

## WORKING-CLASS POLITICS IN REFORM DEMOCRACY IN SOUTH KOREA\*

HO-KEUN SONG  
*Seoul National University*

*This paper addresses the decline of organized labor following the 1987 labor dispute in the transition to democracy, and focuses on the transformation of labor orientation from political to pragmatic interest. It is notable that Korea's organized labor is characteristic of "dual failure" in improving organizational cohesiveness and political power in the transition to democracy. This paper attempts to reinterpret the 'decline' of organized labor as a symptom of union's strategic adjustment to changing environments. As with the inauguration of the civilian government, organized labor enters the phase to learn how to operate unions in a democratic way, turning from the phase to mobilize worker militancy.*

### INTRODUCTION

Korea's worker struggle is regarded as a desirable model by labor leaders in less developed Asian countries where most governments adopt repressive policies against labor movements to induce more direct foreign capital investment. A Malay delegate in the Asian labor expert meeting, which was held in March, 1992, in Singapore, emphasized that the "Look East Policy" now signifies for the labor community the importation of Korean working-class movement to Malaysia under the domination of enterprise unionism à la Japan. A Thai delegate, a staff member of the Thai Trade Union Congress, was also sympathetic, saying that Korean 'strike songs' are quite popular with Thai workers.<sup>1</sup> There is no doubt that Korea's worker struggle has been the strongest in Asia in its militancy and political activism and that it has encouraged Asian labor movement particularly under authoritarianism.

However, there exist many symptoms indicating the decline of organized labor in Korea. On January 21, 1992, five years after the massive labor

\*This research receives a grant from Hallym University in 1993. This paper was presented at the session, "Class and Korean Capitalism" of the Association of Asian Studies on March 24-27, 1994 in Boston, USA.

<sup>1</sup>The purpose of the conference was to assess the present situation and future challenges of trade unions in the newly industrializing countries of Asia under the title of "NICs in Asia: A Challenge to Trade Unions." Proceedings were published by the Singapore Office of the Friedrich-Ebert Stiftung in 1993.

dispute of 1987, union staffs gave up the strike for an increase in the yearend bonus in the Hyundai Motor Company in Ulsan. According to official statistics, the company, one of the Hyundai Conglomerate, was ranked almost at the top echelon of the list of profitmakers last year. The Hyundai Motor strike lasted barely a week due to the threat of government supported police attack and arrest of strike leaders. Rank-&-files slipped out at night with the empty factory left behind just before the day of the police attack. These were the angry workers in the 1987 labor dispute, who destroyed police stations and set fire to the city hall. The Hyundai Motor union entered another strike in resistance to the "April 1st Wage Agreement" between labor and capital under the government political tutelage in May, 1993, but in vain. It is interesting to observe that in Korea the inauguration of a civilian government emasculates worker militancy and political unionism rather than enriching and activating them in the transition to democracy. Press's vociferous expectation for the "day of no strike" for the first time in Korea's labor history is in striking contrast to the widespread despair of labor leaders and intellectuals who bemoan the rapid decline of organized labor since 1987. The organizing rate dropped from 23% in 1987 to 16% in 1993 and the yearly number of strikes was reduced from thousands to a range of 200-300 (refer to Tables 1 and 2). Policymakers in the civilian government are assured that industrial relations will finally become stabilized but labor leaders are highly critical of this stability in the absence of worker participation in circumstances where the labor regime is still under authoritarian rule. It seems that the voices which emphasize the

TABLE 1. NUMBER OF UNIONS, MEMBERSHIP, AND ORGANIZING RATE

Year	No. of Workers	No. of Unions	Organizing Rate
1980	1,119,572		20.1
1981	966,738	2,141	19.6
1982	984,136	2,194	19.1
1983	1,009,881	2,238	18.1
1984	1,011,000	2,365	16.8
1985	1,004,398	2,534	15.7
1986	1,035,890	2,658	15.5
1987	1,267,457	4,086	17.3
1988	1,707,456	6,142	22.0
1989	1,932,415	7,861	23.4
1990	1,886,884	7,676	21.7
1991	1,803,408	7,656	19.8
1992	1,734,598	7,527	18.5

Source: Korean Labor Institute, *Quarterly Labor Review* 3/4, 1993.

**TABLE 2. STRIKES, NO. OF WORKERS, AND LOST WORKING DAYS**

Year	No. of Strikes	Average Duration	No. of Workers	Lost Working Days
1986	276			
1987	3,749	5.3	1,262,285	6,946,935
1988	1,827	10.0	293,455	6,351,443
1989	1,616	19.2	409,134	5,400,837
1990	322	19.1	135,916	4,487,151
1991	234	18.2	175,079	3,257,621
1992	235	20.1	105,034	1,827,612

Source: Korean Labor Institute, *Quarterly Labor Review* 1-2/4, 1993.

urgency of democratic reforms for the labor regime do not have strong support from both the middle class that is already fed up with labor disputes and even rank-and-files who have slowly turned their orientation to pragmatic issues within workplaces.

This paper addresses the decline of organized labor following the 1987 labor dispute in the transition to democracy, and focuses on the transformation of labor orientation from political to pragmatic interest. A variety of studies reveal that democratic transition tends to be triggered and promoted by worker struggles against authoritarianism, and contributes to the advancement of working-class politics at both the national and enterprise levels (O'Donnell and Schmitter 1986). By comparison, democratization and redemocratization commonly encourage the degree of worker participation and unions' negotiating power in political and economic arenas. However, it seems that the Korean path is far different from what Spain and Brazil, for instance, have experienced in the 1970s and 1980s. In Korea, democratization was also precipitated by organized labor but ended up with unfavorable conditions for working-class politics. Moreover, democratization does not permit organized labor to enjoy gains beyond those of economic well-being such as wage increases and welfare benefits. It is notable that Korea's organized labor is characteristic of "dual failure" to expand organizational space and political space in the transition to democracy (cf., Valenzuela 1989). Comparatively, the failure is closely associated with the mode of transition.

Another crucial factor explaining the dual failure is the restructuring of the international trade regime in a direction to which enhances openness and dependence of the national economy. The consequence is the intensification of market competition in both domestic and world markets. As for organized labor, the trend toward "globalization" is quite detrimental to the development of labor movements since it significantly undermines

institutional and material bases for working-class solidarity everywhere. In a sense, Korea's organized labor is not permitted enough time to learn how to organize and develop strategies to meet those rapid environmental changes. Consequently, we can hardly expect that working-class politics are advanced enough to cope with internal and external tensions and constraints in years to come (cf., Turner 1991).

This paper is an analysis of the decline of organized labor in the transition to democracy in Korea with an attempt to reinterpret the 'decline' as a learning period for further advancement. At workplaces, union leaders are more attentive to the consolidation of worker allegiance and the establishment of democratic settings within organization. As with the inauguration of the civilian government, organized labor enters this phase to learn how to operate unions in a democratic way, turning from the phase to mobilize worker militancy.

### UNIONS IN THE ELITIST REFORM

Political unionism reached its peak in the 1987 labor dispute in which 1.3 million workers of 3,300 locals waged a 'class war' against an authoritarian labor regime. It is not denied that the 1987 labor dispute helped organized labor to gain state political concessions and to present organizational and political spaces to maneuver. The state relaxed labor repression to a degree in which precipitated newly organizing unions from 2,500 to 8,000 within a few months in the latter half of 1987. Moreover, the state announced its intention to keep from intervening in industrial conflicts in order to encourage labor-capital cooperative spirit for conflict resolution. In the sphere of industrial relations, the 'political abertura' virtually continued for two years from June 1987 to the end of 1989, when the state and capital finally abandoned defensive policies and become more repressive. For this period, abolition of authoritarian rules served to be a central platform that organized labor used to expand and strengthen its organizational base and ideological attractiveness. However, as the 1987 labor dispute was voluntaristic and decentralized without the leadership and leading organization, the struggle against authoritarian labor laws in this period also lacked nationwide leadership to assure political support and worker mobilization. The political abertura ended up with the separation of a radical group of workers which established the Korean Trade Union Congress (KTUC) independently of FKTU in early 1990. It started the era of working-class divisions for the first time in Korea's labor history. This had three parts: Federation of Korean Trade Unions (FKTU), KTUC, and Korean

TABLE 3. NUMBER OF UNIONS AND WORKERS BY ORGANIZATION (Dec., 1993)\*

	No. of Unions	No. of Workers
(a) FKTU	6,859	1,688,979
(b) KTUC	400-500	40,000-50,000
(c) KCIIF	700	150,000

Notes: \*This statistics are obtained directly from each organization.

(a) Some of member unions are associated with KTUC.

(b) KTUC confesses difficulty to present accurate statistics. It gave an estimated figure.

(c) The staff interviewed also gave an estimation.

Congress of Independent Industrial Trade Union Federations (KCIIF) (refer to <Table 3> for membership size). FKTU has been the prime organization with state recognition, and the other two are illegal. KCIIF is a loose organization combining 12 union federations in nonmanufacturing sectors, including banks, hospitals, educational institutes, the press, etc.<sup>2</sup> The working-class division promoted the separation in respect to the ideological spectrum: FKTU is an official organization with somewhat conservative orientation, and KTUC is an illegal peak organization under the radical and militant leadership. KCIIF stands in the middle but with a more close link to KTUC. Thereafter, KTUC, an illegal peak organization, became a storm center of worker struggle for the abolition of authoritarian labor laws and played a leading role in advancing political unionism. However, the state's radical turn to a repressive stance resulted in the seclusion and restriction of political unionism in the peripheral sector of manufacturing industries that had undergone a rapid decline in the midst of industrial restructuring.

A close look into the political radicalism of the working class requires an analysis of the variation of the union's political activities by structural changes of labor markets (cf., Marks 1989). The main sources of political radicalism in Korea lie in the peripheral industries, which had been the leading exporter in the earlier stage of export-led industrialization, such as textiles, electronics, and garments. As a variety of studies have revealed, there exists a close association between export-promotion strategy and authoritarian labor repression (Deyo 1987; Deyo, Haggard, and Koo 1987; Gereffi and Wyman 1990). Workers in this sector are very close to the archetypal concept of 'proletarian' for they are uprooted from the rural community and earn a living under the system of 'low-wage-&-long-hours work.' These workers become more radical under the leadership of KTUC in the process of industrial restructuring in which they desperately seek to defend themselves against massive lay-offs and company close-downs.

<sup>2</sup>Six of twelve Federations have been legally recognized so far through court struggle.

However, they are well aware that their bargaining power is very limited by the structural change of labor markets.

Another source of political radicalism is found in some discontented workers in heavy industries such as automobiles and shipbuilding. These workers feel that they are unfairly treated and are relatively deprived in contrast to comparable workers in the core sector. Automobile workers, especially, complain about the low rate of wage increase and bad working conditions. This is in contrast to the rapid expansion and tremendous annual profit that most automobile companies have enjoyed since the latter 1980s. The Hyundai Motor company is included among these. Thus, KTUC, covering 7% of organized labor at the time of establishment in the early 1990 but being reduced to 3% in 1993, consists of two different groups of workers: unskilled workers in the declining sector and relatively deprived but skilled workers in the growing sector. Whereas political radicalism of the former is desperate and militant but limited by their declining bargaining power in labor markets, the latter tends to be more moderate when their grievances are answered with sizable wage increases and increasing welfare benefits. However, once workers become politically radical with the capacity to unionize, it tends to be continued over an extended period.

The first phase of political protest (1987-1989) ended up with a working-class division without significant progress. Authoritarian labor rules remained unchanged. Recognizing the weakness to mobilize worker support as the result of this failure, KTUC changed the strategy to build a political party. It started a nationwide campaign for party-building through a General Election, which was scheduled in early 1992, as the platform in the second phase of political unionism (1990-1992). Leaders of KTUC made a strenuous effort to expand organizational linkage and worker support in association with opposition groups in church, university, and other progressive sectors. Many activists were arrested and imprisoned. Some leaders of member federations in KCIIF joined the political campaign against authoritarian labor repression. FKTU tried to change its policy toward progressives and showed a little sympathy with this effort, but remained passive under government political control. A sharp division, precipitated in the first phase between socalled 'democratic unions' and 'compromised unions' (*Oyong nojo*), continued to cause internal conflict and cleavage within organized labor, providing room for the state to penetrate it. A deeprooted distrust existed among these peak organizations because most KTUC leaders were former staff members of FKTU who had been expelled during the purification campaign of the Chun regime (1981-1987).

At the outset, distrust itself was a very effective means for KTUC to mobilize discontented workers. But as business and the middle class became more antagonistic against KTUC with the economic recession in 1990-1992, the negative campaign functioned as a formidable barrier for KTUC to maneuver. The distrust was reflected in the General Election of early 1992 in which people including workers voted against progressive candidates who claimed to represent the interests of lower classes in close association with organized labor. Opposition groups supported by KTUC established the Peoples' Party (*Minjungdang*) before the General Election but failed to be recognized. The Peoples' Party barely earned 1.5% of total votes. The National Party (*Kukmindang*) led by Chung Ju-Young, the founder of Hyundai Conglomerate, won more than 20%. Dan Byoung-Ho, top leader of KTUC, was kept in prison and many of KTUC's activists were kept under police surveillance. During this period, the militant and violent strikes KTUC supported such as those of Hyundai Shipbuilding (1990), Daewoo Shipbuilding (1991) and Daewoo Automobiles (1991) erupted in demand for the amendment of labor laws and improvement of worker power in political and economic arenas. Although these worker struggles effectively awakened the state and capital to the urgency of immediate reform of labor politics and managerial policy, they failed to improve political radicalism of organized labor and change worker's fundamental voting behavior in the absence of party-labor linkage.

Why workers did not vote for the Peoples' Party is not a puzzle in the Korean political context. The reason is that the elite cleavage has been dominant in political change. Class cleavage has been suppressed by anticommunist ideology and has long been substituted by regional cleavages in Korean politics. According to the survey on voting behavior in the General Election and the Presidential Election in 1992, region and age function as the most influential determinants (Lee 1990). Class turns out to be barely significant in the two elections. In addition to this, the sudden collapse of communism inflicted a fatal blow to political radicalism, which envisaged socialist society to be the most desirable alternative to authoritarianism. Due to the disastrous failure in elections and the sudden shock from the fall of communism a number of student activists left factories and workplaces to attend school, and many formal and informal groups engaging in the labor movement were disorganized. The effort in the second phase of political unionism was neither successful in building the political party as a machine to secure the political interests of organized labor nor was it effective in developing a union platform. It was in these circumstances in which political unionism lost solid ground and,

consequently, almost disappeared after the civilian government vigorously started elitist reform.

Despite the Kim's regime (1993 to present) which was declared to eradicate authoritarian legacy in political sphere by opening political competition to all social groups and individuals, it seems that the labor regime still remains under authoritarian rules. The civilian government postponed the amendment of labor laws using the excuse of economic crisis against what was promised in the presidential campaign. The labor legislature still contains a number of provisions restricting various worker rights. It prohibits plural unionism, public employees' right to unionize, political activities of trade unions, and collective action in the defense industry and public enterprise. Above all, the new government seems contradictory in labor politics in that it officially recognizes FKTU as a peak organization without providing useful devices and resources to control member unions. The President Kim Young-Sam was a mere spectator to the collapse of Lee In-Je, the first Minister of Labor and well-known progressive figure, during the conservative attack in the midst of the strike of Hyundai Motor Company in Spring 1993. It is not proper, however, to underestimate what the 'democratic unions' have achieved so far in this third phase of political unionism (1993 to present). In a situation where Dan Byoung-Ho, top leader of KTUC, is still kept in prison, KTUC has carried out independent programs including wage negotiation guidelines, leadership training camps, petitions to ILO, and expansion of institutional networks. It is noticeable that six Federations under KCIIF such as the Press Unions Federation and the Hospital Workers' Unions Federation won legal recognition through court struggle.

However, it is not proper to overestimate what can be achieved beyond it. Organized labor is unable to push the new regime to go beyond this trivial accomplishment in circumstances in which radical and militant unions are reduced to a small segment in manufacturing industries and seem to be substantially weakened in their bargaining power. The most important labor policy for the past year under Kim's regime is the so-called the 'April 1st Wage Agreement' between FKTU and Korean Employers Federation. Both parties signed the agreement limiting the wage increase rate to a range of 4.5%-8.7%. It was severely attacked by KTUC, KCIIF, and even member unions of FKTU. However, the effect of the wage agreement has been tremendous in reducing industrial disputes surrounding wage negotiation. Obviously, the April 1st Wage Agreement is a social pact. But it is an 'ultraelitist agreement' without worker participation. In democratic transitions, ultraelitist agreements emerge in societies where labor-party

linkage is absent and civil society has long been frozen under authoritarian rules (O'Donnell and Schmitter 1986). Korea is an exemplary case. Although organized labor uses political unionism against authoritarianism quite strongly and substantially, organized labor is hardly permitted to construct working-class politics in the absence of labor-party linkage and in the presence of organizational division. Organized labor triggers the democratic transition but the entire process has been led by political elites. In a comparative perspective, Korea's experience tells that the role of organized labor in the democratic transition is *preempted and taken over* by political elites in the 'elitist reform.' The consequence is the transformation of labor orientation of organized labor from external to internal politics with democratic unions secluded.

## GLOBALIZATION AND CHANGE OF LABOR ORIENTATION

As the politics of democratic reform take over the role of organized labor in the absence of labor-party linkage and generate more pressure to retreat from the political arena, economic liberalization in the trend toward globalization brings about a change in labor orientation to more pragmatic and economic concerns. This change has been more accelerated in Korea which faces the imperative to successfully go into technology- and capital-intensive production system. The past labor system based on authoritarian repression without the introduction of a well-developed internal labor market becomes more obsolete and ineffective in the phase of higher-value added production system. While the democratic transition has been completed in the political sphere, government economic policy for the national economy and the structure of labor markets are fundamentally altered to generate new environments for industries and workers. From an ecological point of view, organized labor as a social group should improve adaptability to these environmental changes in order to survive. Otherwise, enterprise unions with no substantial protection are prone to undergo hardship and degenerate into perfunctory machines. In other words, unions transform their function from political protest to pragmatic concerns in, for instance, wage, welfare, job security, job training, and cultural activities in the new economic phase of intensified market competition (cf., Turner 1991).

As Deyo properly points out, the general trend toward globalization puts great external pressure on local industry to cope with foreign manufacturers in world markets (Deyo 1993). Since the early 1980s, the Korean economy has been subject to the rapid economic liberalization which is now almost

completed. There are a few consequences: import liberalization, abolition of export subsidies, privatization, and a reduced state intervention. The era of state-led capitalism seems to be coming to an end. It was in the mid-1980s that the Federation of Korean Industries (FKI) proclaimed the end of state-led economy in favor of a liberalized economy in which private capital and enterprises play a dominant role. In tune with this, the civilian government abolished over 200 administrative regulations on economic activities in ways which improve market conformity of the national economy in early 1993. As Johnson observes in the Japanese case, it seems that the government alters its role from a developmental function to a regulatory function on 'excessive competition' (Johnson 1982). It is worth mentioning that the state has abolished various subsidies for export regime control to the extent in which exporting industries no longer rely upon it. Without state protection and subsidies, the best strategy for private enterprises to be prosperous is to improve competitiveness. This may be accomplished by upgrading technology and quality to better compete with the massive inflow of foreign high-quality products. The consequence is intensified competition in both domestic and export markets.

Even in years of 1988-1990, when for the first time in Korean economic history, the balance of payment became positive, a number of medium- and small-sized firms went bankrupt due to the rapid movement of less developed Asian countries into export markets. It was during this period that a tremendous number of garment factories moved abroad to seek low-wage workers. It was the first time that Korea's industrial workers became deeply aware of the importance of job security. Unemployment rate increased. Both the jobless and the workers who were discontented with low wages flowed into service sector to seek higher wage. They never returned to manufacturing sector, which became regarded to contain three D jobs- 'difficult, dirty, and dangerous'. As indicated above, these years were the golden age in Korean labor history for the working class which enjoyed an organizing rate of 23% with 6,000 new organizations. In this period political unionism grew simultaneously with increased worker concern for job security and welfare. But it did not take long before pragmatic interest began to undermine political activism.

The transition of labor orientation to economic and pragmatic concerns has been promoted to a large extent by the structural segmentation of labor markets. Prior to the mid-1980s, labor markets for manual workers remained lowly segmented due to labor-intensive industrialization and government repression toward labor market institutions (Song 1991). Put another way, a high degree of structural homogeneity in the working-class

labor market functioned to strengthen labor movements against state and capital. Labor regimes prior to the 1980s were characteristic of high turnover, short tenure, and skill generality. As the production system was fundamentally altered, however, structural segmentation rapidly progressed and divided worker interests in various ways.

There were two main factors accelerating this. The first was the transition of the Korean economy to a technology- and capital-intensive production system. Big firms in heavy chemical industries had a massive demand for skilled workers and an effective personnel policy to reduce replacement and training costs. Furthermore, skilled workers became a threat as a leading group in the labor movement. This was due to unfair rewards and inhumane treatment in comparison with white-collar employees. Skilled workers in heavy chemical industries were most active and violent in the 1987 labor disputes. This explains why business began to pay attention to the introduction of bureaucratic control. In most big firms, managers in consensus with unions attempted to reform and specify wage and promotion systems according to several criteria. While lay-offs were not illegal, no business dared to fire workers without the risk of fierce union challenge. It is apparent that union negotiating power improved remarkably not in the political sphere but in the workplace, with the employers. However, in general, the introduction of bureaucratic control functions to systematically undermine working-class solidarity (Edwards 1979). As Edwards correctly argues, bureaucratic control is detrimental to a unified labor movement, and "segmented work precipitates divided workers" (Gordon *et al.* 1982).

Second, as a device of bureaucratic control, businesses began to provide various kinds of company welfare benefits and expanded these to manual workers. Prior to 1987, Korea's working class, in general, relied upon company welfare in the form of fringe benefits, which provided minor coverage such as paid vacations and limited medical insurance. In Korea, state welfare was underdeveloped by any standard. Recognizing the lack of welfare protection as a source of worker discontent, the Roh government (1987-1992) hastily extended medical and injury insurance to all working people, and formulated a draft of pension and unemployment insurance for the first time in Korea's welfare history. Minimum wage law was finally introduced and enacted in 1988. Big business also expanded company welfare benefits to placate skilled workers and promote employees' commitment to technology-intensive jobs (Song, forthcoming). In light industries concentrating on assembly jobs, welfare benefits were also offered to meet labor shortage. Labor shortage, especially in export

manufacturing, gave an impetus to the transition of worker interest from political unionism to economic unionism. This was due to the strengthened bargaining power (Sturmthal 1966). Welfare benefits functioned as great incentives for manual workers to increase their loyalty and commitment to employers. The loyalty suddenly increased especially for the years of economic recession after 1990. This led to the dramatic decrease of industrial disputes.

It seems that Korean industries adopt cost-pushing strategies to meet intensified market competition and union threats in industrial restructuring. Deyo warns of the drawbacks of long-term cost-cutting strategies to cope with a 'sandwich trap' that East Asian NICs including Korea face (Deyo 1993). Cost-cutting strategies utilizing "coercion, wage compression, and union containment breed conflict, low morale, minimization of initiative and high level of employee turnover" (*Ibid*: 4). In response to the rise of the working class and the erosion of competitive advantage, Korean industries were compelled to permit sizable wage increases with considerable welfare benefits as a payoff to worker militancy and labor shortage.

Nevertheless, it is obvious that employers are reluctant to fully develop a cost-pushing strategy that reaches human resource development if the working class continues to be divided under authoritarian rules. Structural segmentation of labor markets reinforces the dominance of enterprise unionism despite the fact that most labor leaders are well aware of the advantage of industrial unionism in the process of bitter learning. Labor leaders notice that employers' efforts to import Japanese managerial skills selectively destroys what they have achieved through the fierce struggle of the past two decades. An active move toward industrial unionism is rarely found except in some industries and factories with bad working conditions. Workers, who were comrades in the past struggle, become more self-interested competitors in intensified market competition. Divided workers with pragmatic concerns take the place of working-class solidarity found in the early phase of democratic consolidation in Korea.

## WORKING-CLASS POLITICS IN CONSTRAINT

### *Struggle for Industrial Unionism*

On December 27, 1993, six unions of shipbuilding companies located on the southern coast announced a break from FKTU in order to establish an independent federation. The purpose was to set out a cooperative action against the Wage Pact of 1994, which was carried out in form of the 'April 1st Wage Agreement.' The state did not recognize this break because it was

apparently illegal. As demonstrated by the judicial precedent in cases of Press and Hospital Workers' Unions, however, the state in this democratic consolidation has little room to exert unconditional repression on them. Although the establishment of industrial unionism has been a central platform of working-class movement in Korea since the early 1970s, it has been in vain. The institutional legacy of enterprise unionism has been sustained over a considerable period, going back to Japanese colonialism. Enterprise unionism actually has a close affinity with Confucian cultural background which emphasizes cooperation and harmony in workplaces in a familial ideology. It is likely that, by and large, over 90% of the firms in Korea adopt it as a canon to regard company as a family. Thus, industrial unionism which holds the view that class conflict can be resolved through equal participation in politics and policy-making is not consistent with the confucian ideology favoring a more paternalistic attitude.

Confictual views coexist regarding the structure for organized labor. The state has been persistent in its opposition to industrial unionism in order to secure a system which excludes the working class from political and economic arenas. Although FKTU is recognized as a national peak organization combining 21 industrial federations, local unions and rank-&files never consider it to be a strong organization with sufficient power to control. FKTU's primary concern is how to collect union dues because of the lack of institutional devices to punish member unions defying payment of union dues. It is ironic to think that the yearly budget of FKTU is merely double the budget of some local unions, for instance, of the Hyundai Heavy Industrial Co., or POSCO. To empower FKTU or industrial federations is hardly imaginable for the state that tries to confine union activities within company boundaries. The state's abhorrence of industrial unionism is congruent with capital's interest. Industrial unionism means a formidable threat to capital in that it substantially restricts discretionary control on workers. Capital has emphasized and reemphasized Japanese virtues in labor turmoil, especially worker loyalty and long-term commitment, and has attempted to import Japanese managerial skills selectively to meet the challenge of working class. For instance, the banking and financial sectors hastily introduced the 'new personnel policy' to placate female employees just after the 1987 labor dispute. It seems that capital's effort is fruitful and effective. In contrast, local unions' preference is indeterministic. According to an analysis of a survey on local labor leaders, the preference for industrial unionism apparently increases compared to that in the past decade. Two thirds of respondents expected to introduce industrial unionism instead of enterprise unionism in 1990 and 1992.<sup>3</sup> However, it is noticeable that big

firm locals show a lower preference than those of small firms in favor of enterprise unionism. POSCO is an exemplary case. According to interviews with staff members of POSCO local in May 1991 when the wellknown 'Goliath Struggle' occurred in the Hyundai Heavy Co., they denied to carry out cooperative strike or any sort of action, emphasizing that "it is their business, and we are overwhelmed by our business within company."<sup>4</sup>

It is interesting to observe that a very strong *status consciousness* exists among locals in accordance with firm hierarchy in product markets. This may be considered as hindrance to cooperative actions. In a meritocratic society such as Korea whose stratification system has long stood upon status hierarchy, workers carry a sense of pride at being employed in prestigious firms. This functions to discriminate against those in undistinguished firms. Due to the rapid industrialization and sizable wage increases over an extended period, it is likely that 'labor aristocracy' has emerged in a Korean context, even though it is not the same kind as its Latin American counterpart. The higher preference of big firm locals to enterprise unionism, especially in the core sector, is detrimental to the development of working-class politics at the national level and undermines a desperate effort to pave the way to industrial unionism in the peripheral sector.

### *Union Democracy*

In face of the decline of political unionism, union leaders at the plant level become inward-looking, paying more attention to the importance of union democracy at the workplace. Under the circumstances where labor repression is still effective, the democratic unionism with political activism, they feel, is rather detrimental to the organizational stability because of frequent imprisonment of staffs and growing complaints of rank-& files on union's participation in external politics that causes employer's counterattacks and repressive responses. It has frequently been argued that union democracy as such is a prerequisite to accomplish industrial democracy at the national level. The social democratic model of labor relations tells that union democracy with the working-class unity lays a basis for the road to power (Korpi 1983; Esping-Andersen 1985). Union democracy differs from democratic unionism, referring to democratic sets of

<sup>3</sup>The 1990 survey contains 470 unions, and the 1992 survey includes 250 unions. Respondent was firmly limited within chairman, if unavailable, union staffs. The analytical results were partly reported (Song 1991, 1993).

<sup>4</sup>This interview was conducted at the visit to POSCO in May 1991 at the time of the Goliath Struggle. The chairman of POSCO local replied that to manage a union consisting of 25,000 workers is itself the job equal to the management of federation.

rules within organization facilitating the bilateral communication between staffs and rank-&-files, and governing the development of worker interest and conflict resolution. In consideration of the split of labor markets and the working-class division, the increasing concern of organized labor in union democracy seems quite desirable.

The survey analysis on locals reveals that organizational cohesiveness has steadily improved despite of the decline of political labor orientation (Song 1993). Especially democratic unions in political struggles have suffered from internal conflict and cleavages between workers to a greater degree than unions under FKTU. Internal conflict among workers has risen over the difference in age, skill, educational and regional background, job grade, and department.<sup>5</sup> Union's capacity to carry out political and economic activities relies upon how strongly the leadership is supported by rank-&-files (Valenzuela 1989). In other words, worker allegiance without internal conflict and cleavages is essential to form a strong union in the presence of the repressive labor control that has been a little relaxed since 1987. For this, the mechanism of consensus-building takes roots in unions.

It is now common that the section chief in production lines undertakes regular and irregular meetings as a discussion leader and delivers suggestions and opinions to the central committee. In most factories, unions pay extraordinary attention to a better operation of grievance procedures in order to remedy unfair labor practices and authoritarian atmosphere in the workplace. Unions also encourage worker's cultural and recreational activities and leisure life by providing financial subsidies for formal and informal groups. It is reported that unions place more emphasis on the improvement of working conditions and worker welfare (Park and Park 1990) than on political protest and training programs in preparation for strikes and street rallies. Without doubt, this effort contributes to the enhancement of organizational cohesiveness. However, when the relative poverty of cumulative knowledge, experience, and skill to operate union organization is taken into account, it takes considerable time for unions in Korea to advance human resource development programs, which have been treated as a separate domain from labor relations (Kochan 1991). Incorporating human resource development programs in union activities is very important at the time of transition for enhancing worker participation in policy-making at the firm level. Without worker participation, union democracy becomes void. Worker participation in Korea is strictly limited to

<sup>5</sup>It was revealed that the violent strike in the Daewoo Shipbuilding Company in 1990 was a reflection of regional cleavage between workers surrounding union leadership.

that at the bottom of Stephen's scheme of hierarchical decision ranges (Stephens 1980).<sup>6</sup> The survey in 1992 reveals that about 80% of the 250 enterprise unions surveyed are entirely excluded from decision-making process on employment, layoff, managerial issues, and other important firm policies.

Needless to say, union democracy reinforces organizational cohesiveness and worker allegiance as a basis for the development of working-class politics. However, working-class politics at the national level will be underdeveloped under circumstances in which workers are more inward-looking toward pragmatic and economic concerns as market competition becomes more intensified.

### *Productivity or Class Consciousness?*

As described above, Korean workers had internalized class antagonism and the necessity of worker solidarity under authoritarian rules. A foreign scholar defines it as 'anger' and 'complaint' against the state and employers, refraining from expressing it as 'class consciousness' (Vogel and Lindauer 1989). Whether the sentiment that Korean workers have developed in the form of anger and complaint approximates the class consciousness is not certain. However, a variety of studies carefully reveal useful symptoms evidencing the advancement of class consciousness among industrial workers (Kim H.-K. 1992; Im *et al.* 1989). Despite their argument in search of class consciousness that it is not solid and persuasive due to the unreliability of survey data and analytical method, it is not so incorrect to contend that enterprise consciousness has been substantially eroded for the past three decades of industrialization. It never means that the 'hyperproletarization,' as Deyo defines the rapid worker mobilization into industrial regions in East Asian NICs, renders workers as archetypal proletarians carrying the class consciousness in the orthodox sense (Deyo 1989). However, the massive and rapid mobilization of workers into industries and the adversity and ordeal they experience in factories with bad working conditions pushes workers to be aware of class antagonism. Furthermore, authoritarian labor rules and practices precipitate uprooted workers to be prone to radical and militant ideology and finally, class consciousness (Kim D.-C. 1993; Kim J. 1993).

<sup>6</sup>Following Karlsson's model, Stephens (1981) schematizes the extent of worker participation according to a hierarchical order of decisions within the enterprise. The scheme comprises a total of six hierarchical stages from marginal issues (e.g., fringe benefits) to full worker control (e.g., distribution of profits, investment, and financing).

Such workers carrying class consciousness had virtually emerged in Korea during the first half of the 1980s. They were called as 'pioneer workers' (*Sonjin nodongja*). Pioneer workers in close association with student activists, intellectuals, and political and religious opposition groups, explored independent and resistant labor movements through penetrating factories especially those under repressive employers. Informal opposition groups were formed in a number of factories both in the light and heavy industries. They were the leading workers in the explosion of the 1987 labor dispute. It explains why the 1987 labor dispute was voluntaristic and unorganized without centralized leadership.

The development of class consciousness reached its peak as political unionism was a dominant orientation. Notwithstanding the decline of political unionism for the past few years, it seems that workers recognize and internalize the spiritual and ideological legacy of the struggle. The problem is the dichotomy of worker perception between high productivity and worker welfare on the one hand, and class conflict and antagonism on the other hand. Most workers have been brought up in such an atmosphere that emphasizes cooperation and harmony against class conflict and antagonism. Political elites and the ruling class always contend that class conflict and protest ruin the system of high productivity, the 'economic miracle,' and even the Korean traditional virtues. Does class consciousness destroy the system of high productivity and worker welfare? This question annoys labor leaders and rank-and-files and still remains unanswered. Democratic unions of KTUC and a few locals in heavy chemical industries located along the Southeast coast are the mainstay of dissent against the ruling ideology, contending that improving class consciousness never ruins productivity but is rather helpful to foster economic well-being for both employers and employees.

However, the contention is not so influential. Since 1987, employers of big firms has developed a union avoidance strategy and cultivated bargaining power in reaction to the challenge of the working class. A cost-pushing strategy permitting a high rate of wage increase, many fringes and welfare benefits has been remarkably effective in curbing worker radicalism and class antagonism. Above all, the further growth of class consciousness is fundamentally restricted by the structure of organized labor, i.e., enterprise unionism. As class consciousness is a comprehensive concept, it is hardly discernible from enterprise consciousness including worker loyalty to firms, and pragmatic or economic concerns. In a same vein, political and economic unionism are two faces of unionism as the other side of the coin in the light of the development of working-class politics. But the strong domination of

enterprise unionism reinforces the view emphasizing the contradictory relation between class conflict and worker welfare. The effort of 'pioneer workers' to break through this constraint has not been completely frustrated, but impeded, by political, ideological and legal control.

#### CONCLUSION: PROSPECTS FOR INDUSTRIAL RELATIONS OF THE 1990S

Organized labor faces a turning point in successfully adjusting itself to the changes in the production system and industrial environments and to political and economic transition. This paper explains the 'dual failure' of organized labor in the transition to democracy but it is not proper to ignore what the Korean working class has achieved through the struggle against authoritarian rules. The labor turmoil of the past few years is the bitter process of learning for both employers and workers. However, the Korean labor movement is confronted with a sort of sandwich trap; While reform democracy erodes the need for unions to participate in national politics, unions are forced to be more concerned with pragmatic and economic issues due to the general trend toward trade liberalization, regional integration, and more generally, globalization. Globalization and regional economic integration such as EC, NAFTA, and APEC tend to be detrimental to working-class solidarity due to the high mobility of capital and workers beyond national boundaries. Regional integration undermines and transforms national corporatism to transnational pluralism (Streeck and Schmitter 1991). Especially in a small open economy such as Korea, its influence on organized labor is substantial. Moreover, the 'populist' nature of reform democracy which is appealing to middle class conservatism in Korea blurs the worker struggle for industrial democracy. In order to meet these pressures on unions, internal and external, union's strategic choices should be made properly but who and to which direction is open to debate.

So far, a couple of models have been suggested as an alternative. First, 'militant and progressive labor relations,' which a radical group presents as the best strategy seems not to be plausible in such circumstances as described (Kim H.-K., 1992; Im 1993). Second, in the same vein, democratic corporatism, more desirable and superior than other models, seems inadequate in the absence of labor-party linkage and in the lack of concerted cooperation between peak organizations (Ihm 1992; Lim and Kim 1991; Choi 1992). Above all, according to the European modern history, sociopolitical settings in which class cleavage is dominant are a prerequisite of democratic corporatism (Katzenstein 1985; Maier 1984). The survey

analysis also reveals that labor leaders and rank-&-files in Korea have an unduly higher preference to the Swedish model than other comparable labor regimes. It reflects the wishful thinking of the working class. The third is the Japanese model that is defined as 'corporatism without labor' (Pempel *et al.* 1979; Lehmbruch 1984) and as welfare corporatism (Dore 1981). Although the state and capital have pursued this model rigorously, putting an emphasis on advantages and virtues of the Japanese model, it seems to be unattractive to workers in general. However, it is hardly denied that the overall trajectory of the development of industrial relations resembles and heads toward the Japanese model.

All constraints and the present situation of organized labor considered, however, the most plausible one is the pluralist model with improvement of worker autonomy to unionize. It is likely that working-class politics in the 1990s will develop in a limited fashion so as to launch industrial unionism in a few industrial sectors under the domination of enterprise unionism. Labor-party linkage will neither be viable nor be practical in years to come.

To conclude, Korea is an experimental arena for Asian countries to see how far the working class can achieve industrial democracy in spite of constraints from the state, the ruling class, and external pressures. As the promotion of trade liberalization and the deepening of openness and dependence of national economy occurs, two different organizational labor models between enterprise unionism and industrial unionism cope with each other in Asian countries. As a whole, it seems that most Asian countries are rather supportive of enterprise unionism in opposition to the rise of the working class. If Korea's working class fails to experience further gains, it is undesirable not only for Korea but also for Asian countries in general.

## REFERENCES

- Choi, Jang-Jip. 1992. "Why Korea's Working Class Failed to Organize Politically?" Paper presented at the symposium held by the Korean Political Science Association and Korean Sociological Association (in Korean).
- Deyo, Frederic. 1989. *Beneath the Miracle*. Berkeley: University of California Press.
- \_\_\_\_\_. 1993. "Global Challenges to Labor Welfare in the East Asian NICs." Pp. 3-6 in *A Challenge to Trade Unions*, edited by A. Wehmhoerner. Singapore.
- \_\_\_\_\_, Stephan Haggard, and Hagen Koo. 1987. "Labor in the Political Economy of East Asian Industrialization." *Bulletin of Concerned Asian Scholars* 19 (2): 42-53.
- \_\_\_\_\_, ed. 1987. *The Political Economy of the New Asian Industrialism*. Ithaca: Cornell University Press.
- Dore, Ronald. 1981. "Industrial Relations in Japan and Elsewhere." In *Japan: A*

- Comparative View*, edited by A.L. Craig. Princeton: Princeton University Press.
- Edwards, Richard. 1979. *Contested Terrain*. New York: Free Press.
- Esping-Andersen, Goesta. 1985. *Politics Against Market*. Princeton: Princeton University Press.
- Gereffi, Gary, and Donald L. Wyman. 1990. *Manufacturing Miracle*. Princeton: Princeton University Press.
- Gordon, David, Michael Reich, and R. Edwards. 1982. *Segmented Work, Divided Workers*. Cambridge: Cambridge University Press.
- Johnson, Chalmers. 1982. *MITI and the Japanese Miracle*. Stanford: Stanford University Press.
- Ihm, Hyouk-Baek. 1990. "State, Capital, and Labor in Industrial Society." Pp. 95-125 in *Industrialization and Korean Politics*, edited by KPSA (in Korean).
- Im, Young-II. 1993. "Korea's Industrial Relations and Class Politics." Pp. 59-84 in *The New Trend of Korean Politics and Society*, edited by Soo-Hoon Lee. Seoul: Nanam (in Korean).
- \_\_\_\_\_, and Sung-Soo Cha. 1989. "A Study on Worker Consciousness in Monopoly Firms." Pp. 85-110 in *A Study on Korean Workers*, edited by Korean Society Institute. Seoul: Baeksanseodang (in Korean).
- Katzenstein, Peter. 1985. *Small States in World Market*. Ithaca: Cornell University Press.
- Kim, Dong-Choon. 1993. "The Social Isolation of Korean Workers: The Case of Trade Unions of Heavy Industry Workers." Unpublished Ph.D. dissertation, Department of Sociology, Seoul National University (in Korean).
- Kim, Hyoung-Ki. 1992. "The Change of Worker Consciousness After 1987 and Its Implications." *Economy and Society* 13 (in Korean).
- \_\_\_\_\_. 1992. "For 'Progressive Labor Relations' and 'Progressive Labor Unionism.'" *Economy and Society* 15 (in Korean).
- Kim, Joon. 1993. "Labor Politics and Labor Movement in Asian Authoritarian Regimes: A Comparative Study between Korea and Taiwan." Unpublished Ph.D. dissertation, Department of Sociology, Seoul National University (in Korean).
- Kochan, Thomas A. 1991. "Industrial Relations and Human Resource Policy in Korea: Options for Continued Reform." Paper presented at the 1991 East-West Center Conference on the Future of Korea's Political Economy and Public Policies.
- Korpi, Walter. 1983. *The Democratic Class Struggle*. London: RKP.
- Lehmbruch, Gerhard. 1984. "Concentration and the Structure of Corporatist Networks." Pp. 60-80 in *Order and Conflict in Contemporary Capitalism*, edited by J. Goldthorpe. Oxford: Clarendon Press.
- Lee, Kap-Yoon. 1990. "Voting Behavior and Democratization." Pp. 167-81 in *Politics of Election In Korea*. edited by Kwang-Ung Kim. Seoul: Namam (in Korean).
- Lim, Hyun Chin, and Byoung-Kuk Kim. 1991. "State, Capital, and Labor in Korea." *Thought 4*: 109-68 (in Korean).
- Marks, Gary. 1989. *Unions in Politics*. Princeton: Princeton University Press.
- Maier, Charles S. 1984. "Preconditions for Corporatism." Pp. 39-59 in *Order and Conflict in Contemporary Capitalism*, edited by J. Goldthorpe. Oxford: Clarendon Press.
- O'Donnell G., and Philippe Schmitter. 1986. *Transition from Authoritarian Rule*:

- Tentative Conclusions About Uncertain Democracies.* Baltimore: The Johns Hopkins University Press.
- Park, Duk Je, and Park Ki Seong 1991. Korea's Union, Seoul: Korean Labor Institute.
- Pempel, T.J., and Ki'ichi Tsunekawa. 1979. "Corporatism without Labor? The Japanese Anomaly." Pp. 231-70 in *Trends Toward Corporatist Intermediation*, edited by P. Schmitter and G. Lehmbruch. Beverly Hills: Sage.
- Ramos, Elias T. 1981. "Industrial Relations Strategies of Trade Unions in South East Asia: A Comparative Analysis." *Agenda for Industrial Relations in Asian Development*. Tokyo: Japan Institute of Labor.
- Song, Ho Keun. 1991. *Korea's Labor Politics and Market*. Seoul: Nanam (in Korean).
- \_\_\_\_\_. 1993. "State and Wage Policy (II): The Politics of Wage Regulation." *Korean Political Science Journal* 27 (in Korean).
- Stephens, E. H. 1981. *The Politics of Workers' Participation*. New York: Academic Press.
- Streeck, Wolfgang, and P. Schmitter. 1991. "From National Corporatism to Transnational Pluralism: Organized Interest in the Single European Market." *Politics and Society* 19 (2): 133-64.
- Sturmthal, Adolf. 1966. "Economic Development and the Labor Movement." In *Industrial Relations and Economic Development*, edited by A.M. Ross. London: Macmillan.
- Turner, Lowell. 1991. *Democracy at Work: Changing World Markets and the Future of Labor Unions*. Ithaca: Cornell University Press.
- Valenzuela, Samuel. 1989. "Labor Movement in Transition to Democracy: A Framework for Analysis." *Comparative Politics* 21(4): 445-72.
- Vogel, Ezra, and David Lindauer. 1989. "Toward A Social Compact for South Korean Labor." Development Discussion Paper No. 317. Cambridge, MA: Harvard Institute for International Development, Harvard University.

**HO-KEUN SONG** is Assistant Professor of Sociology at Seoul National University and is interested in the structure of labor markets, working-class politics, and state welfare policy.