

Globalization and labour movement on South Korea in 1990s

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논문 요약

이 논문의 목적은 세계화가 1990년대 한국의 노동운동에 어떤 영향을 미쳤는지 살펴보는 것이다. 한국은 새로운 산업 국가에서 가장 눈에 띄는 노동 운동을 경험한 국가로 간주되었다. 한국 정부가 추진하는 산업이 급속히 발전함에 따라 한국의 노동력은 1960년대에서 1980년대 사이에 엄청나게 증가했다. 이에 따라 3년간 한국의 노동운동은 정부의 강한 압박에도 불구하고 성장했고, 1987년 대투쟁으로 상당한 발전을 이루었으며, 1989년에 정점을 찍었다. 그러나 정부가 지원하는 시장의 공격적인 이데올로기, 새로운 경영을 포함한 경제 구조조정, 1990년대 아시아 금융위기로 인해 세계화 현상이 나타났다. 본 연구는 이러한 세계화의 대내외 영향이 노동법 개정과 한국의 노동 유연성 확대에 노동운동을 어떻게 약화되었는지 설명할 것이다.

주제어 : 아시아 금융 위기, 세계화, 노동 운동, 노동 유연성, 한국.

I. Introduction

Globalization has fragmented the labour movement in earlier industrial countries such as the United States and Western Europe during the last two decades. According to much research, strike activity has been declining (Screpanti 1987; Shalev 1992), union densities have been falling (Western 1995; Griffin McCammon and Botsko 1990), and job security and real wages have been unstable (Bluestone and Harrison, 1982; Uchitelle and Kleinfeld 1996). Jamie Peck (1996, 233) points out, ‘places to live seem increasingly to be reduced to spaces in which to earn, or strive to earn a wage’, he also argues that labour’s bargaining power has been continually eroded by global competition, neo liberalism and structural adjustment programmes.

On the other hand, it has been argued that labour is only seen as a passive victim while capital is seen as the main actor in most literatures about globalization (Munck 2000). According to Andrew Herod (1998, 40), ‘workers and unions have been actively involved in shaping the processes of globalization both by modifying the impacts of capital’s activities and by shaping internationally the very possibilities for these activities.’ In fact, since the mid-1990s there have been general strikes in many parts of Europe, Latin America, Canada, South Africa and, most crucially, South Korea (Munck 2000).

However, it is certainly true that globalization has significantly undermined the labour movement in South Korea since the 1990s. The Korean labour movement seemed to have an opportunity to improve workers’ condition through the Great

Struggle in 1987 (Koo 2001). Nevertheless, the impact of the great worker struggle and external economic benefit did not exist for long. The Korean labour movement faced a new risk with the emergence of globalization in the 1990s. South Korea gradually lost competitiveness in world export markets due to the growth of new industrial countries such as China, India and Brazil in the 1990s. Accordingly, the capitalists in South Korea pursued diverse strategies to enhance labour-market flexibility and to limit labour power on the shop floor. Moreover, because of international competitiveness, Kim, Yongsam and Kim, Daejung administrations supported capitalists in depressing the labour movement by a change in labour law and ideological attack. The Asian financial crisis in 1997, one of sever disasters caused by globalization, increasingly deteriorated the labour movement in South Korea.

Therefore, this paper puts forward the argument that the labour movement in South Korea in the 1990s diminished due to an increase of labour flexibility and the rearrangement of industry by globalization. The paper is organized in the following order. First of all, it approaches the relationship between globalization and the labour movement. This section shows examples of western industrialized countries such as the United States (US) and some western European countries, as well as theoretical debate. Secondly, it demonstrates the growth of the labour movement in South Korea between the 1960s and 1980s. The section focuses on the role of state and industrial culture in the labour movement in South Korea as a developmental state in the period. Thirdly, it looks at the impacts of globalization such as offensive ideology and financial crisis in South Korea.

Fourthly, it demonstrates the undermining of the labour movement and its main reasons for this, including the increase of irregular labour in the 1990s. Lastly, the paper ends by summarizing the main arguments.

II. Literature Review: Globalization and Labour Movement

There have been diverse discourses on globalization during the last decades. Hyper-globalists, who consider the globalization to be a new phenomenon, argue that globalization will completely change the world economy. The world economy is more open and more integrated now than prior to the First World War. On the other hand, sceptical globalists, opposite to hyper globalists, claim that in many ways it is less globalized than 100 years ago (Glyn and Sutcliffe 1992, 91). The world economy is still international rather than globalized, and the state remains a highly crucial factor. Despite both arguments, there are alternative perspectives about globalization. Globalizing processes are not controversial and depend on places in the same way and at the same rate; they are fundamentally uneven in many places, both in their functions and in their results (Lairson and Skidmore 2003, 131).

Despite the many ways of explaining globalization, for labour movement, globalization could be a moderately uncomplicated phenomenon to explain (Muck 2000). The International Congress of Free Trade Unions (ICFTU) (1997, 4), as the major transnational representative of labour, regards globalization as ‘ the biggest challenge of the free trade union movement in its long struggle on behalf of working women and men around the

world.’ The ICFTU suggests certain factors of globalization as the primary causes. One of the factors is that neo-liberal economic policies, including structural adjustment programmes and privatisation, financial deregulation, have undermined the labour position. Another factor is the growing mobility of the transnational corporation with the strength of the capital movement.

However, it is important to note that globalization does not only hold out bleak prospects’ incident for labour. James Agnew and Stuart Corbridge (1995, 219) point out, ‘globalization is not only a synonym of disempowerment: it creates certain conditions for democratisation, decentralization and empowerment as well as for centralization and standardization. Globalization opens as many doors as it shuts’. In particular, as Marxists conceive of capitalism as ‘a unified and totalising entity,’ globalization may be seen as a ‘deeper international integration’ which is to remove boundaries of whole nations and regions on the economic map (World Bank 1995, 188). Therefore, globalization can be seen as not just damaging, but also as an opportunity for groups of workers with the capacity to respond.

Despite the optimistic perspective of globalization, it is possibly true that the labour movement has faced a huge challenge due to economic globalization over two decades. Castells (1997, 354) puts forward the argument that labour has been undermined by internationalization of finance and production. Furthermore, labour also does not have the capability of adapting the ‘networking of firms and individualization of work’, and faces the risk of ‘de-gendering of employment’. Accordingly, the labour movement disappears as a main source of social solidity and workers’

representation (Castells 1997, 354). In fact, labour movements in the earlier industrialized countries, such as the US and Western European states, have diminished because of economic globalization. As for the labour movement in the countries, the increases of job insecurity by growth of the mobility of firms and the growth of labour flexibility have been the major cause of weakness (Castells 1997, 354).

There have been diverse perspectives to explain the weakness of the labour movement. First of all, the weakening of state sovereignty that guaranteed state welfare policies led to a weakening of the bargaining power in the labour movement (Silver 2003, 14). Labour association power has been involved with the state legal frameworks that protected labour's right to organize trade unions and, maintained the obligation of employers to bargain collectively with trade unions (Silver 2003, 14). Nevertheless, the state welfare policies could only be applied in earlier industrial cases, such as the US and Western Europe. In South Korea, it can be said that the role of the state in protecting labour seems to have been strengthened through the labour movement in the 1990s.

Secondly, as Frances Piven and Richard Cloward (2000, 413-414) point out, the "idea of power" itself has become a crucial element of the labour movement. The belief is that labour does have certain power and its power is effective in transforming conditions of work and life for the better. Globalization has created a discursive environment that has significantly weakened belief in labour. Moreover, globalization brought a new perspective, namely, that there is no alternative that has had a dominant demobilizing effect on the labour

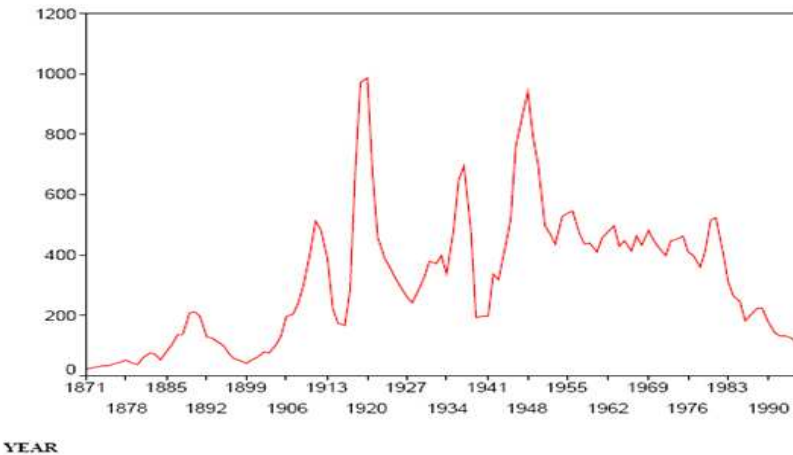
movement (Silver 2003, 14). It is possibly true that the discursive environment has undermined the labour movement in South Korea. However, in the particular situation, the division of the state, the impact of the discursive should be considered with another discursive such as anti-communism exploring the labour movement of South Korea.

Thirdly, the post-Fordism transformations in the organization of production have intensified labour-market flexibility. In the 19th and early 20th century, there were few full-time workers. The capital pursued the externalization of labour, such as craft control, inside contracting, and sub-contracting, to maximize benefits from wages before the pre-Fordism period (Pfeffer and Baron 1988). Since World War Two (WWII) the corporations in the earlier industrial states, with stable economic environments, sought internal employment and bureaucratic labour control for mass production, which facilitated the full-time worker system (Pfeffer and Baron 1988). Accordingly, workers could organize further and stronger trade unions that had bargaining power. Which brought about the growth of the labour movement. At the same time, the labour movement fulfilled the bargaining political power and welfare system in 'the embedded liberalism' environment (Ruggie 1982). In other words, "Fordism had tended to dramatically increase workplace bargaining power by increasing the vulnerability of capital to workers direct action at the point of production (Silver 2003, 14)."

However, economic globalization, including the growth of capital mobility and transnational corporations, has accelerated the speed of change in production. As a result, corporations have created and extended the post-Fordism, 'just-in-time', as a new

strategy to compete in the global market. The post-Fordism was needed to enhance flexibility of production in order to correspond to the rapid change in the market (Cappeli 1999). For an increase of the flexibility of production, corporations have considered labour-market flexibility as the best way. Thus, corporations have sought to increase the number of part-time workers and decrease full-time workers in order to save the cost of welfare on regulation of worker (Polivka and Nardone 1989).

Figure 1. Labour unrest in metropolitan countries, 1870-1996 (Mentions of labour unrest, 3 year moving average)



Source: (Beverly J. Silver 2003, 127)

If we see figure 1, labour unrest in metropolitan countries, including the US and Western Europe, declined since the 1980s. In other words, the major reason for the increase of irregular workers should be explained by the new economic trend, the externalisation of work (Pfeffer and Baron 1988). Consequently, labour movements have been eroded by post-Fordism transformations in the organization of production (Silver 2003,

15). Although the timing in adapting post-Fordism has depended on the degree of industrialization in each state, the impact of post-Fordism transformation on labour movements has shown a similarity.

The effects of globalization on the labour movement in the literature mostly focus on earlier industrialized countries. Therefore, it is not difficult to discover that globalization has negatively influenced labour movement in the countries. However, as James Agnew and Stuart Corbridge (1995, 219) claim, globalization may have different effects and characters in each area. For example, the labour movement in new emerging industrial states, such as china, has just begun to grow because of the rapid economic development for the last two decades. So this paper attempts to show the case of South Korea that is one of the new industrialized and developmental states. To explore it, the paper demonstrates several particularities of the labour movement before the 1990s in which economic globalization occurred.

It is necessary to look at the character of the labour movement in South Korea during the process of industrialization before exploring the impact of globalization on South Korea in the 1990s. In this section, the paper demonstrates the effect of the state and socio-culture on the labour movement in South Korea before the 1990s.

III. Labour Movement in South Korea before the 1990s

The division caused by the Korean War between 1950 and 1953 has been a dominant element for former authoritarian regimes to depress the labour movement in South Korea during the last 50 years (Choi 1997, 410). The US military and the Lee administration, the first administration after the Korean War, strongly sought to eliminate the left labour movement after the Korean War. As the left labour movement was the major group of the communist movement after independence from Japan in 1945, despite a significant struggle for the independence of Korea, the left labour movement was removed by the Lee regime- supported by the US military- the largest capitalist states at the time. President Lee lacked political legitimacy with which to compare nationalist and communist political leaders after the independence. Thus, he relied on an anti-communist ideology that could gain political support from the US, and the Korean War was a great opportunity to eliminate political rival leaders and groups.

To eliminate rivals and the labour movement, he generated the National Security Law (Gukga Boanbeb). The National Security Law became the primary element to depress the labour movement, and still affects the labour movement as well as the unification movement. In other words, the Lee administration, based on US military support, utilized an anti-communist ideology as the primary political weapon to wipe out the left group including the labour movement, with the Korean War and the division of the state.

In the following democratic government by the demonstration of the Korean people, Park, Junghee administration, which was the first millenarian regime by codetta, drove forward rapid economic development, and adapted the anti-communist role as the most important of the state. South Korea in the period of the Park administration until 1979 achieved considerable economic growth. This was the outcome of the US economic support, growing world economic trend and, most importantly, educated low-waged labour. Park administration, with industry growth policies including the low price of agricultural production, could move huge population from rural areas to industrial areas. The enormous population moving from rural areas to urban areas could be provided as surplus labour, and as a result, the corporations could maintain low wage. As many industries had grown rapidly, the amount of labour had enormously increased. However, the aggressive anti-communist ideology offered to the Park administration a strong dominance against the labour movement in spite of the great growth of labour (Choi 1997).

The Park administration created the Federation of Korea Trade Unions (FKTU) in order to prevent political explosion of labour and to observe labour class as pro-state groups. Representatives elected by the Park administration organized trade unions in each large corporation and intended to restrict trade unions on economic welfare (Choi 1997, 45). Thus, the origin of trade unions in South Korea was the corporation trade union, which sought to cooperate with state and companies. The top-down way to establish trade unions in South Korea was completely opposite to the bottom-up way in earlier industrial society (Choi 1997, 45-49).

Export-led labour-incentive large companies preferred women to men labour due to obedience to the employer and due to lower wages (Choi 1997, 76). In the 1970s, women labours' wage account for 44.6 percent of man labours', and most women labours from rural areas had to support their family despite low wages. Therefore, they had to put up with poor conditions that included over 10 hours work per day and ignorance of their basic rights. Moreover the employment, based on individual relationship with employer, generated a dependent position on the employer (Choi 1997, 76). Furthermore Confucianism, which mainly emphasizes the authority of men in family and society, influenced the relationship between women labour and their employer in factories. For these economic and socio-cultural reasons, despite 46 percent of labours, women were unable to participate as major actors in the labour movement (Choi 1997, 84). The corporation trade union and the weakness of women position in the labour movement have been a primary dilemma until now.

The Great Struggle in 1987 year provided the labour movement with the temporary removal of authoritarian control in industrial areas (Koo 2001, 189). Korean labour was released from the state for the first time because of huge general strikes that took place during the exclusive period from 1987 to 1988. For instance, the number of labour unions has increased from 2,534 in 1985 to 6,142 in 1988 and 7,527 in 1992. The number of worker's strikes has also risen, from 276 in 1986 to 3, 749 in 1987, 1,873 in 1988, and 1,616 in 1989 (see table 1). The historical movement in 1987 brought about the following outcomes. Politically, the authoritarian system of labour control gradually declined as an important factor and, economically, with

‘three lows; low interest rates, low oil prices, and low dollar-yen and won-yen exchange rates’ economic condition, Korean workers’ wage increased over 20 percent in many large factories between 1987 and 1989 (Koo 2001, 189).

Table 1. Labour disputes in South Korea

| Year | Number of Strikes ^a | Workers Involved in Strikes (1000 Persons) | Workdays Lost Due to Strikes (1000 Days) | Reason for Strikes: Unpaid Wages (Number) | Reason for Strikes: Wage Increase (Number) | Reason for Strikes: Employment and Working Conditions (Number) |
|------|--------------------------------|--|--|---|--|--|
| 1986 | 276 | 46 | 72 | 48 | 75 | 153 |
| 1987 | 3749 | 1262 | 6946 | 45 | 2613 | 1102 |
| 1988 | 1873 | 293 | 5400 | 59 | 946 | 868 |
| 1989 | 1616 | 409 | 6351 | 59 | 742 | 815 |
| 1990 | 332 | 133 | 4487 | 10 | 167 | 145 |
| 1991 | 234 | 175 | 3271 | 5 | 132 | 97 |
| 1992 | 235 | 105 | 1527 | 27 | 134 | 74 |
| 1993 | 144 | 108 | 1308 | 11 | 66 | 67 |
| 1994 | 121 | 104 | 1484 | 6 | 51 | 64 |
| 1995 | 88 | 49 | 392 | 0 | 33 | 55 |
| 1996 | 85 | 79 | 892 | 1 | 19 | 65 |
| 1997 | 78 | 43 | 444 | 3 | 18 | 57 |
| 1998 | 129 | 146 | 1452 | 23 | 28 | 78 |
| 1999 | 198 | 92 | 1366 | 22 | 40 | 136 |
| 2000 | 250 | 177 | 1893 | 7 | 47 | 196 |

Source: (Kim, D. and Kim, S. 2003).

Before the 1990s, the labour movement had appeared to be under strong pressure from the state rather than the capital in South Korea. However, the growth of domestic capital and the deeper integration into the global economy seemed to replace the dominance of the state over the labour movement. In this section, the effects of globalization on the labour movement in South Korea will be dealt with.

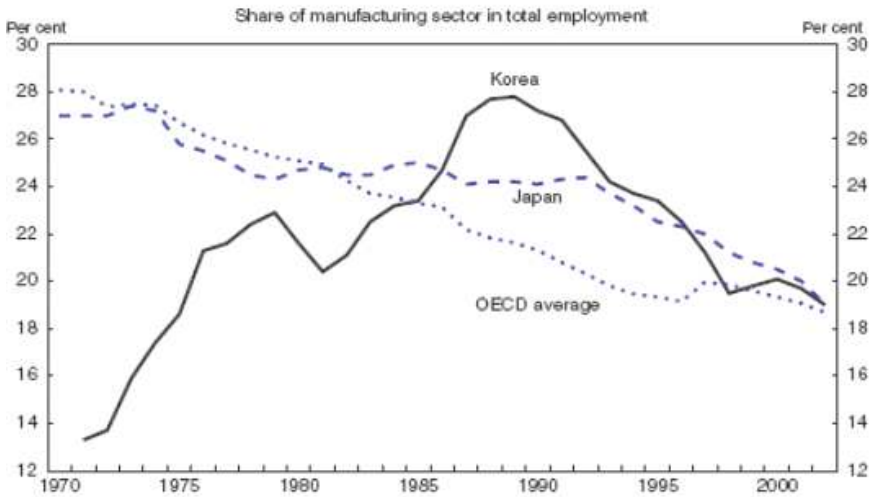
IV. The Effect of Globalization on Labour Movement in South Korea

Economic globalization caused a decline in international competitiveness in the South Korean industrial structure. The South Korean economy greatly relied on export labour- an incentive industry, based on low wages and a relatively low exchange rate before the 1990s (Koo 2001, 216). The rapid economic development from the 1960s to the 1980s caused an increase in wages, and there was the emergence of new competitor states able to supply cheap labour, such as China, Vietnam, and India in the 1990s.

Figure 2 illustrates the dramatic decline in the numbers of the manufacturing sector in total employment since the 1990s. According to the Organization for Economic Cooperation and Development (OECD) report (2004, 42), “much of the concern about de-industrialization is connected to competition from China. For example, in the survey cited above, four-fifths of the companies planning to move production abroad had chosen China as the destination.” For these reasons, the South Korean economy was unable to maintain benefits from the ‘three lows’ trend of the 1980s (Kim and Moon 2000, 59). Moreover, the increase of capital mobility accelerated the transformation of productions from South Korea to new competitor states as mentioned above. Consequently, large corporations and states in South Korea sought to restore domination over the labour movement in order to restrain the growing union power and rising wages (Koo 2001). In addition, the decline of jobs in the

manufacturing sector may increase job insecurity.

Figure 2. De-industrialization in South Korea



Source: (OECD Report 2004, 42)

Since 1989 corporations have implemented the adaptation of new strategies from western states and Japan. Owners of conglomerates organized Korean Association of Industrial Organizations (KAIO; Kyondanhyo), and KAIO's first major policy was to bring about "no work, no pay" rule in December, 1989. The rule decreased unions' financial support, and put a constraint on general strikes (Koo 2001). Although labour unions resisted the rule, with strong state pressure the policy was gradually applied from the early 1990s. At the same time, corporations attempted to adapt other new strategies, such as a change from labour-intensive industries to labour saving factory automation and alternative measures, including an hourly wage system, flexible working hours, and the hiring of substitute workers

during labour disputes (Kim and Moon 2000).

The state sought to utilize globalization as a new ideology to enhance labour-market flexibility for international competitiveness in the 1990s (Kim and Moon 2000, 61). The Kim, YoungSam administration (February 1993-February 1998), the first non-military presidency for thirty years, emphasized the necessity of globalization to achieve a first -class country.¹⁾ Globalization (Segyehwa) discourse was operated as a major ideology to make new labour laws increase labour market flexibility in South Korea in the 1990s. The Kim, DaeJung administration continued to emphasize international competitiveness with globalization, and regarded globalization- including the necessity for a new information industry and neo-liberal policies, - as a fact²⁾ (Kim 2000, 3). One of the core arguments in the earlier literature in

1) "Fellow citizen: Globalization is shortcut which will lead us to building a first-class country in the 21st century. This is why I revealed my plan for globalization and the government has concentrated all of its energy I forging ahead with it. It is aimed at realizing globalization in all sectors-politics, foreign affairs, economy, society, education, culture and sports. To this end, it is necessary to enhance our viewpoints, way of thinking, system and practices to the world class level... we have no choice other than this." President Kim, YoungSam, 6, Jan 1995 (Kim 2000, 1).

2) The World is now advancing from industrial societies where tangible natural resources where the primary factors of economic development into knowledge and information societies where intangible knowledge and information will be the driving power for economic development. The information revolution is transforming the age of many national economies into an age of one world economy, turning the world into a global village... diplomacy in the 21st century will centre around the economy and culture. We must keep expanding trade, investment, tourism and cultural exchanges in order to make our way in the age of boundless competition which will take place against a backdrop of cooperation. President Kim, DaeJung's inaugural speech, 25 February 1998 (Kim 2000, 1).

discussions about globalization and labour is that transformation in the discursive environment has generated the crisis of labour movements rather than transformation in the structural conditions (Silver 2003, 15-16). It argues that globalization in South Korea provided the discursive environment that could be a crucial ideology for capital and state to control the labour movement in the 1990s.

With the globalization campaign, state generated a new labour law that strengthened labour market flexibility and weakened bargaining power of trade unions. The new labour laws contained corporations' new strategies that had arisen from 1989. The primary changes were "(1) the right to substitute workers during labour disputes; (2) an end to payment of wages to full-time union officers starting in the year 2002; (3) endorsement of the 'no work, no pay' provision; and (4) adoption of flexible layoffs and adjustments of working hours(Kim and Moon, 2000, 60)." The ruling party without the participation of opposition party members secretly passed the new labour laws in the early morning of 26 December. The legalization of the new labour laws in the Kim, YoungSam administration immediately faced strong opposition of labour after being passed. However, the financial crisis provided the state with an opportunity to force through the legalization.

The primary origin of the Asian financial crisis is due to "the premature and incoherent globalization strategy" of the Kim, YoungSam Administration (Kim and Moon 2000, 61). There are alternative perspectives to analysis of the financial crisis in South Korea.

Table 2. Economic Indicators and Labour statistics in South Korea

| Year | Growth Rates of GDP (Percent) ^a | Employed Labor Force (1000 Persons) ^b | Union Members (1000 Persons) ^c | Union Membership Ratio (Percent) ^d | Changes in Nominal Wage (Percent) ^e | Changes in Real Wage (Percent) ^f |
|------|--|--|---|---|--|---|
| 1986 | 11.0 | 8,433 | 1,036 | 12.3 | 8.2 | 5.3 |
| 1987 | 11.0 | 9,190 | 1,267 | 13.8 | 10.1 | 6.8 |
| 1988 | 10.5 | 9,610 | 1,707 | 17.8 | 15.5 | 7.8 |
| 1989 | 6.1 | 10,390 | 1,932 | 18.6 | 21.1 | 14.5 |
| 1990 | 9.0 | 10,950 | 1,887 | 17.2 | 18.8 | 9.5 |
| 1991 | 9.2 | 11,405 | 1,803 | 15.8 | 17.5 | 7.5 |
| 1992 | 5.4 | 11,619 | 1,735 | 14.9 | 15.2 | 8.4 |
| 1993 | 5.5 | 11,793 | 1,667 | 14.1 | 12.2 | 7.0 |
| 1994 | 8.3 | 12,326 | 1,659 | 13.5 | 12.7 | 6.1 |
| 1995 | 8.9 | 14,583 | 1,615 | 12.6 | 11.2 | 6.4 |
| 1996 | 6.8 | 12,783 | 1,599 | 12.2 | 11.9 | 6.7 |
| 1997 | 5.0 | 13,226 | 1,484 | 11.2 | 7.0 | 2.4 |
| 1998 | -6.7 | 12,190 | 1,402 | 11.5 | -2.5 | -9.3 |
| 1999 | 10.7 | 12,522 | 1,481 | 11.8 | 12.1 | 11.1 |

Source: (Kim, D. and Kim, S. 2003).

Domestic factors have mainly regarded the relationship between conglomerates (Chaebol) and politicians as immoral, and one that weakens the financial sector with mounting non-performing loans. External factors have been considered as contagion impacts of the foreign exchange crisis, the unexpected capital movement with beginning of Japanese commercial banks in panic (King, 2001, Kim and Moon 2000). However, more important was the Kim, YoungSam administration's adapting of globalization without corresponding institutional and policy reform. When the Kim, YoungSam government joined the OECD in 1996, the OECD pressured the Korean government to lift its financial market regulations. Thus, the financial crisis disarmed all financial regularization of Korea (Kwon 2004, 77).

Despite the fact that state and capital destroyed South Korean economy due to the unsophisticated acceptance of financial liberalization, labour endured the most devastating results of the

financial crisis in 1997. According to Chang, Dae-oup and Chae, Jun-Ho (2004, 428), the financial crisis during 1998 caused the bankruptcy of 22,828 corporations, most of which were small and medium size. Consequently, production in manufacturing had a 7.2 percent decline, and overall GDP growth showed a 5.8 percent decrease in 1998. This directly affected labour. About a million labourers lost their occupations during the first half of 1998; the unemployment rate increased from 2.8 percent in 1997 to about 8 percent in 1998, and the real wage also decreased more than 9 percent during 1998. (Chang and Chae 2004, 428) The dramatic fall of the real wage and the noticeable increase of the unemployment rate connected to job insecurity has undermined the labour movement.

Table 3. Changes in the Labour-Relations Law, by Manor Issues

| Clause | Old labour laws | Revised Laws (10 March 1997) | New labour laws |
|----------------------------|-----------------------------------|--|---|
| Multiple unions | Prohibition | Allows multiple unions immediately at the industry and national levels and from the year 2002 at the workplace level | No change |
| Third-party intervention | Prohibition | Ban lifted, but third-party intervention confined to federations, and organizations registered with the Labour Ministry jointly by labour and management | No change |
| Unions' political activity | Prohibition | Ban lifted, but restrictions by election laws existed | Practically restrictions (Election laws revised on 20 April 1998) |
| Flexible Lay offs | No clause; handled by court cases | Permitted only under corporate emergency; enforcement delayed for two years | Allowed not only under corporate emergency but also in the cases of merger and acquisition, hand over, and restructuring. |
| Hiring | Prohibition | Allows employers to fill job slots | Allows hiring substitute |

| | | | |
|--------------------------------------|-----------|--|---|
| substitute workers during disputes | | vacated by striking workers with other non-striking workers in the same company but prohibits new subcontractors | workers for professional positions for up to two years, for manual positions for up to six months |
| “No work, no pay” | No clause | Employers have no obligation to compensate the wage losses incurred by strikes | No change |
| Payment for full-time union officers | No clause | Bans companies from paying wages to full-time union leaders starting in 2002 | No change |

Source: This is adapted from Kim (1997).

The structural adjustment caused by the International Monetary Fund (IMF) transformed the South Korean economy into a neo-liberal economy. As the Kim, YoungSam administration required \$58 billion in bail-out funds on 2 December 1997, the Korean administration had to apply for structural adjustment, including neo-liberal policies.

“(1) The strong macroeconomic framework designed to continue the orderly adjustment in the external current account and contain inflationary pressure, involving a tighter monetary stance and substantial fiscal adjustment; (2) a comprehensive strategy to restructure and recapitalize the financial sector, and make it more transparent, market-oriented, better supervised and free from political interference in business decisions; (3) measures to improve corporate governance; (4) accelerated liberalization of capital account transactions; (5) further trade liberalization; and (6) improve the transparency and timely reporting of economic data (IMF 1997).” The IMF predetermined that “the capacity of the new employment insurance system will be strengthened to facilitate the redeployment of labour, in

parallel with further steps to improve labour-market flexibility (IMF 1997).”

The IMF predetermined that “the capacity of the new employment insurance system will be strengthened to facilitate the redeployment of labour, in parallel with further steps to improve labour-market flexibility.” (IMF 1997).

The financial crisis, with the IMF structural adjustment, provided the state, the Kim, DaeJung administration, with an opportunity to intensify new labour laws that had been instigated since 1989. Labour trade unions could not refuse accommodation with state and corporations because of public opinion that emphasized the recovery of state economy first. Therefore, as table 1 illustrates, the National Assembly amended the existing labour laws on 13 February 1998. The changes in the labour-relations law had two implications. Firstly, the allowance in multiple unions, third-party intervention, and unions’ political activity contributed to enhance labour unions’ political activators.

Table 4. Unemployment Rate (1986–1999)

| Year | Unemployment Rate ^a | Month of 1997 | Unemployment Rate ^b | Month of 1998 | Unemployment Rate ^c | Month of 1999 | Unemployment Rate ^d |
|------|--------------------------------|---------------|--------------------------------|---------------|--------------------------------|---------------|--------------------------------|
| 1986 | 2.8 | Jan. | 2.6 | Jan. | 4.5 | Jan. | 8.5 |
| 1987 | 3.1 | Feb. | 3.2 | Feb. | 5.9 | Feb. | 8.6 |
| 1988 | 2.5 | March | 3.4 | March | 6.5 | March | 8.0 |
| 1989 | 2.6 | April | 2.8 | April | 6.7 | April | 7.1 |
| 1990 | 2.4 | May | 2.5 | May | 6.9 | May | 6.4 |
| 1991 | 2.3 | June | 2.3 | June | 7.0 | June | 6.2 |
| 1992 | 2.4 | July | 2.2 | July | 7.6 | July | 6.2 |
| 1993 | 2.8 | August | 2.1 | August | 7.4 | August | 5.7 |
| 1994 | 2.4 | Sep. | 2.2 | Sep. | 7.3 | Sep. | 4.8 |
| 1995 | 2.0 | Oct. | 2.1 | Oct. | 7.1 | Oct. | 4.6 |
| 1996 | 2.0 | Nov. | 2.6 | Nov. | 7.3 | Nov. | 4.4 |
| 1997 | 2.6 | Dec. | 3.1 | Dec. | 7.9 | Dec. | 4.8 |
| 1998 | 6.8 | | | | | | |
| 1999 | 6.3 | | | | | | |

Source: (Kim, D. and Kim, S. 2003).

These changes led labour to succeed the establishment of the

political labour party and, in fact, 10 members of the Minju Nodongdang (Democratic Labour Party) were elected in the 2004 national elections. In the 4 June 1998 local elections, 61 labour union leaders were elected as local administrators, and provincial and local assemblymen. On the other hand, despite the growth of labours as legal amendments labour unions had to sacrifice more important laws. One was related to job security, including flexible lay-offs. The others were related to associational power, including hiring substitute workers during disputes, “no work, no pay”, and payment for full-time union officers (See table 3).

The direct impacts of the financial crisis and enhancement of economic liberalization generated by IMF's structural adjustment have increased unemployment and enhanced labour-market flexibility, which have eroded the labour movement in South Korea since the 1990s. First of all, among unemployed people with job experience, the bankruptcy of corporations caused 13.6 percent, and astonishingly, the structural adjustment resulted in 56.9 percent (National Statistical office 1998).

As table 4 illustrates, the unemployment rate in South Korea has considerably increased from 2.1 percent in October 1997 to 8.6 percent in February 1999. In addition, according to Kim and Feldman (1998), the Unemployment Insurance Act had certain limitation, thus most unemployed people suffered from sever economic hardships. The outcome of the financial crisis directly influenced trade unions. With the declining trend of union membership since 1989, the financial crisis downsized trade unions. In fact, trade unions in South Korea experienced the fall of 3 percent (about 50,000 labour) on members (Kim, Bae, and Park 2000). Unions faced obstacle in responding to the process

of layoffs due to public opinion that required negotiation rather than refusal on employment restructuring programs (Jung 1999).

V. Conclusion

Despite the fact that the labour movement in South Korea since the 1990s has been eroded by globalization, there were obvious distinction between earlier industrial countries and South Korea, in which the labour movement were under strong state control, and had a lack of women participation and top-down corporate trade union system. Globalization in South Korea has appeared in three dimensions.

First, transformation of industry from South Korea to developing countries, mainly China, has increasingly occurred from the late 1980s. This contributed to the decline of job in South Korea. Second, states and capital promoted globalization as an ideology to depress labour movement. With the erosion of anti-communism, globalization was a good instrument to underline state and international competition. This ideological aspect resulted in legitimacy to undermine the labour movement in South Korea in the 1990s. Last, the Asian financial crisis in 1997 was the most effective dimension to the labour movement. The economic tragedy brought a sudden increase of unemployment and enforcement of labour market flexibility. Consequently, since the late 1980s three dimensions of globalization have diminished the labour movement in South Korea.

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<Abstract>

Globalization and Labour Movement on South Korea in 1990s

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The aim of this paper is to examine how globalization has influenced the labour movement in South Korea in the 1990s. South Korea has been considered as a state that has experienced the most noticeable labour movement in new industrial countries. As industry promoted by the Korean government had rapid development, labour in South Korea enormously increased between the 1960s and 1980s. Accordingly, the labour movement in South Korea during the three decades grew, despite strong pressure from the government and achieved significant development with the Great Struggle in 1987, and peaked in 1989. However, globalization in South Korea has appeared with an offensive ideology of market supported by the government, a restructuring of the economy including new management, and the Asian financial crisis in the 1990s. This study will explain how the internal and external effects of globalization weakened the labour movement due to the revision of the labour law and the expansion of labour flexibility in Korea.

Keywords : Asian Financial Crisis, Globalization, Labour Movement, Labour Flexibility, South Korea