai Shipbuilding Company and Union of Hyundai Automobile Company became leading organisations for the decade of the union movement (Koo, 2002: 165-75).

Another important development was the rise of the independent union movement, called the “democratic union movement.” Under the authoritarian regime, most unions affiliated with the FKTU were company unions sponsored by management and by the government. The government tightly controlled unions, prohibiting independent unions and industrial unions from engaging in political activities. Workers’ organisations could be recognised as a legitimate union only if they had a permit issued by a government agency. Since the labour relations law did not allow plural unions within a company, only one union was legally allowed. Management attempted to control break-away unions with the help of police and security forces. In explicitly criticising the orientation of existing unions recognised by the government, however, newly organised unions pursued independence from their managers and the government, framing labour relation issues with broader political democratisation issues.

During the first year of democratic transition, there was a consensus among different political parties that the revision of the undemocratic labour relations law was necessary. The authoritarian ruling party reluctantly endorsed the revision of the labour relations law under the pressure of massive labour strikes. The massive labour offensive in the summer of 1987 enforced the ruling party to pursue labour relations reform, which was discussed in the National Assembly in July 1987 (Roh, 2008: 54; Shin, 2000). As labour strikes paralysed the enforcement of the existing labour
relations law, its revision was considered inevitable. The revised bill was passed despite strong opposition from business. The main contents of the revised bill included the abolition of the one company union rule, the government’s right to dissolve a union and the regulation of union leaders’ qualification. However, President Roh Tae Woo vetoed the revised law in 1988, supporting the demands of business groups. With the president’s veto, the labour relations law formed under the authoritarian regime survived into the post-authoritarian era. Thus, the revision of labour relations law has become a litmus test for Korean democracy since 1988.

Although the labour relations law could not be revised, some unions began to organise more concerted activities outside their work places. Unions in the Southern industrial belt succeeded in making broader regional solidarity networks by December 1988. The joint activities under the name of the National Headquarters for Labour Law Reform were the beginnings of broader union activities. They culminated with the formation of the National Council of Regional and Industrial Trade Unions in 1990. It was the first nation-wide union organisation that led to the establishment of the KCTU in 1995 (Roh 2008: 30-5).

Fierce contestation among labour, capital and the state continued until civilian president Kim Young Sam, was inaugurated in February 1993, after more than 30 years of military rule. Kim, who was a former opposition leader and later joined the ruling authoritarian party, won the presidential election in December 1992. In his first year of presidency, Kim tried to show himself as a reformer so as to compensate for his betrayal of the opposition camp when he changed sides. Since he described himself as a “Trojan horse” to conquer state power from inside and reform it, he needed to show his reformist image to make the distinction between himself and the former ex-military generals who had been presidents.

From the beginning, the Kim government tried to revise the labour relations law as one of its core reforms, and this became a site of contestation between labour and business once more. President Kim designated former human rights lawyer Lee In-Je as the Minister of Labour, and Lee promised to revise the labour relations law to purge the legacy of past authoritarian regimes. Lee initiated the revision of the law to promote worker’s legal status. Business leaders were upset by Kim’s reform drive and Lee’s attempt to guarantee workers’ rights by revising the labour law and the strike at Hyundai Group became a test case of the new labour policy for the Kim government. The government proclaimed that it would not intervene in the dispute and demanded an autonomous resolution between union and management. As the strike continued for three months, the Korea Employers Federation criticised Minister Lee for undermining industrial relations with this non-intervention policy (Shin, 2003: 155). In general, the business community became antagonistic towards reforms by the government. Examples included opposition to rules governing the opening of bank accounts and the banning of corporate funds. The tension between the ruling party and business culminated with the declaration of the candidacy of Chung Joo Young, the owner of the Hyundai Group, for president in 1992.² It was the first time a business leader had defied the ruling party in South Korea. As Kim won the presidential election, business expected that there might be some changes in the relationship between itself and the government. Kim’s reform policy and Lee’s attempt to revise the
labour relations law was regarded as retaliation against business defiance toward the ruling government.

Business responded to the changing political environment by reducing new investment. This amounted to a collective inaction fully utilising its economic veto power or by divesting production. Analogous to a workers’ strike, this was a “capital strike” characterised by inaction of the capitalist class. This capital strike induced an economic downturn (Shin, 2003: 152-3). Gross fixed capital investment declined by 12.4% during the first quarter of 1993, compared to the same period in 1992. It was a consecutive drop of the gross capital investment by 9.5% from the fourth quarter of 1992. The lack of new investment and a declining economy became immediate threats to the new government which tried to show its ability to boost up the sagging economy. At that time President Kim had launched the ambitious New Economic Policy to show his ability to boost the economy in his first 100 days in office. As the index of leading indicators deteriorated, however, President Kim became alarmed and rebuffed or attenuated reforms harmful to business. He halted the revision of the labour relations law by replacing Lee with Nam Jae Hee, a conservative former journalist. Nam postponed the revision of the labour relations law without any concrete time schedule for its completion. The capital strike was legal and the most effective collective action by capitalists and yielded a genuine veto over the state (see Block, 1987: 58-61). Unlike labour, the power of the capitalist class was in its ownership of capital, not in a mass rally or a sit-in.

Joining the Uruguay Round in 1993 and the World Trade Organisation (WTO) in 1994, South Korea faced a totally different international economic environment from the previous period. President Kim began to emphasise internationalisation and later globalisation. Both discourses on internationalisation and globalisation focused on enhancing international competitiveness in a broad sense. In the discourse on globalisation, competitiveness became a policy key word in economics, politics, administration, education and culture. Globalisation was used as a political slogan rather than a concept to understand social change at the global level. In fact, it referred to aggressive economic nationalism that meant simply marching toward the international market for more exports and larger profits. A mercantilist concept of trade was again accentuated by the government as pressure from foreign countries, including America, became stronger in terms of trade.

As Japan and South Korea rapidly expanded their share in the consumer market of the USA and Europe, their trade deficit became a source of conflict. The OECD and the US Federal Reserve Bank demanded the abolition of tariff and non-tariff barriers for goods and services in South Korea (Dong-A Daily, 29 February 1992). While the government still regarded South Korea as a developing country, the USA and the European Union countries considered it a developed country, even as a second to Japan in Asia. The USA had already passed the Super 301 code in 1988 to lessen its trade deficit by retaliating against unfair trade, and implemented this code against both Japan and South Korea.

Facing rising pressure from the USA and Europe, President Kim responded with an aggressive measure. His government established a working committee in April 1993 to prepare for South Korea’s membership to the OECD. Full membership implied that South Korea should accept all the institutional rules and policy guidelines of the OECD. It included changes of rules and norms related to industrial
relations as well as deregulation of the financial market and the foreign exchange market. The OECD granted South Korea conditional membership in October 1997. It was conditional because the labour relations law had not been brought up to par with the rules and norms of OECD members. But South Korea’s membership was important to the OECD, as the Korean economy grew. Thus, without changing labour-management relations, measures for deregulation of the market were implemented by the Korean government. This meant that globalisation proceeded without abolishing the authoritarian legacies in labour relations or the economic rules of the game.

Labour’s response to internationalisation and globalisation was to demand that the reform of the labour relations law match international standards. Criticising the government’s postponement of the reform, in 1995 labour activists who led the democratic union movement finally established the KCTU, openly violating the labour relations law. It was an attempt to challenge government’s authority to impose authoritarian labour laws and to control union activities even after becoming an OECD member. Accordingly, the KCTU was essentially an illegal confederation of democratic labour unions, symbolising the establishment of an alternative national union centre to the FKTU. While the FKTU represented the old style of union movement, sponsored by the state, the KCTU represented the new militant unionism challenging the FKTU. The two peak organisations have played crucial roles in articulating different interests of workers and representing opposing political orientations. The KCTU initiated a struggle for social reform under the slogan of “from factory to society,” raising social issues beyond the workplace. It included five major demands: integration of a divided health care system; democratic management of the national pension system; tax reform; regulation of the concentration of economic power; and educational reform. The new strategy of the KCTU was based on social movement unionism that combined unions with social movements so as to defend the basic rights of citizen as well as workers (Roh, 2008: 132-6).

Revision of the Labour Relations Law and General Strikes

In order to facilitate full membership of the OECD, the Kim government needed to complete the revision of the labour relations law ahead of the final year of Kim’s presidency. The government installed a Presidential Committee for Industrial Relations Reform (PCIRRR) composed of representatives of labour, capital, the state and the public in May 1996. It was the third attempt to revise the labour relations law, postponed in 1993, prior to Korea’s full membership of the OECD. Each interest group suggested its own version of a labour relations law without negotiation. Naturally, the business federations and the union confederations proposed conflicting demands. While labour focused on revision of the labour law applied to workers, business emphasised increased flexibility of the labour market. Interestingly, the government contributed to intensifying conflicts within the PCIRRR as the two government agencies on the committee had different orientations. While the Ministry of Labour demanded enhancement of labour rights, the Ministry of Economy and Finance emphasised the competitiveness of Korean goods and services as a principle of revising labour relations law (Roh, 1996; Shin, 2003: 163-4).
As expected, the third round for the revision of the labour relations law did not succeed in generating a consensus among different interest groups with respect to three major items. These were the code of the prohibition of industrial union, the code of the prohibition of teachers’ union and public sector union, and the code of the government’s intervention into union activity. The unions claimed the codes violated the basic rights of workers. However, the government and business opposed the revision of the undemocratic labour relations law even after the transition toward democracy started. While international human rights organisations as well as the International Labour Organisation (ILO) demanded the revision of the labour law according to international standards, the tug-of-war in the PCIRR ended in a failure to formulate an agreement on these issues. The government transferred the draft to the National Assembly to revise the law in December 1996. The ruling party rushed the bill through at dawn on 26 December 1996, effectively keeping out the opposition party from the meeting. In fact, the ruling party’s revised labour relations law was much worse than the government’s version of the bill for labour. For example, while the government’s bill allowed plural unions at the national level immediately, the ruling party’s bill postponed the legalisation on plural unions for five more years.

The early morning passage of the laws provoked a public outcry, shocked by tactics reminiscent of military rule when the ruling party in the 1970s and 1980s would force through controversial issues despite opposition. Immediately, the KCTU declared a nationwide general strike as a protest. Opinion leaders, such as church leaders, writers, professors and artists, declared support for the general strike by workers. Public opposition to the passage of the laws became stronger in spite of the holiday season. As the KTCU, white collar workers and researchers at institutes also joined the general strike, the ruling party was bewildered by such an unexpected spread of protest across the nation. In addition, international organisations, such as the ILO and the OECD, also accused the Korean government of an undemocratic way of passing the revised labour relations law and the unqualified nature of the law (Korea Times, 12 January 1997). In addition, the government was accused by the International Confederation of Free Trade Unions for violating convention of 88 and 89 of the ILO in 28 December 1996. John Sweeney, the chairman of AFL-CIO, demanded President Kim Young Sam veto the bill (Shin, 2003: 165). Facing such pressures, the government sought to revise the labour relations law again, in January 1997. The scandal of the revision of the labour relations law severely damaged President Kim’s leadership.

The success of the general strike mostly benefited the KCTU since it initiated the nationwide action and mobilised mass protests supported by civic organisations and citizens. Though the KCTU was still an illegal organisation, it became a de facto national centre for the new labour movement. Political parties that joined the rally against the passage of the labour relations law became more inclined to the demands of the KCTU. While the FKTU did eventually join the strike, it was too late to take a leading role.

Globalisation and the Fragmentation of the Working Class

Political change took place when Kim Dae Jung, the long-time opposition leader, won the presidential election in December 1997. It was a political watershed with
sweeping reforms of bureaucratic organisations and the remaking of the relationship between the state and civil society. However, the new democratic government had two severe constraints from the beginning. First, the winning of the presidential election was possible due to a liberal-conservative coalition. Kim Dae Jung did not get enough support to be elected as an independent candidate. Therefore, he made an alliance with a very conservative politician, Kim Jong Pil. Those who voted for Kim Dae Jung were only 40.3% of votes from just a 32.5% turnout. Hence, Kim Dae Jung did not have much room to manoeuvre in political reform, since he had designated Kim Jong Pil as prime minister from 1998. This strange cohabitation collapsed after six months, shaking the social basis of the new regime.

Secondly, Kim Dae Jung could only win the 1997 presidential election thanks to the Asian financial crisis. The financial crisis revealed the poor governability of the Kim Young Sam government and the ruling party. Since collapse of the financial market derived from the policy failures and the structural problems of the economic system formed during the authoritarian regime, a significant number of the middle class voted for Kim Dae Jung. While he had some benefit from the financial crisis, after getting elected, he had to resolve the economic crisis.

The financial crisis and democratic transition generated an unprecedented dilemma for the new government. Contacting international financial organisations, Kim Dae Jung was already searching for measures to rescue the troubled economy before his inauguration. Since the government and the IMF made an agreement in November 1997 that the IMF provided a rescue fund to Korea on the condition that the following government pursued IMF policy guidelines. Kim Dae Jung’s government did not have an option other than taking on the required neo-liberal economic reforms. The new government accepted these IMF demands for two reasons. First, the demands from the IMF were not new since the Kim Young Sam government had tried to carry out similar reforms in 1993. That first reform drive included policies abolishing the legacies of the developmental state by changing ownership structures of big corporations, privatising public enterprises and deregulating the labour market (Cho, 1996: 169-71). The reforms mostly failed due to strong resistance from business. Those policies were exactly the same as the reform policies that the IMF demanded of the Kim Dae Jung government during the economic crisis.

Secondly, Kim Dae Jung did not have any policy alternatives to resolve the economic crisis except by following the IMF policy guidelines. While he wrote a book on the people’s economy before he became president, emphasising economic democracy and equality, he did not provide a set of feasible policies. He simply tried to resolve the economic crisis as soon as possible and thus followed the IMF’s recommendations. The IMF, symbolic of the Washington Consensus, prescribed economic policies that undermined companies already in big trouble because of over-investment and over-borrowing. Required high interest rates directly contributed to the collapse of many companies. The result was that half of the 36 largest chaebol designated by the Fair Trade Committee in 1993 had collapsed by 1998 (see Lee and Uh, 2000: 43).

President-elect Kim Dae Jung tried to achieve an agreement to overcome conflicts of interest among the state, labour and capital. Industrial conflicts were re-emerging based on antagonisms and confrontations from the 1990s. To forge a compromise, in
early January 1998 he established a Tripartite Commission that would deal with labour issues among economic actors. The Commission consisted of representatives from two union confederations, employer associations and government officials. One of the president’s associates was designated as its chairman. Within a month, these representatives reached an agreement to overcome the economic crisis, called “Social Pact for Overcoming the Economic Crisis.” This was a “big deal” between labour and capital. As long as the state legalised teachers’ rights to organise and unions’ political activity, the unions accepted enhancing labour market flexibility (Lee and Ryu, 2001: 193). It was the first social pact initiated by the state.

In general, the formation of the Tripartite Commission and the social pact did not bring about any significant change in the relationship between labour and capital since the status of the Commission was weak so that bureaucrats hostile to labour unions did not pay much attention to it. Many Commission policies and decisions were not practically implemented. It was simply symbolic of social consensus for overcoming the economic crisis rather than a practical organisation. While it continues to exist, the influence of the Commission remains minimal in industrial relations, and it has failed to formulate any meaningful social consensus between state, labour and capital.

Furthermore, the hasty bargaining of the KCTU leaders with the government in dealing with the labour market issues provoked massive protests from the KCTU’s own rank and file. The accord allowed business to layoff redundant workers for “legitimate managerial reasons” and to hire non-standard or contingent workers. Leaders of the KCTU accepted capital’s demand for labour market flexibility in exchange for workers’ rights to organise. The acceptance of the enhancement of labour market flexibility meant the acceptance of mass layoffs. As business did not keep to the agreement and sacked workers without legitimate reasons and the government acknowledged this, the KCTU leadership was severely undermined. Eventually the KCTU chairman resigned with an internal reprimand and the KCTU was engulfed in organisational turmoil. Different factions were struggling to gain the upper hand within the KCTU. Accusing the government and business, the KCTU left the Tripartite Commission and called general strikes to force business to keep to its agreement. It produced another cleavage between the KCTU and the FKTU with respect to membership of the Tripartite Commission. As the KCTU took an antagonistic stance on the Commission, the FKTU faced a dilemma since the FKTU did not share the same position on the pending issues such as the demand for renegotiation with the IMF and policies for the unemployed workers. The result was that in 1998 the KCTU and the FKTU ended up with opposing political affiliations. The KCTU formed the Democratic Labour Party (DLP) in 2000. The DLP eventually won nine seats in the National Assembly, aided by the introduction of proportional representation in 2004. In contrast, the FKTU established the Green Social Democratic Party (GSDP) in 2004. However, as the majority of members of the FKTU supported the conservative Grand National Party, the GSDP was dissolved following the failure to get any seats in the 2004 general election (Kwon, 2004).

The impact of the Social Pact on the labour market and industrial relations was profound. While the Commission became paralysed with withdrawal of the KCTU, the government implemented the controversial pact immediately. Enhanced labour
market flexibility was made possible through massive layoffs and the replacement of regular workers with contingent workers. The number of unemployed soared to 1.81 million in December 1998 from 672,000 a year earlier. It meant that more than 100,000 workers were newly dismissed every month in 1998. Unions became more defensive than before as massive layoffs became an ordinary scene in the economy. While there were strikes against plant closings and delayed payment of wages, strikes dwindled significantly amidst the economic crisis. Workers were more concerned about job security than wage increases. General strikes called by the KCTU failed several times due to the lukewarm participation of members. In 2002, the rate of unemployment returned to pre-1997 levels.

While the unemployment rate seems to have returned to the average level, the labour market has been fundamentally restructured in radically different ways, mainly due to a rapid growth of contingent workers. In discussions with the government, definitions of contingent workers have been highly contested. The government has maintained low estimates to downplay the issue of contingent workers, whereas the labour camps have insisted on high estimates to disclose the dark side of the government’s neo-liberal economic policies. Nevertheless, they share the fact that there has been a sharp increase in the proportion of non-standard workers by almost one million, almost 10 percentage points, from the last decade (Kim, 2008b; KLI, 2008). Now more than one third of the total employees in South Korea are contingent workers, the highest level among OECD countries.

Most estimates of the proportion of contingent workers range from 36% to 57%, according to the different definition of non-standard workers used. For example, while Kim Yoo-Sun (2001), a director of the private labour institute, argues that the rate was almost 57% in 2001, Ahn Ju-Youp and others (in Ahn et al., 2007: 182), a group of researchers from the Korea Labour Institute, a government-sponsored institute, argue that it was around 36.6% in 2005. Kim (2008b) estimated that the rate of non-standard workers was 52.1% (more than 8 million workers) in 2007. Finally, the Tripartite Commission estimates that the rate of non-standard workers in 2008 was 35.9% or more than 5 million workers (KLI, 2008).

For the last decade, workers have been divided into two groups, standard workers and non-standard workers, displaying sharp differences in terms of wages and social protections. While unionised workers could protect themselves in their companies, non-unionised workers could not find any device or protection from the whip of the market. As Table 2 presents, there is a sharp differentiation in terms of social protection. Contingent employees are not properly protected by the social safety net. Even though the welfare system was introduced in the late 1990s and the early 2000s, a large proportion of workers are still excluded from social protection.

Because unions have been organised as company unions, non-unionised workers could not get any help from unions. Only peak union organisations attempted to intervene in the process of making of laws and policies, mobilising limited power and sometimes allying with social movement organisations. But this was not effective enough to improve the economic and social status of non-standard workers simply because it did not have enough organisational leverage to mobilise union members in companies. Workers organised by company unions did not show much interest in issues beyond the factory gates. In addition, the DLP, formed in 2000, did not have enough power to influence national politics and the government’s policies. Labour’s
power was also too limited to mobilise effective measures in countering the neo-liberal economic policies.

Neo-liberal labour market reform damaged not only unorganised workers but also union organisations themselves. Unions became more defensive in protecting jobs and the wages of members. Mostly they succeeded in keeping jobs and increasing wages. In particular, unions in big corporations could maintain their privileges in terms of job security and decent wages. However, unions retreated from social concerns. By the early 2000s, unions that had led social reform in the 1980s and early 1990s came to confine themselves within the companies.

For the companies, contingent workers remained an attractive option. Management can easily continue to hire non-standard workers when union members retire. Unions recognised that management employment practices were not greatly affected by the new employment practices. As Figure 1 shows, the proportion of union members has been steadily declining since 1989 when the rate peaked at 18.2%. The revised labour relations law allowed for two progressive unions of teachers and public sector workers to be legalised in 1998 and 2006, respectively. However, the trend to low rates of unionisation has not changed. Now below 10%, this is the second lowest among OECD members, after France. Despite this, in France, more than 90% of workers are covered by collective bargaining. South Korea might be an exceptional case with the lowest union density and the lowest coverage of collective bargaining (OECD, 2004: 145; Traxler, 1998).

Legislative efforts to protect the increasing numbers of non-standard workers began in the National Assembly in 2001. After five years of a tug-of-war between labour, capital and the state, the labour law on contingent workers was passed in December 2006. While labour unions demanded more effective protection for contingent workers by restricting job categories that could hire such labour, employer organisations argued for a more flexible labour market. The new labour law meant that employers should change the employment status of contingent workers to regular workers after two years of employment. However, this labour law, effective since June 2007, failed to protect the vulnerable contingent workers since many employers discharged contingent workers before two years had passed and utilised indirect employment by outsourcing workers through employment service firms (Lee and Chung, 2008: 11). Indirect employment, such as dispatched workers or subcontract workers, proliferated immediately after the enactment of this new labour law.

The fragmentation of the working class has grown with an influx of foreign workers since the early 1990s. The number of foreign workers has rapidly increased

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Regular employment</th>
<th>Contingent employment</th>
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<tbody>
<tr>
<td>Pension</td>
<td>74.9</td>
<td>15.2</td>
</tr>
<tr>
<td>Health insurance</td>
<td>76.5</td>
<td>17.6</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>70.0</td>
<td>19.0</td>
</tr>
<tr>
<td>Industrial injury insurance</td>
<td>69.1</td>
<td>20.5</td>
</tr>
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</table>

Source: Korea Development Institute (2006: 3).
due to the rising labour cost of Korean workers. Now foreign workers comprise more than 5% of the total employees. The number of foreign workers doubled between 2002 and 2007 (Korea Migration Service, 2003; 2008). Most foreign workers are unskilled workers employed in the labour-intensive sectors, such as construction, service and manufacturing, and they are doing the low-paid, dangerous, dirty and difficult jobs in South Korea. They are the lowest strata of the working class but vital to the Korean economy. They are also the least protected workers without any organisational protection. Instead of unions, social movement organisations or churches help them adjust to the new environment and protect their legal rights. Some foreign workers attempted to organise a union by themselves but to no avail.

**New Union Movements**

Recently, collective movements of contingent workers have become more visible as they have staged several lengthy strikes. Contingent workers’ strikes succeeded in bringing the harsh realities of their situation into public view. So far, issues related to contingent workers were overshadowed by those of unionised workers who had an institutional leverage. When contingent workers’ strikes went on for more than one year, they drew public attention and gained support from social movement organisations.
The rise in strikes by contingent workers displayed a new development in South Korea's labour movement, with three distinct features. First, major actors in the labour movement have shifted from regular workers in big companies to contingent workers in small- and medium-sized companies.

Secondly, the strikes have tended to be prolonged. Because management does not recognise the demands of contingent workers as legitimate, it tends to take longer in reaching a compromise. For example, the strike at E-land, a clothing store, continued for more than 500 days. It ended when another company bought E-Land and accepted the demands of the strikers (Hwang, 2008). The strike in Koscom, a computing sub-contractor company of stock traders, went on for 475 days until the striking workers succeeded in changing their status from irregular to regular workers (Yeo, 2008). A strike by women contingent workers at Kiryung Electronics has lasted more than four years. Although the strikes were not visible from the beginning, they began to catch public attention once the labour law dealing with the status of contingent workers came into effect in 2007.

Thirdly, strikes by contingent workers are much more complex than those of unionised workers. Contingent workers utilised a diverse repertoire of collective action, such as staged hunger strikes, sit-in protests and street rallies, with the help of labour activists, radical students and citizens. A recently emerging strategy is for demonstrations on top of television towers or sit-down demonstrations. Contingent workers, lacking resources, have tried to get public attention rather than seeking support from big unions. In addition, the internet and other online media outlets became important resources for strikers to communicate with broader society.

The rise of these contingent worker struggles suggests a new way forward for Korea's labour movement. While regular workers' unions in big corporations still exert strong bargaining power at their companies, they have failed to lead the working class in the struggle against the wave of neo-liberal globalisation. On the other hand, the contingent worker movement has emerged as a new grass roots labour movement challenging neo-liberalism.

The possibility of a new labour movement was also fostered by the development of social movements. The recent development of social movements has been one of the most remarkable social changes in Korean civil society. As social movements, often called citizen's movements, proliferated in the 1990s, the relationship between unions and social movement organisations became a critical issue. Most social movement organisations were concerned primarily with non-class issues, such as human rights, consumer rights, housing issues, water pollution, social welfare and tax justice. Nevertheless, there were some personal networks between social movement activists and labour activists since some of them commonly participated in the democratisation movement during the authoritarian period.

However, the diversification of social movement organisations in the late 1990s created new types of social movement organisations that focused on specific issues. As the democratic transition proceeded, commonality between social movement organisations and labour unions rapidly dwindled. Labour unions also experienced new developments. The role of labour activists diminished and union leaders with shop floor experience came to comprise the larger part of the union leadership. Meanwhile, social movement organisations have concentrated on broad social and political issues, with less interest in the workplace issues, such as wages and
working conditions. Frequent labour strikes had led social movement organisations to keep a distance from union affairs since maintaining public support was important for these organisations. Social movement organisations began to play a leading role in protest movements, representing public goods, criticising the corruption of politicians and bureaucrats, and raising new demands for social justice and public interests. In contrast, labour unions came to be regarded as self-serving and only seeking private goods within the company, ignoring broader social issues.

The rising contingent workers’ struggle has changed this picture and a new alignment has brought labour and social movement organisations closer together. Labour rights organisations and various anti-globalisation organisations joined the struggle to support contingent workers. Since their struggle took place outside big companies, it was easier for social movement activists to join the strikes and demonstrations. As issues of contingent workers become more politicised, unified action by various social groups becomes more feasible. In contrast to the waning popular support for the union movement of regular workers’ unions, the contingent workers’ movement is gaining more support from the masses (Lee, 2009).

In recent years, the success of strikes by contingent workers indicates the potential strength of coalitions between social and labour movements. Several fierce strikes by contingent workers succeeded in protecting jobs and improving employment status. At the same time, job insecurity and the low wages of contingent workers can be a core issue for all citizens with an ever-increasing number of contingent workers. It implies that issues related to contingent workers are social issues as well as labour issues. Thus social movement organisations, citizens, and workers are able to share their concerns about the challenges faced under neo-liberal globalisation. Even though it does not drastically transform unions of regular workers in the big corporations, these alliances could facilitate a social movement unionism that goes beyond the wall of the company (see Moody, 1997; Munck, 2002; Turner and Hurd, 2001). Discourses on social movement unionism as an alternative to militant economic unionism are appearing in South Korea (Cho, 2006; Roh, 2007). Thus, contingent workers’ struggles, developed as social movement unionism, might be an alternative to the company unionism that has engulfed big unions in South Korea and led to weakness and decline in working class organisation.

Conclusion

Globalisation is an overwhelming phenomenon that affects all nation-states. However, the impact of globalisation varies greatly across countries since it is a multi-layered process among various actors at different levels. Globalisation in South Korea displays two distinct features. First, globalisation has been accompanied by democratisation. Although there was some time lag between democratisation and the impact of neo-liberal globalisation, the conjuncture of two great forces has generated some important constraints for the working class. Secondly, globalisation in South Korea has been accelerated in a dramatic way. It took only two years to experience post-crisis neo-liberal institutional reforms upon entry to the OECD. The working class has experienced both new opportunities and
new constraints caused by social changes accompanying democratisation and globalisation.

Labour unions during the democratic transition became more empowered than before. Relying on an oppressive state apparatus to control the labour movement or using a cooptation strategy has become much more difficult than before. Nevertheless, fair and competitive elections and a free press cannot fully guarantee workers’ rights. With the strong tradition of anti-labour actions by state bureaucrats and politicians nurtured under the developmental state, the labour policies of the new democratic government did not deviate much from those of the previous government. Path dependency in the policy regime turned out to be strong even under the rule of civilian presidents. Political democracy does not necessarily guarantee democratisation of industrial relations and workers’ rights.

Paradoxically, globalisation provided new opportunities to break old fetters. Korea’s membership of the OECD allowed a revision of the draconian labour relations law made by the military junta. In a sense, globalisation has brought the opportunity of full citizenship to Korean workers because revising the labour relations law to meet international standards has improved workers’ rights. However, Korean experiences also showed that labour relations have democratised with the presence of the workers’ struggle after the revision of the labour law. Interaction between international pressure and the workers’ struggle could override the resistance from business and conservative political forces against the democratic reform of the labour relations law.

One more twist has been that neo-liberal globalisation initiated by a democratic government resulted in consequences that undermined the organisational base of the union movement as labour market policies to enhance flexibility were introduced. The agreement between the IMF and the Korean government imposed strong policy constraints on the new government. As neo-liberal globalisation by the democratically elected government proceeded, workers’ rights were curtailed and threatened. The rapid expansion of contingent workers generated not only a working poor but also a serious impediment for the union movement. Company unions became more eager to pursue economic security for only union members in a militant way. With the gaining popularity of social movement organisations, unions became marginalised from social movements in the 2000s. In addition, the fragmentation of workers has been furthered by an influx of immigrant workers. In short, the Korean labour movement faces new challenges caused by globalisation, which creates complex cleavages among workers.

However, a new labour movement has emerged with the rise of the contingent workers’ struggle. Marginalised workers under neo-liberal globalisation have staged prolonged strikes to get workers’ rights without much support from established labour unions. Allied with social movement organisations, the subsequent victories of contingent workers’ strikes provide an alternative labour movement to the militant economic unionism that had characterised the orientation of the traditional big company unions. So-called social movement unionism developed from the allied collective action of diverse social groups and contingent workers might facilitate the development of new labour movement in South Korea. We might expect a similar development in other Asian countries that have undergone a similar social and political change over the last two decades.
Notes

1 There are many terms to identify contingent workers: flexible, precarious, irregular and non-standard. In this paper, those terms are used interchangeably.

2 Chung Joo Young criticised corruption and incompetence in the ruling party and the government’s dealing with labour disputes. He represented a general sentiment of business with regard to labour disputes. Business complained about the retreat of police and security forces from labour relations while labour disputes were increasing and unions became more powerful and recalcitrant in collective bargaining.

3 The winning of the presidential election with a very low rate of supporters has been a common feature of an outcome of the presidential election in South Korea. It has undermined legitimacy and authority of the leadership of president. The proportion of votes that winners of presidential elections received out of the total eligible vote were the following: 32.6% for Roh Tae Woo (1987), 34.4% for Kim Young Sam (1992), 32.5% for Kim Dae Jung (1997), 34.6% for Roh Moo-Hyun (2002) and 30.7% for Lee Myung Bak (2007).

4 The proportion of non-standard workers varies from 36% to 57% according to the different definition of non-standard workers. While Kim Yoo-Sun, a director of the private labour institute, argues that it was almost 57% in 2001, Ahn Ju-Youp and others, a group of researchers from the Korea Labour Institute, a government-sponsored institute, argue that it was around 37% in 2005. For more details, see Kim (2001) and Ahn (2005). The Tripartite Commission defined the concept of non-standard workers as including regular full-time workers, regular temporary workers and regular part-time workers. According to the definition of the Tripartite Commission, the rate of non-standard workers in 2008 was 35.9%, 5,703,000 employees out of 15,883,000 employees. See KLI (2008). Applying a different definition of non-standard workers, Kim (2008b) estimated that the rate of non-standard workers was 52.1%, 840,000 out of 16,104,000 in 2007.

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