

## INDUSTRIALIZATION AND THE FORMATION OF THE NEW MIDDLE CLASS IN KOREA

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*The main objective of this paper is to expand the study of the new middle class both theoretically and empirically through an understanding of the ways in which Korea's unique development processes affect its formation. Throughout the last three decades, Korea underwent a deepening industrialization accompanying a rapid accumulation of capital, complex differentiation of industrial structure, and the expansion of social and economic organizations. With a rapid industrialization, the form and nature of the new middle class in Korea had quite different features from those found in the industrialized Western societies or Latin American countries. During the past three decades, the Korean new middle class grew significantly, especially in the manufacturing and private sectors, and experienced weak proletarianization. The Korean case challenges the Marxian historical theory and the Marxian conception of the new middle class which insist that the capitalist accumulation process results in proletarianization and polarization of class structure, accompanying a withering new middle class.*

### INTRODUCTION

Since the early 1960s Korea<sup>1</sup> has achieved one of the highest rates of economic growth in the world, transforming itself from a poor agrarian nation to a newly industrializing country poised to join the ranks of advanced capitalist countries. The average annual increase of gross domestic product (GDP) was 8.5 percent from 1961 to 1973, and continued to grow at an average rate of 8.1 percent from 1973 to 1985 and 10.0 percent from 1985 to 1991, despite the oil shocks of the 1970s and the domestic political turmoil of the early 1980s. More significantly, Korean economic productivity has increased most rapidly in the manufacturing sector since Korea shifted its industrial policy from inward-looking, import-substitution industrialization to outward-looking, export-oriented industrialization strategies in the early 1960s.

Along with its development process, the class structure of Korea has changed greatly. Especially, the rapid economic development in Korea over the last three decades has made a far-reaching impact on the formation of

<sup>1</sup>Korea refers to South Korea or the Republic of Korea unless otherwise mentioned hereafter.

the new middle class. As Korea underwent a distinctive process of industrialization, it revealed a quite different pace, tempo, size and degree in shaping the form of the new middle class from those of the industrialized Western societies and Latin American newly industrializing countries (NICs). In particular, the deepening industrialization, which accompanied rapid capital accumulation, complex differentiation of industrial and occupational structures with growing technology and capital-intensive industries, and enlarging scale of economic and social organizations, directly contributed to the growth of the new middle class.

The idea for this paper comes out of an attempt to help expand the study of the new middle class both theoretically and empirically, providing a framework for the understanding of the new middle class in various circumstances of the development process. The purpose of this paper, consequently, is to explore the formation and nature of the Korean new middle class. Specifically, this study seeks to i) examine the question of how Korean economic development shaped the new middle class, exploring the underlying mechanisms which helped form the new middle class, and ii) analyze the demographic characteristics of the changing new middle class in Korean society. This study deals with the issues presented above, focusing on the period from 1961 to 1992 during which Korea made great progress in industrialization.

Because of its ambiguous characteristics and heterogeneous composition, the new middle class is difficult to define. The situation of the new middle class is problematic: they are not in any obvious sense capitalists characterized as those who own the means of production, or an exploited working class defined as those who sell their labor power, but many do play an important part in capitalist production. Debates on the new middle class range from questioning the bases on which the new middle class sectors can be considered a class to viewing it strictly as layers of status groups, or as strata in a society (Poulantzas 1975; Johnson 1985; Oppenheimer 1985; Sobel 1989; Wright 1985). The fundamental question posed in the debates is whether the new middle class is a class in its own right. It is my view that the new middle class can be defined as a class *per se* despite its ambiguous location within the social relations of production.

The new middle class occupies key positions and performs important functions central to sustaining the society. Some members act as agents of social reproduction. The social reproductive functions of the new middle class are related to its nature and interests as a class and bear on its social and political roles. Given that classes are defined by their relations to other classes, that classes designate distinctive structural positions within society,

and that classes are identified by status characteristics (education, income, and lifestyle) and values, the new middle class—as heterogeneous as its composition—is nevertheless an identifiable class (see Ehrenreich and Ehrenreich 1977).

For the purpose of this study, I define the new middle class as those strata that occupy an intermediate or “middle” position within the polar class structure. The new middle class consists of those social groupings that lack the ownership of major sources of production, and that participate to varying degrees in the control and management of production and the labor process, services sector, and socialization processes. It is mainly composed of nonmanual workers in the private and public sectors, such as professionals, managers, technicians, clerical workers and supervisors in sales and services.<sup>2</sup> These groups do not own society’s important means of production, but have varying degrees of autonomy and control over their labor as well as other workers’.

### THE GROWTH OF THE NEW MIDDLE CLASS

Since Korea embarked on an unprecedented scale of capitalist industrialization in the early 1960s, the new middle class has been the most rapidly expanding sector of the labor force. As is clear from Table 1, which presents changes in Korean class structure between 1960 and 1990, the new middle class continued to grow in absolute numbers and percentage of the work force throughout the last three decades. In 1960, the new middle class accounted for a minuscule 5.5 percent of the total classes in Korea. In 1990, however, its proportion of the total class structure amounted to 23.0 percent. The growth of the new middle class is much more noticeable when compared with changes in other classes. Between 1960 and 1990 the proportion of the new middle class increased four times, while the manual working class increased three times in the same period. The upper class and the old middle class slightly increased from 1.1 percent and 14.8 percent in 1960 to 1.3 percent and 16.9 percent in 1990, respectively. Farmers decreased even in absolute numbers as well as proportionally, from 4.6 million or 65.6 percent in 1960 to 2.8 million or 17.5 percent in 1990, respectively.

Within the broad category of the new middle class there are several internal developments. Table 2 presents trends of the new middle class subgroups between 1960 and 1991. First of all, during the last three decades, there were significant changes in the categories of professionals, technicians

<sup>2</sup>In this sense, my definition of the new middle class is similar to the Oppenheimer’s (1985, pp. 8-9) “white collar” workers.

**TABLE 1. THE KOREAN CLASS STRUCTURE, 1960-1990 (percentages)**

	1960	1966	1970	1975	1980	1985	1990
Upper Class	1.1	0.9	0.8	0.6	0.9	1.2	1.3
New Middle Class	5.5	7.9	9.4	10.4	14.5	18.7	23.0
Old Middle Class	14.8	15.4	13.8	13.1	15.3	17.3	16.9
Working Class	13.0	19.0	25.3	27.1	31.7	36.8	41.3
Farmers	65.6	56.8	50.7	48.8	37.6	26.0	17.5
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(millions)	(6.9)	(8.0)	(10.2)	(12.7)	(12.7)	(14.2)	(15.8)

Sources: Calculated from EPB, *The Population and Housing Census Report*, various years, and from ILO, *Yearbook of Labour Statistics*, various years.

and clericals while other sectors remained stable with the exception of security workers whose proportion in the total new middle class labor force decreased continuously. Until 1980, the proportion of professionals and technicians in the total labor force of the new middle class decreased to 30.0 percent from 40.7 percent in 1960, but after 1980 it slowly bounced up to 33.5 percent in 1991. In comparison, the percentage of clerical workers rose from 44.0 percent in 1960 to 61.3 percent in 1980, and thereafter decreased to 58.5 percent in 1991. In a broad way, these contrasting trends were directly related to Korean industrialization paths. During the 1960s and early 1970s Korea concentrated on developing labor-intensive light industries based on

**TABLE 2. COMPOSITION OF THE NEW MIDDLE CLASS, 1960-1991 (percentages)**

	1960	1966	1970	1975	1980	1985	1991
Professionals/ Technicians	40.7 (17.8)	35.4 (20.3)	31.8 (22.8)	30.0 (25.2)	29.6 (27.8)	31.3 (35.5)	33.5 (44.1)
Administrators/ Managers	3.1 (2.2)	1.5 (1.9)	1.3 (3.5)	1.0 (3.7)	1.0 (1.5)	1.1 (1.2)	1.0 (1.2)
Clericals	44.0 (5.7)	52.5 (11.2)	58.5 (17.0)	60.6 (23.3)	61.3 (33.3)	60.6 (33.5)	58.5 (41.9)
Supervisors in Sales and Services	1.5 (14.2)	1.4 (15.1)	0.7 (26.4)	1.3 (36.5)	1.8 (12.8)	1.2 (15.0)	1.5 (15.5)
Security Workers	10.7 (1.4)	9.2 (1.4)	7.7 (1.3)	7.1 (1.5)	6.3 (1.4)	5.8 (1.5)	5.5 (1.4)
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(thousands)	(10.2)	(13.4)	(17.5)	(22.3)	(29.0)	(31.6)	(39.6)
	406 (41)	633 (85)	1014 (178)	1393 (311)	1962 (569)	2781 (879)	4217 (1670)

Note: Figures in parentheses represent percent female.

Sources: EPB, *The Population and Housing Census Report*, various years; ILO, *Yearbook of Labour Statistics*, various years.

utilization of abundant labor and cheap wages. Parallel with the implementation of this development strategy, the proportion of low-skilled clerical workers as well as manual working classes increased steadily, whereas the importance of high-skilled professionals was moderated. The above pattern of internal differentiation of the new middle class, however, began to change as Korea shifted its industrial structure to technology and capital-intensive heavy industries in the 1970s.<sup>3</sup> Finally, this pattern reversed such that the professional and technical groups increased while the clerical group declined from the early 1980s as the country realigned and rationalized its economy, pursuing more advanced high-tech industries and development of the financial sector.

The relationship between the internal differentiation of the new middle class and transformation of industrial structure is better understood by examining patterns in subcategories of the new middle class. As shown in Table 3, which presents major occupational component groups of the new middle class, the proportion of engineers and technicians in the total professional and technical labor force declined to 6.1 percent in 1970 from 7.4 percent in 1960, but after the early 1970s it rose to 13.7 percent in 1980 and 15.9 percent in 1990, which greatly contributed to the growth of professionals and technicians in the late phase of industrialization.

The prime mover of the growth of the new middle class in Korea was the rapid expansion of the manufacturing sector. Since the early 1960s, Korea has pursued policies of outward-oriented industrialization in order to generate foreign exchange via manufacturing exports. Primarily due to its expansion into the world market based on comparative advantages the manufacturing sector grew rapidly, leading the development of other sectors in the economy. The average annual growth rates of manufacturing industry for the 1960s, 1970s, and 1980s and the early 1990s were 17.6 percent, 15.7 percent, and 11.2 percent respectively, much higher speeds than other sectors' growth rates (see Table 4).

Tables 5, 6 and 7 reveal a sweeping transformation of the three main component groups of the new middle class in the Korean industrial structure over a relatively short period of time. In the subcategories of professionals and technicians, manufacturing was the most dynamic sector

<sup>3</sup>In 1973, Korea launched a so-called Heavy and Chemical Industrialization Plan, aiming to turn heavy and chemical industries into the new backbone of national exports and moving to an emerging niche in the world market for standardized capital goods and intermediate products. The adoption of this development policy was intended largely to escape the competition from less developed countries in light industries and to take advantage of the problems of advanced countries such as pollution, high wages, and a general leisure trend (EPB 1973).

TABLE 3. MAJOR OCCUPATIONAL GROUPS OF THE NEW MIDDLE CLASS, 1960~1990  
(percentages)

	1960	1966	1970	1975	1980	1990
<i>Professionals/Technicians</i>						
Engineers/Technicians	7.4 (6.9)	6.9 (2.1)	6.1 (1.6)	7.9 (1.5)	13.7 (2.2)	15.9 (3.2)
Doctors/Nurses	11.4 (34.6)	9.8 (40.0)	16.7 (42.4)	17.1 (43.7)	15.7 (52.1)	14.9 (58.9)
Teachers/Professors	56.1 (17.0)	55.5 (19.5)	54.3 (22.9)	53.7 (26.2)	47.5 (31.0)	45.1 (45.3)
Total Professionals/ Technicians	100.0 (17.8)	100.0 (20.3)	100.0 (22.8)	100.0 (25.2)	100.0 (27.8)	100.0 (37.7)
<i>Administrators/Managers</i>						
Total Administrators/ Managers	100.0 (2.2)	100.0 (1.9)	100.0 (3.7)	100.0 (3.5)	100.0 (1.5)	100.0 (3.7)
<i>Clerical Workers</i>						
Supervisors	- (-)	- (-)	5.0 (0.1)	8.3 (0.9)	13.2 (1.4)	17.2 (3.1)
Stenographers/Typists	1.0 (81.3)	- (-)	1.3 (91.3)	1.5 (94.0)	2.4 (94.7)	1.3 (90.6)
Bookkeepers/Cashiers	13.9 (10.5)	- (-)	20.5 (25.9)	17.8 (45.0)	28.0 (62.0)	28.4 (71.7)
Telephone Operators	2.8 (-)	3.2 (-)	2.9 (64.7)	1.0 (63.2)	(64.7)	(60.9)
Other Clerical Workers	82.7 (3.9)	- (-)	61.8 (11.9)	55.2 (17.0)	43.1 (21.0)	39.7 (22.5)
Total Clerical Workers	100.0 (5.7)	100.0 (11.2)	100.0 (17.0)	100.0 (23.3)	100.0 (29.0)	100.0 (34.0)

Notes: 1) Figures in parentheses represent the percent female in each occupation; 2) other clerical workers refer to general office clerks such as secretaries, file clerks and machine operators; 3) dashes indicate that data are not available.

Source: EPB, *The Population and Housing Census Report*, various years.

where the new middle class grew steadily during the last three decades; the proportion of the professional and technical labor force increased three and a half times while that of clerical workers increased nearly three times. The proportion of administrators and managers in manufacturing rose from 34.9 percent in 1960 to 52.1 percent in 1980, and thereafter decreased to 42.6 percent in 1991. Among industrial sectors, manufacturing produced the most administrators and managers.

Other noticeable sectors which contributed to the increase of the new middle class were financing, wholesale and construction (see Tables 5, 6 and 7). In the case of financing, the fast growth of all three occupational groups

**TABLE 4. AVERAGE ANNUAL GROWTH RATE OF EACH SECTOR, 1960~1991 (percentages)**

Sector	1960~1970	1971~1980	1981~1991
Agriculture	4.4	1.4	2.8
Industry	17.2	14.6	11.3
Manufacturing	17.6	15.7	11.2
Services	8.9	7.5	9.9
Total GNP	8.6	7.8	9.5

Sources: EPB, *Major Statistics of Korean Economy*, various years.

**TABLE 5. PROFESSIONAL AND TECHNICAL WORKERS BY INDUSTRY, 1960~1991 (percentages)**

Industry	1960	1966	1970	1975	1980	1985	1991
Agriculture	0.7	1.0 (6.8)	0.5 (15.7)	0.4 (11.3)	0.5 (0.8)	1.0 (0.0)	0.5 (0.0)
Mining	0.4	0.2 (6.3)	0.4 (7.0)	0.2 (6.9)	0.2 (3.2)	0.2 (0.0)	0.0 (0.0)
Manuf.	2.7	3.3 (9.1)	5.0 (8.6)	4.8 (10.5)	7.7 (11.2)	9.0 (12.8)	9.6 (23.7)
Elec., Gas/ Water	0.2	0.3 (4.2)	0.3 (1.1)	0.5 (4.5)	0.6 (1.5)	0.6 (0.0)	0.4 (0.0)
Construction	1.5	2.1 (0.0)	2.5 (0.3)	3.2 (0.0)	4.0 (1.8)	4.0 (2.9)	3.6 (3.9)
Wholesale	1.1	3.5 (19.2)	3.8 (21.5)	4.8 (23.4)	3.9 (26.1)	5.2 (22.2)	3.8 (34.0)
Transportation/ Communication	0.8	0.4 (5.1)	1.0 (4.8)	1.6 (3.7)	1.5 (3.0)	1.8 (6.3)	1.2 (11.8)
Financing			3.1 (2.0)	2.2 (2.8)	4.7 (5.9)	5.6 (8.2)	6.7 (16.0)
Services	92.5	89.2 (21.6)	83.4 (25.6)	82.3 (28.5)	76.9 (33.2)	72.6 (44.9)	74.4 (52.7)
Total (%)	100.0	100.0 (20.3)	100.0 (22.8)	100.0 (25.2)	100.0 (27.8)	100.0 (35.6)	100.0 (44.1)
(thousands)	166	224	323	417	581	869	1,413

Notes: 1) Figures in parentheses represent the female proportions in the industries; 2) figures of 1960 and 1966 in services include financing.

Source: ILO, various years.

of the new middle class occurred in the late 1970s and 1980s during which time the financial sector expanded rapidly as the Korean state liberalized and privatized its financial systems.<sup>4</sup>

<sup>4</sup>With the emergence of the Chun government in 1980, deregulation became the main thrust of the structural adjustment policies in the Korean economic course. First of all, the financial sector underwent a series of reforms. The state released its control over the banking system and denationalized the commercial banks and returned them to private hands by relinquishing its shares. The state also eased restrictions on entry into the non-banking sector.

**TABLE 6. ADMINISTRATORS AND MANAGERS BY INDUSTRY, 1960~1991 (percentages)**

Industry	1960	1966	1970	1975	1980	1985	1991
Agriculture	2.3	3.7	0.8	1.0	0.9	1.4	0.7
Mining	1.3	4.1	1.8	2.0	1.3	1.4	0.7
Manufacturing	34.9	35.6	49.3	50.7	52.1	47.0	42.6
Elec., Gas/Water	0.5	1.6	1.0	0.7	0.3	0.5	0.3
Construction	3.5	7.8	6.1	7.0	9.5	15.5	14.7
Wholesale	4.8	9.9	5.7	6.9	9.4	6.4	9.7
Transport./Comm.	6.2	14.8	13.6	13.4	9.8	10.0	9.7
Financing			4.8	5.2	7.4	9.1	12.3
Services	46.5	22.5	16.9	13.1	9.3	8.7	9.3
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(thousands)	90	69	96	102	134	219	300

Note: Figures for 1960 and 1966 in social services include financing.

Source: ILO, various years.

**TABLE 7. CLERICAL WORKERS BY INDUSTRY, 1960~1991 (percentages)**

Industry	1960	1966	1970	1975	1980	1985	1991
Agriculture	3.3	4.1	0.6	0.5	0.3	0.8	0.3
		(5.6)	(14.0)	(13.4)	(27.9)	(15.4)	(12.5)
Mining	1.3	1.4	1.2	0.6	0.5	0.6	0.2
		(4.5)	(8.3)	(9.4)	(16.1)	(10.0)	(40.0)
Manufacturing	9.6	18.4	24.3	30.2	29.6	27.0	27.6
		(14.2)	(17.8)	(23.8)	(32.7)	(32.5)	(38.4)
Elec., Gas/Water	2.5	2.7	2.3	1.7	1.3	0.9	1.2
		(5.1)	(9.0)	(14.5)	(18.1)	(12.5)	(16.7)
Construction	2.4	2.4	3.7	2.6	4.7	4.3	5.9
		(7.0)	(13.1)	(15.9)	(22.3)	(28.4)	(39.3)
Wholesale	9.0	11.6	5.7	7.2	9.2	13.6	14.3
		(18.4)	(23.2)	(31.9)	(50.4)	(54.7)	(59.1)
Transport./Comm.	7.8	8.7	15.0	15.1	12.6	11.5	8.9
		(7.5)	(21.9)	(29.9)	(39.1)	(27.1)	(31.5)
Financing			8.8	10.1	12.0	15.2	17.3
			(25.2)	(29.3)	(40.3)	(42.4)	(49.4)
Services	64.1	50.7	38.4	32.0	29.8	26.1	24.3
		(9.3)	(12.9)	(17.2)	(17.2)	(26.0)	(27.9)
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		(11.0)	(17.0)	(23.3)	(33.3)	(34.6)	(41.9)
(thousands)	183	340	593	845	1,203	1,724	2,467

Notes: 1) Figures in parentheses represent the percent female in these industries; 2) figures for 1960 and 1966 in services include financing.

Source: ILO, various years.



Although there were some variations in the proportions of each occupational group, Korea, as a trading country, also experienced the growth of the new middle class in the wholesale sector. Between 1960 and 1991, the proportion of professionals and technicians in the wholesale sector rose from 1.1 percent to 3.8 percent, administrators and managers, from 4.8 percent to 9.7 percent, and clericals, from 9.0 percent to 14.3 percent. The increase of the new middle class in construction was largely attributable to overseas construction in the Middle East during the late 1970s and early 1980s and to the domestic housing construction boom during the late 1980s.

Related to the increases of the new middle class in the manufacturing sector as well as financing, wholesale and commerce, and construction sectors was the more dynamic growth of the new middle class in the private sector compared to the public sector. Between 1960 and 1980, the new middle class dominated in the private sector accounting for approximately 90 percent of the total new middle class (see Table 8). In contrast, the new middle class in the public sector was relatively small except for the period between 1970 and 1975. At this time, the proportion of the new middle class rapidly increased from 5.5 percent to 11.6 percent because the Korean state initiated large-scale heavy and chemical industrial projects and began to directly participate in production processes.

In Latin America, the formation of the new middle class has a relatively long history stretching over one hundred years and the primary sources for the growth of this class were the development of agrocommercial exporting sectors, high rates of immigration from abroad, and expansion of state apparatuses (Germani 1981; Johnson 1985). After the turn of the century, the development of the state bureaucracy contributed a great deal to the increase of the new middle class. This growth of state functionaries was largely due to late development. The spread and unfolding of the capitalist mode of production under conditions of dependency accelerated chronic economic crises and consequent political instability in the Third World. Modern states in the periphery assumed entrepreneurial functions, attempting to manage underdeveloped economies. State power was

TABLE 8. THE NEW MIDDLE CLASS IN THE PRIVATE AND PUBLIC SECTORS, 1960-1980

Sector	(percentages)			
	1960	1970	1975	1980
Private	92.3	94.6	88.4	92.1
Public	7.7	5.4	11.6	7.9

Note: The new middle class, here, excludes clerical workers.

Source: Adapted from Kang (1990, p. 122).

**TABLE 9.** PERCENTAGE OF TOTAL GOVERNMENT EXPENDITURE DEVOTED TO EDUCATION, HEALTH, AND SOCIAL WELFARE IN SELECTED COUNTRIES.

Country	%
Korea (1982)	20.8
Argentina (1980)	46.8
Brazil (1979)	54.5
Mexico (1980)	36.3

Source: Adapted from Deyo (1987, p. 198).

strengthened to repress and deal with class conflict and social struggles of all types at regional, national, and local levels. Expansion of the state was also needed for authoritarian regimes to secure the loyalty of the masses through welfare programs and mass education and the government controlled mass media (and in case of failure, the police and military). The growth of state functionaries, therefore, became a main site for the formation of the new middle class in Latin American countries (Johnson 1985).

Contrary to the above experiences in Latin American countries, the growth of the new middle class in Korea manifested quite different features. First of all, Korea did not have to expand its state apparatuses even though it embarked on state-led industrialization because there already had been a relatively well established strong and autonomous state with a well developed bureaucracy (Lee 1993). In addition, the orientation of state elites towards economic development instead of social welfare programs resulted in the more rapid growth in the industrial sector rather than in the tertiary sector (see Table 9 for the Korean state's less pre-occupation with social welfare programs in comparison to the Latin American countries' greater devotion). Furthermore, under the auspices of the state, local private capitalists played a dominant role in the process of capital accumulation (Lim 1985). As a result, the growth of the new middle class in Korea was more salient in the private sector than in the public sector.

### PROLETARIANIZATION OF THE NEW MIDDLE CLASS

As a whole, Korea underwent a largescale proletarianization<sup>5</sup> during the last three decades of industrial transformation. The proportion of wage workers in the total employment steadily increased from 21.3 percent in

<sup>5</sup>Proletarianization, here, refers to a process of transformation of the class relations of capitalist societies in which the self-employed become wage laborers who lack control over the means of production.

1960, surpassing the proportion of employers in the early 1970s, to nearly 60 percent in 1991 (see Table 10). In absolute numbers, the growth in wage workers is more impressive; between 1960 and 1991 the number of wage workers increased seven times from 1.6 million to 7 million. In contrast, the number of employers increased slightly from 3.3 million to 5.3 million in the same period and its proportion in the total labor employment decreased from 44.0 percent to 27.7 percent. In the case of unpaid family workers, both the actual number and the percentage declined, paralleling the rapid capital accumulation process.

Although proletarianization was the dominant phenomenon in the overall development process in Korea, its degree and pattern differ widely across industries. Table 11 presents the distribution of labor force components by industry during the past three decades in Korea. Among the industrial sectors the most rapid proletarianization occurred in manufacturing. Between 1960 and 1991, the proportion of wage workers in manufacturing increased 21.7 percent while there were increases of 11.1 percent and 1.4 percent in services and agriculture, respectively. Internally, each sector also showed distinctive features of proletarianization over the last three decades; both employers and employees grew, but unpaid family workers shrunk in agriculture; only employees expanded whereas other components of the labor force decreased in manufacturing; and both employees and unpaid family workers increased, but employers declined in services. As indicated, among the major industries in Korea, manufacturing was the only site which underwent overall genuine proletarianization. This pattern of proletarianization is a direct result of Korea's recent development

**TABLE 10. ECONOMICALLY ACTIVE POPULATION BY SEX, 1960-1991 (percentages)**

Empl. Status	1960	1966	1970	1975	1980	1985	1991
Employers	44.0 (13.6)	37.3 (17.0)	33.9 (17.9)	29.3 (21.8)	33.1 (20.4)	30.0 (26.5)	27.7 (27.0)
Employees	21.3 (20.5)	29.6 (22.5)	38.0 (27.2)	38.7 (29.6)	40.5 (31.4)	52.0 (34.7)	59.3 (38.2)
Unpaid Family Workers	28.6 (57.3)	25.1 (65.1)	25.5 (70.4)	27.0 (71.9)	19.7 (74.3)	14.0 (81.5)	10.7 (87.6)
Not Classif.	6.1 (30.3)	8.0 (20.5)	2.6 (22.5)	5.0 (29.1)	6.7 (36.7)	4.0 (22.7)	2.3 (34.4)
Total (%)	100.0 (28.6)	100.0 (31.0)	100.0 (34.9)	100.0 (38.8)	100.0 (36.6)	100.0 (38.3)	100.0 (40.3)
(millions)	7.5	8.7	10.4	13.3	13.6	15.6	19.0

Note: Figures in parentheses represent the proportions of female.

Source: ILO, various years.

TABLE 11. SECTORAL DISTRIBUTION OF LABOR FORCE BY STATUS, 1960~1991 (percentages)

Empl. Status	1960	1966	1970	1975	1980	1985	1991
<i>Agriculture</i>							
Employers	50.3	48.6	44.1	38.7	48.2	50.5	58.2
Employees	6.0	9.7	10.7	9.1	3.5	11.8	7.4
Unpaid Family Workers	43.7	41.7	45.2	52.3	48.3	37.7	34.4
Not Classified	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(millions)	4.6	4.6	5.2	6.2	4.8	3.7	3.1
<i>Manufacturing</i>							
Employers	28.5	21.1	16.4	11.8	12.5	11.4	10.9
Employees	63.7	65.3	76.7	84.6	85.3	85.6	85.4
Unpaid Family Workers	7.8	13.6	6.8	3.6	2.2	3.0	3.7
Not Classified	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(millions)	0.5	1.0	1.4	2.2	2.8	3.5	4.9
<i>Services</i>							
Employers	45.8	36.2	32.2	32.9	37.0	34.6	30.6
Employees	49.8	57.1	60.2	59.5	56.0	55.3	60.9
Unpaid Family Workers	4.3	6.6	7.0	7.6	7.0	10.1	8.5
Not Classified	0.1	0.1	0.6	0.0	0.0	0.0	0.0
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(millions)	1.7	2.1	2.9	3.7	4.3	6.6	8.9

Note: Services include social & personal services, commerce, financing, construction, transportation and communication.

Source: ILO, various years.

process in which manufacturing was the most dynamic and fastest growing sector of capital accumulation.

The proletarianization process in Korea also varied by occupation. As seen in Table 12, which compares the employment trends of major occupational groups of the new middle class and production workers between 1960 and 1991, rapid industrialization had little effect on the proletarianization of the new middle class. Although there were some ups and downs in each occupational group, the employment structure of the new middle class by status has been stable throughout the last three decades; there was a 4.8 percent increase in employers and a 4.3 percent decrease in employees in professional/technical occupations; 0.7 percent decrease of employers and 1.2 percent increase of employees in the administrative/managerial category; and 1.3 percent decrease of employers

TABLE 12. CHANGES OF MAJOR OCCUPATIONS BY STATUS, 1960-1991 (percentages)

Empl. Status	1960	1966	1970	1975	1980	1985	1991
<i>Professionals/Technicians</i>							
Employers	13.3	12.8	14.6	13.2	13.3	19.3	18.1
Employees	84.9	86.2	84.3	84.7	85.6	79.7	80.6
Unpaid Family	0.9	1.0	0.9	2.1	1.1	1.0	1.3
Workers							
Not Classified	0.9	0.0	0.2	0.0	0.0	0.0	0.0
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(thousands)	166	224	323	417	581	870	1,413
<i>Administrators/Managers</i>							
Employers	76.0	39.7	61.2	61.2	62.8	79.7	75.3
Employees	23.1	59.4	38.2	38.8	37.2	20.3	24.3
Unpaid Family	0.7	0.9	0.5	0.0	0.0	0.0	0.4
Workers							
Not Classified	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(thousands)	90	69	96	102	134	217	300
<i>Clerical Workers</i>							
Employers	1.9	2.6	2.4	1.8	1.2	0.3	0.6
Employees	97.8	96.6	96.8	97.5	98.1	97.9	96.8
Unpaid Family	0.2	0.8	0.5	0.7	0.7	1.8	2.6
Workers							
Not Classified	0.1	0.0	0.3	0.0	0.0	0.0	0.0
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(thousands)	183	340	593	844	1,203	1,723	2,467
<i>Production Workers</i>							
Employers	31.1	17.9	14.4	10.8	19.4	11.9	13.9
Employees	62.7	71.9	80.3	86.2	78.6	85.6	83.2
Unpaid Family	6.2	10.2	5.1	3.0	2.0	2.5	2.9
Workers							
Not Classified	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(thousands)	663	1,350	2,198	2,891	3,570	4,522	6,474

Source: ILO, various years.

and 1 percent decrease of employees in clerical occupations. In contrast, the production labor force experienced rapid proletarianization in which the proportion of employers fell by 17.2 percent while the proportion of employees rose by 20.5 percent in the same period. Contrary to this weak

<sup>6</sup>Although the degradation of skills is a part of proletarianization, it is dealt with separately because deskilling is specifically related to the pattern of job complexity, that is, the level, scope, integration of mental, interpersonal, and manipulative tasks required in a job (see Form 1987).

proletarianization process, there were big shifts in the degradation of skills<sup>6</sup> of the new middle class occupational groups. Over the last three decades, the low-skilled clerical labor force expanded 13.5 times in absolute numbers whereas high-skilled professional/technical and administrative/managerial labor forces increased 8.5 times and 3.3 times, respectively (Table 12). Notably, the growth ratio of clericals surpassed the production labor force's increase of 9.8 times. This degradation trend in the white collar occupational groups, however, reveals some distinctive features if the trend is viewed according to the two different stages of Korean industrial transformation. In the early period of industrialization when Korea concentrated on the development of labor-intensive light industries, the low-skilled clerical labor force rose dramatically; between 1960 and 1975 the number of clerical workers increased 4.6 times while those in the professional/technical and administrative/managerial labor force increased 2.5 times and 1.1 times, respectively. On the other hand, in the latter period of industrialization when the development of high technology and capital-intensive industries were the main concern, the growth of better-paid and high-skilled labor force, especially professionals and technicians, was more significant. Between 1975 and 1991, each professional/technical labor force and administrative/managerial labor force increased 3.4 times and 2.9 times while clerical employment increased 2.9 times. This trend in the labor process thus indicates that Korea experienced the diluting effects of deskilling as industrialization deepened.

As predicted by Marxist theorists who insist that capital accumulation proceeds by the transformation of increasing sectors of population into waged labor organized by capital for the purpose of producing surplus value and realizing it in the form of profits (Braverman 1974; Glen and Feldberg 1977; Burris 1980a; Sobel 1989), Korea underwent overall proletarianization during the last three decades of rapid capitalist development. However, a decomposition of the total proletarianization by industry and occupation reveals a few noticeable features. First of all, proletarianization varied greatly by industry. Especially in Korea, manufacturing was the only sector which experienced a full-scale proletarianization in the sense that working class locations were expanded while nonworking class locations were destroyed or withered. Second, Korea's rapid industrialization made little impact on proletarianization of the new middle class occupational groups. Rather, proletarianization occurred widely in production jobs. Third, there has been a tendency towards the degradation of skills within occupational structure of the new middle class for the past three decades. This tendency of polarization,

however, is becoming weakened as Korea moves its industrial structure to more capital- and technology-oriented industries.

## CONCLUSION

Given conditions of a poor endowment of natural resources, scarce capital, an abundant labor force and the influence of the U.S., Korea pursued an outward-looking development strategy from the early 1960s. The main objective of this strategy was growth of the domestic economy via exporting manufactured goods. To accomplish this end, the state efficiently adjusted its industrial policies in the face of continuously changing domestic and international environments: it focused on the development of labor-intensive light industries in the 1960s and early 1970s, and thereafter it concentrated on the fostering of high technology and capital-intensive industries. With the execution of these development policies, Korea underwent a deepening industrialization accompanying a rapid accumulation of capital, a complex differentiation of industrial structure, and the expansion of social and economic organizations.

The formation of the new middle class in Korea was a direct result of rapid industrialization. Related to Korea's distinctive development paths, several historical and structural phenomena evolved in shaping the form of the new middle class. First, the new middle class grew significantly both in absolute numbers and percentage of the work force, moving its ranking to the second largest class from the second smallest class. Second, within the broad category of the new middle class, the proportions of professionals and technicians increased more rapidly than that of clerical workers as Korea shifted its industrial structure to more technology and capital-oriented industries. Third, the main sites of the growth of the new middle class in Korea were the manufacturing and private sectors. Fourth, the new middle class occupational structure did not undergo proletarianization during the last three decades of the rapid capitalist accumulation process. Instead, it experienced degradation of skills, which also lessened as Korea deepened industrialization.

Korea stands out as an especially interesting case in studying the relations between the development process and the new middle class in developing countries. Since Korea embarked on export-oriented industrialization policies in the early 1960s, it has experienced an impressive degree and pace of economic growth and transformation. This, however, does not mean the Korean economy has grown independently. With the adoption of an export-oriented industrialization policy in the early 1960s, the Korean economy

was integrated deeply into the world capitalist system and its involvement with the world market increased continuously. In 1962, only 6 percent of the gross national product (GNP) was derived from exports, but in 1991, about 30 percent depended on exports. Equally important is the fact that the ratio of imports to GNP also increased steadily, from 17 percent in 1962 to 33.2 percent in 1991. A more critical aspect of external dependence may be a large flow of foreign capital into the Korean economy. In 1985, Korea was the first heaviest borrower of all developing countries in Asia with a total debt of \$46.8 billion, equivalent to about 50 percent of the GDP in that year. Given these structural trends of the Korean economy, it seems appropriate to characterize the Korean pattern of development as "dependent development" (Lim 1985).

It has been a general assumption among dependency theories that the new middle class does not grow significantly in the dependent peripheral economy (Cardoso and Faletto 1979; Evans 1979). This is largely because dependent economic development is based on borrowed technologies and labor-intensive industries. This would lead to limited occupational differentiation and a limited range of technical and professional functions. Also, these functions are often provided by foreign experts and multinational corporate managers. Contrary to this expectation, the new middle class in Korea grew impressively without undergoing significant proletarianization and degradation during the rapid capitalist development process. Rather, the substantial increase of the new middle class in Korea suggests some theoretical implications for revising the assumptions and observations of the dependency perspective on class structure in the Third World.

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