

A Tale of Two Countries: the Studies and Debates on the Swedish Model in South Korea

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CONTENTS

1. Introduction
2. Brief History of the Studies and Debates on the Swedish Model in South Korea
3. The Political Impact of the Studies on the Swedish Model in Korea
4. What Should Be Done More?

1. Introduction

Sweden and South Korea are two countries far from each other. They are remote from each other not only geographically but also historically. They do not have many things in common. Sweden has long been a symbol of modern welfare state, well functioning democracy and egalitarian paradise without any serious social disorder.

Modernization of Sweden is one of the most successful stories where rapid industrialization marched together with peaceful and well-ordered political democratization.

The history of South Korea is on the opposite side. Modernization proceeded with colonization by Japanese imperialism. After the liberation from Japan in 1945, Korean nation was divided into North and South Korea in 1948. The Korean War(1950-1953) destroyed not only people and economy in both North and South but also the feeling of one nation between the two.

From early 1960s South Korea started rapid industrialization but under the violent military regime backed by the cold war between two Koreas. After having gone through the long and winding road to democracy, South Koreans at last could experience political democratization after 1987. In 1997, however, South Korea came to be caught in financial crisis and had to ask help from the IMF. After the painful restructuring under the guidance of the IMF, South Korea came out of the financial crisis. But the neoliberal restructuring of Korean economy since 1997 has created many severe socioeconomic problems: the polarization of economy and society in many aspects, fragile social integration and many kinds of social antagonism.

Sweden and South Korea are extreme cases of modernization standing on the opposite sides from each other. Even though they do not have many things in common, or rather just because they do not have many things in common, some Korean scholars have studied the Swedish Model and the Swedish social democracy. This paper tries to explain why the Swedish Model has been studied and debated with some passion in South Korea since early 1990s. And it describes particularly what aspects of the Swedish Model have been much studied and debated under what political and socioeconomic context of South Korea.

This paper takes an approach in the spirit of sociology of knowledge. Main research trends and political and socioeconomic backgrounds

behind them will be more focused on than the achievements of individual studies. And the studies and debates which had some social impacts and/or reflected well the political and socioeconomic situation of Korean society will be prioritized. In this sense, this paper is a tale of two countries: one country, Sweden, which has been studied as a 'provisional utopia'¹⁾ by scholars in a country quite remote from that and the other country, South Korea, whose political and socioeconomic situation made its scholars come to be much interested in Sweden.

In next section, I will summarize the history of the studies and debates on the Swedish Model and the Swedish social democracy in Korea explaining also the political and socioeconomic backgrounds. In third section, I will examine the political impact of the studies. In the last section, I will point out something that should be done to develop the studies in this field and thereby to contribute more to Korean society.

2. Brief History of the Studies and Debates on the Swedish Model in South Korea

Studying the Swedish Model in Korea is a recent phenomenon. Before 1990s, studies in this field were very rare and their intellectual and social impacts were negligible. Since early 1990s, however, the quantity of the studies rapidly increased and the quality was also much enhanced. Quite suddenly, Sweden became one of the most frequently mentioned countries in area studies. There were mainly two backgrounds for that: the collapse of the Soviet-East European

1) 'Provisional utopia' is a terminology coined by Ernst Wigforss(1881-1977), the most important ideologue of the Swedish social democracy. Provisional utopia is a concretely designed, feasible utopia which would function as a guiding light for social democratic movement. The contents of it can be revised by leaning by doing. Thus, it is a temporary, 'provisional' utopia.

communist bloc and the march of democratization in Korea.

From early 1960s till late 1980s, South Korea was governed by anti-communist authoritarian governments whose leaders were recruited from military elites. Anti-communism, especially anti-North Korea and pro-Americanism was main ideological pillar of South Korea. But anti-communism did not mean liberal democracy of Western style. Dictatorship and oppression of civic rights prevailed for long time in the name of anti-communism. University students have long been main driving force struggling for democracy. Till late 1970s, their ideological orientation was basically liberal democratic. The Kwangjoo incidence in 1980 where more than 200 citizens demonstrating for democracy were killed by soldiers, however, radically changed the political atmosphere of South Korea. Student movement was much radicalized after that. As main victims of the Kwangjoo massacre were poor and unskilled workers persistently fighting with soldiers, working class firstly came to be regarded as the main force for democratization. And the Marxian perspective of class struggle gradually came to be rooted in student movement. And as the Kwangjoo incidence occurred under the consent of the US government to dispatch soldiers to Kwangjoo city, anti-Americanism also firstly came to wave high. Some kind of mixture of socialism and nationalism became the leading ideology of student movement and labor movement all through 1980s.

But the sudden collapse of the Soviet-East European communist bloc in late 1980s and early 1990s came as a great shock to Korean radicals. They came to know that they had known almost nothing about 'the real socialism'. Some left-oriented scholars and social movement activists came to have interests in West European social democracy afterwards.

The other background is the successful democratization since 1987. Comparatively peaceful and well-ordered democratization weakened the voices of revolutionaries. And the 'reformism' which had long been regarded as something ridiculous and also unrealistic among radical groups gradually became the mainstream of social movements.

In this political terrain, social democracy came to engage much attention from left-oriented scholars and social movement activists. Especially the Swedish social democracy, not British, German or French one, strongly attracted the scholars, for it has long been regarded as the most successful and advanced case of West European social democracy. The foundation of the Scandinavian Society in Korea, the academic society specialized in Scandinavian studies, in 1999 reflected this academic atmosphere.

But there were not many scholars who could produce high quality researches at that time. Sweden was not a country familiar with Koreans. Especially there were so few scholars who could read Swedish. Thus, most studies were based on English literature and aimed at just describing some aspects of the Swedish Model and the Swedish social democracy for Korean readers.

The fact that the studies on the Swedish Model and the Swedish social democracy in Korea started as an academic response to the shocks caused by the dramatic changes in international and national political situations has deeply imprinted the research trends in this field. Sweden has not been studied as a small Nordic country with its own historical and cultural tradition. It has been studied rather as an ideal case of social democracy. Hence, the studies on the Swedish Model have not had the typical characteristics of normal 'area studies'. The studies have been done in the passionate search for ideal socioeconomic system. Thus while the studies on Swedish history, geography, language and culture, the typical subfields of area studies, were not developed in Korea, Swedish industrial relations and welfare state, the most pronounced features of the Swedish Model, were quite extensively studied.

The most popular topic has been Swedish industrial relations.²⁾

2) The representative scholars in this research field include Kwang-Yeong Shin, In-Choon Kim, Hun-Keun Lee, I-Hwan Jeong, Don-Moon Cho, Jae-Hung Ahn, Soo-Jin Kim, Su-Bum In, Ho-Keun Song and Jeong-Wan Shin.

Centralized collective bargaining system, the solidaristic wage policy³⁾, workers' participation in management and the wage earners' funds(WEF)⁴⁾ have been most frequently studied. Backgrounds of this research trend were as follows. First, Swedish industrial relations have been the backbone of the whole Swedish Model. Based on it, social corporatism and universal welfare state have been developed. Thus, understanding Swedish industrial relations has been regarded by Korean scholars as the best gateway to understanding Swedish socioeconomic system.

Second, Korean scholars hoped to contribute to the development of Korean labor movement by studying Swedish industrial relations. After the long history of repression under the authoritarian governments and despotic capitalists, Korean labor movement suddenly blossomed in the wave of democratization after 1987. But as most trade unions were organized on company level and as collective bargaining system was also established on company level, Korean labor movement was much fragmented. Moreover, as most powerful and successful trade unions were organized in large and much profitable companies, their success in enhancing working conditions deepened the segmentation of working class according to the size of companies. And trade unions in large companies did not pay much attention to the issues beyond company

3) The solidaristic wage policy is the wage policy pursued by LO(the Swedish Confederation of Trade Unions encompassing blue collar workers) from mid 1950s till late 1980s. The policy aimed at giving same wages to workers who do same works irrespective of the companies and industries where the workers belong.

4) The wage earners' funds proposal was presented and accepted at LO congress in 1976. The proposal intended gradual socialization of ownership of large private companies by introducing compulsory contributions from companies' profits to wage earners' funds owned and managed by trade unions. The wage earners' funds were actually established in 1983 by social democratic government. But the funds actually established were much different from the radical, original funds proposal. And the funds were dissolved by the bourgeois parties coalition government in 1991.

level. Their foremost interest lay in enhancing working conditions of their own members. And Korean industrial relations were highly antagonistic and the institutions concerning industrial relations were poorly arranged. Thus, scholars in this field wanted to change the badly working Korean industrial relations by showing how Swedish industrial relations, standing on the opposite side of Korean industrial relations, had functioned quite well for long time.

Swedish welfare state or social welfare system is another topic extensively studied in Korea.⁵⁾ Even though South Korea entered the OECD in 1996 and Korean economy is one of the most prospering ones in Asia, the development of social welfare system is much retarded. The so called 'growth first, distribution later' policy has long prevailed. Swedish welfare system has long been regarded as the best one in the world by most progressive Korean scholars. Thus even just describing Swedish welfare system has been regarded as a meaningful work with some progressive impact on Korean society. Thus many studies were produced describing the main characteristics of Swedish welfare state or describing the structure and working of individual social policies including elderly care, child care and public pension.

But the Swedish welfare system has changed quite much since 1990s. Especially, public pension system changed quite substantially, incorporating more market conformist ingredients. Korean social scientists tried to follow up the recent changes. What was controversial in this field was how to interpret the recent changes in Swedish welfare system, public pension reform for example. On the pension reform issue, Joo(2004) and Shin(2005) are representative works showing different views.

Social welfare has been one of the most attractive research themes for many social scientists since the outbreak of the financial crisis in

5) The representative scholars in this field include Sang-Hoon Ahn, Young-Soon Kim, Pil-Kyun Shin, Kwang-Chan Lee, Joo-Sook Kim, Seung-Hee Park and Eun-sun Joo.

1997. The Kim Dae-Joong government(1997-2002) increased social expenditure substantially for addressing the problems of high unemployment and increasing poverty due to the financial crisis. Especially the government newly introduced the National Basic Livelihood Security System, a grand public assistance program. Under the Roh Moo-Hyun government(2002-2007), social expenditure also increased a little. Especially much money was spent on social services programs which had long been very poorly developed. In this political situation, many social scientists participated research projects concerning social welfare, financed by government.

In the Roh Moo-Hyun government which has been labeled as a 'left government' by conservative mass media and right wing politicians, many kinds of progressive discussions flourished. Sometimes Dutch-style industrial relations and Swedish-style welfare state were mentioned as ideal ones by government officials. But the concrete outcome was negligible. Due to fierce attacks from the conservatives, antagonistic industrial relations, low popularity of the government and policy orientation without consistency, the final result was 'so many talks but so few actions.'

The most famous debate concerning the implication of the Swedish Model to Korea was the debate on Chaebols reform. Chaebols are large conglomerates of industrial and financial companies under the ownership and control by some families. Samsung group, Hyundai group and LG group are the most well-known Chaebols. Chaebols have been driving force of rapid industrialization and economic growth of South Korea. Former governments, especially the Park Jung-Hee government (1962-1979) provided numerous supports to Chaebols for enhancing economic growth through export promoting. As Chaebols' over-investment by over-borrowing and their governance structures without transparency and responsibility were regarded as main culprits of the financial crisis in 1997, the structural reform policies guided by the IMF contained Chaebols reform policies.

Chaebols reform policies included reducing debt-equity ratio, streamlining business activities, enhancing transparency of financial accounts of Chaebol groups and strengthening responsibilities of dominant owners, i.e., Chaebol families. Transforming Chaebol companies into American-style independent large companies was often regarded as the final goal of the reform policies.

Some economists including Ha-Joon Chang⁶⁾, Chan-Keun Lee and Seung-Il Jeong criticized the reform policies. To their eyes, Chaebols reform policies were blind policies weakening the fundamental structure of Korean economic system which has long supported rapid economic growth. They even thought that behind the reform policies there lay the IMF's and US government's intention to weaken competitiveness of Korean large companies in world market.

To their eyes, what is needed is a social compromise between the controlling owners of Chaebols, i.e., Chaebol families, government and labor movement. Political and economic barterers are needed. Government should secure ownership and controlling power of Chaebol families and curb the ownership and influence of foreign investors. Then Chaebols should devote themselves to more investment and more and better employment. So dismantling Chaebol system is nothing desirable.⁷⁾

In their arguments, corporate governance of large Swedish companies, especially companies under Wallenberg family, was mentioned as the best example where the ownership structure and governance system similar to that of Korean Chaebols has produced good performance, not only in economic growth but also in creating good jobs, keeping peaceful industrial relations and financing world best welfare state. They argued that Swedish social democrats and trade unions accepted the concentrated ownership and governance structure of Swedish large

6) Ha-Joon Chang is a Korean economist who works as professor at Cambridge University. He is a world famous economist who has strongly criticized neoliberal economic policies.

7) See Chang(2004), Lee(2004), Chang & Jeong(2005).

companies and made political barter with dominant owners of large companies, especially Wallenberg family, in Saltsjöbaden agreement. And the core of the agreement was asking the owners to commit themselves to invest much and thereby create good jobs and to accept high tax rate as an exchange for being allowed to keep the existing ownership and governance structure. And it was a win-win game for both of the owners and working class, which should be imitated by Koreans, they argued.

Shin(2004b) criticized these arguments. First, he pointed out that their arguments were based on incorrect knowledge of the history of Swedish industrial relations, especially the contents of Saltsjöbaden agreement⁸⁾, and of Swedish social democrats' approach on the ownership issues. Second, he emphasized the different political contexts between two countries at different times. According to him, the compromise between Chaebol families and government and labor movement proposed by the economists would just result in increasing Chaebols' power without benefits for workers and Korean economy, considering Korean political and economic situation. And Chang(2006) described the history of Wallenberg family, emphasizing the differences between Wallenberg group and Korean Chaebols.

Studies on Swedish social democratic ideology have been rare in Korea, even though it is a very important research theme. In early 1990s when the great shock caused by the collapse of communist block still remained, some English books in this field were translated into Korean and there were some ideological debates on social democracy. But original studies have been rarely produced mainly due to language barrier, I think. Ahn(1993) is notable work in this field. It explains "the processes in which Swedish social democrats and the working

8) Saltsjöbaden agreement is an agreement between LO and SAF(The Swedish Confederation of Employers) made in 1938. The agreement was about making procedure for solving conflicts between trade unions and employers. It did not contain anything about ownership issues.

class together constructed the social consensus on the democratic transition to welfare society”, in the early stage of Swedish social democratic movement(Ahn, 1993: 60).

It has been a hot issue whether social democracy is an appropriate ideology for Korean progressive political and social movements. Among scholars, members of The Korean Social Democracy Research Group actively participated in the debate. The group was organized in 2001 and actively propagated social democracy. And some of the leaders of the group even participated in organizing political party, Democratic Socialist Party in 2002, which was transformed into Green Social Democratic Party just before the general election of 2004. But the general election was total failure to the party, and the party was soon dissolved.

Among the specialists in the Swedish Model, Jeong-Wan Shin participated in the ideological debate. In Shin((2004a), he suggested some points Korean social democrats can learn from the experiences of Swedish social democratic movement. And in Shin (2006), he argued that social democracy would be the most appropriate ideology for Korean leftists. Recently, Hong(2011) tried to give a whole picture of the life and thought of Ernst Wigforss(1881-1977), the most prominent ideologue in the history of Swedish social democracy, emphasizing that the Swedish social democracy is not just a hybrid and eclectic ideology between liberalism and Marxism, but very original and the most productive ideology among all kinds of modern political ideology.

3. The Political Impact of the Studies on the Swedish Model in Korea

The political impact of the studies on the Swedish Model is not negligible. Especially, the political discourse of ‘the universal welfare state’ has been quite influential. The discourse was developed and

dispersed by the NGO think-tank, Welfare State Society, established in 2007. It has actively worked in study and publication, education and political campaign. The members of Welfare State Society have largely social democratic ideology, and especially they prefer the Nordic social democratic model. And they regard 'the welfare state revolution' as the most important political task to be pursued in Korea.

Even though there are not many specialists in the Swedish Model in that group, the members have been much inspired by the achievements of the Swedish Model. They stress that not the residual welfare state focusing on giving welfare provisions only to poor people, but the universal welfare state encompassing all the citizens is the ideal welfare state towards which the Korean welfare state should develop. They have tried to design not only the alternative welfare state model, but also the alternative economic development model including alternative social policies, labor market policies, industrial policies and macroeconomic policies.

Recently, in Korean politics the development of welfare state and economic democratization became the most important political agenda. The polarization of economy and society, and the increase of poor people since 1997 may be the most important background for that. But the intensive political campaign for the universal welfare state initiated by Welfare State Society is also an important factor.

4. What Should Be Done More?

Even though Koreans started to study the Swedish Model and the Swedish social democracy quite recently, we could witness rapid development of the studies in this field both quantitatively and qualitatively. Political and socioeconomic situations encouraged the studies. The collapse of the Soviet-East European communist bloc in late 1980s and early 1990s, democratization of South Korea after 1987

and the financial crisis in 1997 were the most important background events.

Nowadays there is a broad consensus among Korean progressive scholars and social movement activists that social democracy is the most appropriate ideology for Korean progressive political and social movement and that the Swedish Model or the Nordic Model is the best socioeconomic system in the world. Recent global financial crisis stemming from US strengthened this belief, for the Scandinavian countries including Sweden have comparatively easily overcome the crisis, while US and UK, the leaders of neoliberal economic policies are still caught in serious troubles.

But the studies and debates on the Swedish Model could not yet make much meaningful concrete results in progressive policies. There are many reasons. First, as the Korean politics has been dominated by conservative political parties, the room for social democratic reforms is still much limited. Second, the small left parties in Korea have been largely dominated by left nationalists who are more interested in nationalism issues rather than socioeconomic issues. Third, as Korean trade unions are mainly organized on company level, they have not paid much attention to the socioeconomic reform issues beyond company level. Shortly saying, there is not yet any powerful agent to drive social democratic reforms.

What must be mentioned here is that the studies on the Swedish Model in Korea are not yet so much developed that they can wield strong intellectual and social influence. Language barrier is one important factor. Researchers using Swedish literature are still very rare. Most of the studies have relied upon English literature.

And most of the studies just described some aspects of the Swedish Model, not suggesting how to implant some constituents of the Model into Korean political and socioeconomic terrain. Just directly 'implanting' policies and institutions developed in one society into another society with much different social environment is impossible. If possible, it

would not usually produce good results. Thus, 'implanting' in this context means creative modifying.

For doing that, it is needed not only deep knowledge of the Swedish Model and Swedish history but also that of Korean society. Moreover, some strategic considerations are also needed. Scholars in this field must find out research themes which would have important implications to Korean society and thereby would attract public attentions. Thus, the studies of the Swedish Model must develop themselves into tales of two countries, Sweden and Korea, not just tales of one country, Sweden.

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〈Abstract〉

A Tale of Two Countries: the Studies and Debates on the Swedish Model in South Korea

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Since 1990s, the studies on the Swedish Model and the Swedish social democracy have substantially developed both in quantity and quality in South Korea. There are some important historical backgrounds for that. First, the collapse of the Soviet-East European communist bloc gave great shock to Korean radicals. They came to be more interested in the West European social democracy, especially the Swedish one afterwards. Second, the political democratization in South Korea since 1987 made social democratic 'reformism' more reliable and realizable. Third, the Asian financial crisis in 1997 brought about many economic and social problems including the polarization of economy and society, and the increase of poor people. Many researchers and social movement activists came to be more interested in the socioeconomic inequality issues.

Swedish industrial relations and social policies or welfare state have been most popular research topics reflecting the states of Korean society. And the debate on Chaebols reform and 'the universal welfare state' discourse have been representative debate and discourse, inspired by the Swedish Model, which have made some political impacts on

Korean society.

For Korean researchers in this field to wield more influence on the issues of Korean society, they have to improve their knowledge not only of Swedish society, but also of Korean society. Thus, the studies on the Swedish Model must develop themselves into tales of two countries, Sweden and Korea, not just tales of one country, Sweden.

Key words: The Swedish Model, the Swedish Social Democracy, Welfare State, Debate on Chaebols Reform

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