

**INDUSTRIAL RELATIONS IN SOUTH KOREA:
AN HISTORICAL ANALYSIS**

THE UNIVERSITY OF
NEW SOUTH WALES



**SCHOOL OF INDUSTRIAL RELATIONS
AND ORGANISATIONAL BEHAVIOUR**

WORKING PAPER SERIES

ISSN 1325-8028

July 1997

112

INDUSTRIAL RELATIONS IN SOUTH KOREA: AN HISTORICAL ANALYSIS

Seung-Ho Kwon*

Abstract

Recently industrial relations in Korea has experienced an upsurge in industrial unrest between trade unions, employers and the state as the militant independent trade union movement responded to the draconian Trade Union Act re-amended in December 1996. This paper argues that any account of the current dynamics of Korean industrial relations needs to place these recent developments within the historical context of interactions between the state, the chaebol and trade unions. Therefore, the paper traces the historical development of Korean industrial relations from its origins in the late nineteenth century through to its current dynamics in the 1990s. It focuses on the political economy of South Korea, including the break up of feudal Korea, Japanese colonialism, the division of the Korea Peninsular, rapid industrialisation and the emergence of both national democracy and the independent trade union movement from 1987.

INTRODUCTION

Since the mid-1980s, Korean industrial relations has attracted scholarly worldwide attention because of its rapid industrialisation over the last three decades and the comparatively recent emergence of a radical and militant independent trade union movement (Kwon, 1997). A state-centred thesis has been the prevalent argument developed to account for these economic and industrial phenomenon. This thesis argues that, to achieve rapid industrialisation, the Korean state adopted an authoritarian corporatist approach to industrial relations (Choi Jangjip, 1989; Park Moonkyu¹, 1987), albeit modified by changes in socio-political and economic circumstances (Frenkel, 1993; Park Seil, 1992), or in response to demands at the different stages of industrialisation (Sharma, 1991). The focus on the state aimed to explore the subordination of labour and trade unions to the state and its goal of rapid industrialisation (Deyo, 1989; Koo, 1987; Seo Kwanmo, 1986).

However, the state-centred thesis tends to ignore, or underemphasise, the role of the employer, in particular in Korea, the family conglomerates, the chaebol² (Kwon, 1997; Kwon et al., 1994). Since the 1960s, the chaebol have been the main vehicle for Korea's rapid industrialisation under state-guided economic policies, and they have come to dominate the entire economy³ and employ a substantial proportion of the Korean workforce.⁴ It is in the chaebol workplaces that the dynamics of Korean contemporary industrial relations are being played out, with chaebol workers and their

independent trade unions seeking to achieve labour rights and to bargain collectively with employers. Therefore, the state-centred explanation of South Korean industrial relations does not fully acknowledge the significance of the independent trade union movement and its ascendancy to a central role in the current transition of Korean industrial relations. In sum, any account of the current dynamics of Korean industrial relations needs to place these developments within a broader historical analysis of the interactions between the state, the chaebol and trade unions.

The paper seeks to examine the historical interactions between the state, the chaebol and trade union within a political economy framework. The paper is divided into three historical stages which reflect both socio-political and economic changes in Korea and, specifically, changes in industrial relations. The first stage traces the origins of the labour movement, the formation of the chaebol and the emergence of an authoritarian state in Korea. It is argued that a key characteristic of the present Korean political economy - the subordination of workers and trade unions to the combined, institutionalised, interests of a repressive state and monopolistic capitalism – was established in the course of the break-up the feudal nation of Korea and the transformation towards a capitalist economy system from the late eighteenth century to the 1950s. The second analyses the development of the close economic and political ties between the state and the chaebol resulting from their common interests in rapid industrialisation driven by export-led economic and business policies in the 1960s and 1970s. This resulted in an authoritarian corporatist approach to workers and trade unions. This repressive approach of the state and employers unintendedly resulted in the development of an independent labour movement, initially in the 1970s, but more significantly from 1987 onwards. The growing legitimacy strength of this independent trade union movement was clearly demonstrated by its successful response to the draconian Trade Union Act of the Kim government from December 1996.

THE EARLY HISTORY OF KOREAN INDUSTRIAL RELATIONS AND THE EMERGENCE OF THE *CHAEBOL*

The Demise of Feudalism, Japanese Imperialism and the Organised Labour Movement

In the late nineteenth century, an organised labour movement was formed by the development of a wage labour class in the course of Korea's transition from a feudal to a modern capitalist society. Before its colonisation by Japan in 1910, what now constitutes Korea was the feudal kingdom of Chosun, ruled by the Yi Dynasty from the fourteenth century according to a rigid Confucian code of personal and social behaviour. Chosun's feudal system was maintained by a hierarchical, authoritarian class structure, rigidly stratified from top to bottom into the *Yangban* (ruling class), the *Jungin* or

Seoin (middle class), the *Sangmin* (peasant farmers and craftsmen) and the *Cheonmin* (underprivileged class) (Park Moonok, 1985: 77-148).

Feudal Korea had an agricultural economic base: landlords leased their agricultural land to tenant farmers for a fixed share of production; and, handicrafts were made in *Sangmin* and *Cheonmin* family workshops. The first indications of a developing wage labour class can be traced to the late eighteenth century when the feudal structure began to break down as a consequence of new, less labour-intensive farming methods being adopted. These methods resulted in an increasing concentration of land ownership by larger landowners, tenant farmers and businessmen, and triggered the exodus of subsistence peasant farmers over the succeeding decades to emerging economic sectors, especially mining. The ruination of agricultural lands by natural disasters, as well as the levying of exploitative taxes by the ruling class, were additional factors contributing to the exodus of the peasants from the land in the late nineteenth century (An Byeonggik, 1981; Baek Wukin, 1987: 40-41; Cho Dongyeon, 1979: 98-101; Kim Beoyngdae, 1981: 36-40).

The development of a wage labour class was accelerated by the Japanese opening up of Korea in 1896 and its military annexation in 1910. Imperial Japan used Korea to supplement a growing shortfall in primary products necessary to fuel the industrialising Japanese economy. This was effected by the large scale occupation of Korean public and private lands by the Japanese under the *Sanmijeungsan Gyeahoeg* programme (Plan for the Increase of Rice Production). It resulted in a mass exodus of *Sangmin* and *Cheonmin* from agriculture. At the same time, the Korean economy was industrialised to enable the development of Japanese monopoly capitalism. The mining, transport and maritime industries were the first to be developed and the first to absorb the landless peasants. By 1928, city-based, daily-wage workers comprised 57.5 per cent (653,552) of all wage workers with construction and related workers comprising 37.2 per cent (422,543) of the total workforce. In the 1930s, in order to support the Japanese munitions industries, Korean manufacturing was rapidly expanded so that by 1940 it employed a workforce of 295,000 (Cho Younggeon, 1984: 6-20; Kim Kyungil, 1992: 45; Yang Sanghyeon, 1986: 219-220).

Low wages and hazardous working conditions contributed over time to the formation of Korean trade unions. The first modern trade union, the Seongjin Stevedores' Union, was formed in 1898, and others soon followed. Spontaneous strikes were also organised by the emerging trade unions.⁵ Despite these developments, union action was mostly fragmented and regionally based, and strikes were often broken by the state and employers. However, during the Japanese colonial period, especially in the 1920s, the trade union movement developed a national organisation with the support of nationalists and socialists (Kim Yunwhan, 1982: 41-43; National Stevedore's Union, 1979: 15-24).

Two major factors account for the participation of nationalists and socialists in the emerging Korean trade union movement. First, in the Japanese colonial economy, Korean workers were discriminated against and were paid only between 40 and 50 per cent of wage levels of Japanese workers. In the second, under Japanese colonialism just one per cent of Korean workers enjoyed an eight hour day, while 46.9 per cent worked more than twelve hours a day. The worst working conditions were in mining, where accidents increased from 1,210 in 1924 to 8,571 in 1938. Such conditions were a major contributor to the growth of anti-Japanese sentiments, and of nationalist and socialist groups (Kang Dongjin 1983: 98, 100, 103, 105, 121; Kim Yunwhan, 1982: 85-86, 137-139; Yoon Yeodug, 1992: 67).

Furthermore, the Russian Revolution in 1917 influenced socialist groups to seek the assistance of trade unions as political allies in the struggle for the liberation of Korea. Nationalists and socialists found a common cause in opposing the colonial authorities' exploitation of labour. As a result, union membership increased and trade unions were able to expand to establish national or industry-based organisations, such as the *Chosun Nodongkongjeahoe* (The Chosun Labour Fraternal Association) in 1920, the *Chosun Nodongyeonmeainghoe* (The Chosun Labour Confederation) in 1922 and the *Chosun Nonong Chongyeonmeaing* (The Chosun Labour and Farmer Confederation) in 1924 (Kim Yunwhan, 1982: 111-117; 1983; Yoon Yeodug, 1991: 82-120).

The development of trade unions gave rise to an increasing number of protests against low wages, poor working conditions and racial discrimination favouring Japanese workers. The number of strikes had increased from 81 involving 4,599 workers in 1920 to 1,608 involving 18,972 workers in 1930 (Kim Kyungil, 1992: 309). Table 1 shows the extent of trade union expansion in Korea in the 1920s.

Table 1 Number of trade unions and unionists, selected years 1920-1935

Year	1920	1922	1924	1926	1928	1929	1932	1933	1934	1935
Union	33	81	91	182	488	473	402	334	250	207
Unionist	na	na	na	na	67,220	61,730	52,988	41,836	34,460	28,211

Source: revised from Kim Kyungil, 1992:83.

However, the growth in union organisation was short-lived. Table 1 demonstrates that the number of trade unions and unionists declined during the 1930s. There were a number of reasons for this. Despite an alliance against the common enemy of Imperial Japan, differences between the paternalistic nationalists and the revolutionary socialists were destined to split the trade union movement. While the nationalists advocated the resolution of industrial conflict within the industrial framework of the colonial state, the socialists insisted on mobilising Korean workers to overthrow

colonial capitalism. Strategically, the Japanese ensured that the nationalists received better benefits, leading to their affiliated unions becoming subordinate to the state and Japanese capitalism. This contrasted with the suppression of anti-colonial nationalists and leftist unionists, who struggled to maintain trade unionism against its decline during the 1930s. With such factional conflicts among national trade union leaders, the trade union movement was often ineffective in its response to the repressive Japanese colonial state, especially against its industrial mobilisation policies during the Second World War. The union movement diverted its resources to the underground resistance that emerged to the Japanese occupation from the 1930s (Kang Mankil, 1985: 18, 34-36; Kwon *et al.*, 1995). However, this historical split among ideological groups within trade union movement sowed the seeds for the strong confrontation that emerged between the socialist and nationalist in the late-1940s after liberation.

The Political Economy of the Liberation of Korea, the Emergence of the Chaebol and the Trade Union Movement: 1945-1950s

The liberation of Korea in 1945 coincided with the start of the Cold War which, among other things, resulted in the division of the Korean peninsula by the two ideologically opposed camps, the USA and the USSR. The economy of North Korea was structured along communist lines with political backing from the USSR, while South Korea was chosen to exemplify democratic capitalism, initially under the rule of the United States Army Military Government in Korea (USAMGIK or, more simply, AMG). In South Korea, the ‘right wing’ ruling class, comprising former Japanese collaborators, landlords and capitalists, were given political hegemony by the AMG as a countervailing force to communist North Korea. In 1948 Seungman Rhy, who represented these interest groups, was elected President of the First Republic of Korea (Yang Jaein, 1983: 205-219).

The miserable experiences endured by the population in the Korean War (1950-1953)—an ideological conflict—reinforced the existing anti-communist, ‘anti-red mind-set’, of South Korean society. This was often manipulated by the Rhy government to secure political power through various institutions, for example, the *New National Security Act* in 1958, or via repressive control of the mass media.⁶ In 1960, the rigging of elections for Rhy Seungman’s fourth term led to street demonstrations throughout the country referred to as the ‘Four Nineteen (4.19) Revolution’ of 19 April 1960. However, although the Chang Myeong government was elected to office in 1960 to reconstruct democracy in Korea, the government was ousted by the military coup of General Park Chunghee in the name of economic development and national defence in May 1961.

The state's economic policies involved the formation of close ties between the state and *chaebol*. The *chaebol* was chosen by the state as the main private agency to construct a modern capitalist society, and a variety of political and economic benefits were provided by the state to the *chaebol* to facilitate their business activities and encourage economic development. For example, after liberation, the Japanese legacy of factories and lands were distributed by the AMG and the Rhy government to their political supporters on the exceptionally favourable terms in order to build a primitive capitalist economy as a bulwark against North Korea.⁷ This distribution of the Japanese economic legacy was the basis for the emergence of monopolistic capitalism in the form of the *chaebol* from the 1970s onwards. Further, various international financial and food aids from the USA and the United Nations, distributed by the Rhy government, enabled the *chaebol* to accumulate additional capital and promoted their business activities in consumer products, especially food and textiles, and construction (Hamilton, 1984: 30-31; Jones et. al, 1980: 46; Ogle 1990: 42). All developments in the Korean political economy facilitated the subordination of the trade union movement in Korea to the interests of capitalist and an authoritarian state from this time onwards.

In 1945, following liberation from Japan, industrial relations in Korea experienced a dramatic post-liberation growth by leftist trade unions and an upsurge of industrial conflict. In November 1945, the socialists organised the *Chunkuk Nodongjohab Pyungeuihoe*, or *Chun Pyung* (National Trade Union Council) structured along industry lines in close association with the Chosun Communist Party. The initial membership of 180,000, increased within two months to 553,408 in 224 branches and 1,757 local unions. Between August 1945 and February 1948, *Chun Pyung* organised over 3,000 strikes involving more than three quarters of a million workers.

This dramatic upsurge of the leftist trade union movement by the *Chun Pyung* represented a challenge to the political and economic interests of the AMG and Korean capitalists. In response, the AMG and local capitalists employed two strategies; political restriction of *Chun Pyung* activities and the promotion of right-wing trade unions. In 1946 the AMG restricted the political activities of all unions under the rhetoric of cultivating 'economic unionism' as exemplified by American unions. Also, in March 1947, anti-*Chun Pyung* groups, which included right-wing politicians and capitalists, organised the *Daehan Dogrib Chockseong Nodong Chongyeonmyeng* (General Federation of Korean Trade Unions: GFKTU) to displace the *Chun Pyung*. These anti-*Chun Pyung* approaches immediately triggered aggressive political resistance from *Chun Pyung*. Its most widespread and militant strike campaign, the 'September National Strikes' in 1947, began at Kyungseong Railway Factory in Seoul, eventually spreading throughout Korea and involved 264,000 workers. After the failure of the national strike, and under pressure from relentless attacks from the state and right-wing trade unionists,⁸ *Chun Pyung* was eventually banned by the state in 1947. Thereafter, the GFKTU became Korea's sole legally national trade union federation (Cho Younggeon, 1984: 72-76, 80-86; Yoon

Yeodug, 1991: 261, 275, 286). This marked the beginning of labour movement incorporated to an authoritarian state in Korea.

The GFKTU's functions were limited to supporting the political and economic interests of the state and Korean capitalism. For example, GFKTU union leaders became members of the Rhy government and the GFKTU was used as a political ally of Rhy's party. During an industrial dispute at the Chosun Textile Company in December 1957, the dispute ended with the dismissal of about 600 radical workers and unionists, including the full-time officials of the local unions, as a result of GFKTU support for company management (Cho Younggeon, 1984: 90-98, 100-102; Kim Yunwhan, 1982: 257). As a result of the subordination of the GFKTU to the state and capital, the independent labour movement was fragmented and forced to operate through localised unions for groups such as miners, employees of the USA military forces and some textile workers. Although the Four Nineteen Revolution in April 1960 created a favourable context for a brief renaissance of the genuine independent labour movement. Like other socio-political groups, trade unions were again incorporated into the rapid industrialisation programs of the Park military government from the early 1960s onwards (Kang Mankil, 1985: 286-295). Table 2 details the extent of that short-lived renaissance.

Table 2 Employment and labour disputes trend in Korea, 1957-1960

Year	Employee (thousand:%)	Unemployed (thousand:%)	Disputes (No.)	Participants (No.)
1957	8,079(100)	277(100)	45	9,394
1958	8,748(108)	334(121)	41	10,031
1959	8,768(109)	347(125)	95	49,813
1960	8,521(106)	434(157)	227	64,335

Source: Kim Nakjung, 1982: 294.

RAPID INDUSTRIALISATION OF KOREA: EARLY 1960s-EARLY 1980s

Rapid Industrialisation and Korean Political Economy: early 1960s-early 1980s

The Park government seized power by military coup in May 1961 and soon its anti-democratic political practices⁹ faced increasing resistance from opposition political groups and students. In response, the government became both more repressive and authoritarian. In 1979, widespread resistance produced an internal political crisis in the Park government, which collapsed with the assassination of Park Chunghee. In this context, a new military elite led by Chun Doohwan and Roh Taewoo gained political hegemony. However, given the highly authoritarian behaviour of successive

Korean military governments, economic growth was critical to cement their political legitimacy; thus rapid industrialisation was a key objective, especially for the Park government from the 1960s. All possible means were used to incorporate various sectional interest groups such as the *chaebol*, workers and trade unions into the economic policies of the state. To reconstruct and mobilise an economic development mindset throughout Korea, the military governments organised cultural and moral campaigns such as the *Saemaul Undong* (New Village Movement: 1971) and the Social Clean-Up Movement (1980). They also suppressed opposition, imposed censorship and used ‘anti-red’ propaganda to contain challenges to their authority, including from trade unions (Kang Mankil, 1985: 187-189).¹⁰

The dominant economic strategy of the authoritarian governments involved export-led industrialisation (ELI), using foreign capital and investments and an abundance of low-skilled labour. To achieve this ELI strategy, four Five Year Economic Development Plans (FYEDP: 1962-1966, 1967-1971, 1972-1976, 1977-1981) were implemented under central control of the Economic Planning Board during the Park government era. The first two FYEDPs were mainly devoted to building the infrastructure to facilitate rapid industrialisation, such as regional industrial estates—in Ulsan (1962), Kuro (1967) and Masan Export Free Region (1969) under the *Korean Export Industrial Estate Act* (1964) which aimed to efficiently utilise limited industrial resources. Relying on cheap and lowly skilled labour, labour intensive light industries, such as textiles and footwear, were also developed.

Building on these initial developments, the latter two FYEDPs aimed to transform the Korean industrial structure toward large scale heavy and chemical industries in the 1970s. During the fifth Five-Year Economic and Social Development Plan (1981-1985) of the Chun government, the Korean economy was restructured away from its high dependence on heavy and chemical industries towards more technological and capital-intensive industries. As a result of such intensive industrialisation, Korea’s economy experienced average annual economic growth rates of approximately 10 per cent between 1963 and 1979 and over 7 per cent between 1981 and 1987 (Cho Seunghyeok, 1984: 65, 69; Cho Sun, 1988, 1991; Economic Planning Board, 1962, 1966, 1971, 1976, 1982; Sakong Il, 1993).

The economic developmentalist approach of the authoritarian military governments was critical for the emergence of monopoly capitalism in the form of the *chaebol*. The *chaebol* was chosen by the state as the main private sector economic forces to achieve rapid industrialisation and, in the process, transform their previously small and medium sized business into large scale conglomerates by the 1970s. An integral part of the state driven ELI strategy involved forcing workers in the *chaebol* to work for relatively low wages. Furthermore, unions were repressed and subordinated to the policy of

rapid industrialisation. Only politically subordinated unions were able to maintain their positions; those who resisted were forcefully expelled from Korean workplaces.

From Competitive Capitalism to the Monopolistic Capitalism of the Chaebol: early 1960s-early 1980s

During the period of rapid industrialisation from the 1960s and 1970s, most of today's leading *chaebol* cemented their economic position as shown in Table 3. As the *chaebol* was chosen as the main private agencies for ELI policies, all available means were provided for their growth. For example, through Korea's participation in the Vietnam War, most *chaebol* were able to gain sufficient capital to enable them to develop large scale heavy and chemical industries through their role in supplying war-related products. Further, to promote the export of cheap labour construction to the Middle East in the 1970s, the Park government strengthened its diplomatic relations with Middle East countries.¹¹ As a result, in 1978, about 70 Korean construction companies, employing around 170,000 Korean workers, were operating in the Middle East¹² (Hong Deokrul, 1992: 62-65, 80-84; Kuk Minho, 1987: 44-57; Lee Jungjae, 1994: 147-154, 173-181).

Table 3 Changes in the ranking of the ten largest *chaebol* by total assets, 1960-1993

Rank	1960	1971	1977	1987	1993
1	Samsung	Samsung	Samsung	Hyundai	Hyundai
2	Samho	Lucky	Hyundai	Samsung	Samsung
3	Samyang	Hanjin	Lucky Goldstar	Lucky Goldstar	Daewoo
4	Gaepung	Sinjin	Daewoo	Daewoo	LG
5	Lucky	Ssangyong	Sunkyung	Sunkyung	Sunkyung
6	Daehan	Hyundai	Ssangyong	Ssangyong	Ssangyong
7	Dongyang	Korea Explosive	Korea Explosive	Korea Explosive	Lotte
8	Hwasin	Geudong	Kukjae	Hanjin	Kia
9	Korean Glass	Daenong	Hanjin	Hyoseong	Korea Explosive
10	Geudong	Sunkyung	Hyoseong	Lotte	Hanjin

Source: Cho Dongseong, 1991: 166, 173, 193, 211; *Dong-Ah Ilbo* 25 June 1993.

Therefore, the economic policies of the governments aided the development of the monopolistic capitalist development of the *chaebol*. As the main private agencies for rapid industrialisation, the *chaebol* businesses were adjusted or diversified in line with different stages of state economic policies. For example, in the 1970s the main businesses of most leading *chaebol* were restructured to enable them to convert to large scale heavy and chemical industries under the guidance of the government's economic policies. Table 4 indicates the sharp increase of a number of the twelve largest *chaebol*'s subsidiaries in these industries from 31 in 1972 to 122 in 1981. This contrasted with a minimal increase in the number of subsidiaries in light industries. In manufacturing, the share of total sales by the twelve large *chaebol* in the 1970s increased from 14.2 per cent in 1972 to 31.5 per cent in 1981 (Cho Dongseong, 1991: 189; Lee Gueeok, 1990; Lee Jaehee, 1990: 45).

Table 4 Changes in number of subsidiary companies of the twelve largest *chaebol* by type of industry, 1972, 1978 and 1981

Year	1972	1978	1981
Light Industry	20	53	47
Heavy & Chemical Industry	31	123	122
Total	61	176	169

Source: Derived from Lee Jaehee, 1990: 45.

The growth strategies of the main *chaebol* were closely associated with, and had a critical impact on, their labour-management practices, and on the trade union movement. First, the transformation of the *chaebol*'s businesses to heavy and chemical industries in the 1970s brought a change of its labour market characteristics. As a result of restructuring, heavy industries became the major workplaces of the *chaebol* in Korea, resulting in employment levels increasing from 25,000 in 1972 to 154,000 in 1981 at the twelve largest *chaebol*. Twelve largest *chaebol* share of total employment increased from 8.1 per cent to 14.3 per cent of the entire workforce in the same period (Lee Jaehee, 1990: 45; Lee Gueeok, 1990).

The government's policy of promoting industrial estates resulted in the regional concentration of similar production systems, such as Ulsan for Hyundai, Masan and Changwon for machinery industries and Keojae Island for Daewoo Heavy Industries. Such regional concentration resulted in the development of large numbers of workers doing similar types of work under similar working conditions in the same region. This combination of factors was critical to the emergence of an independent trade union movement. It facilitated the development of large scale regionally based and *chaebol*-based trade unions, such as the Hyundai Group Trade Union Association in Ulsan Industrial Estate and the Masan-Changwon Union Coalition in the Masan-Changwon Industrial Estate (Kwon, 1997; Kwon *et al.*, 1994).

The government's ELI strategy combined with the *chaebol*'s growth strategy resulted in labour management strategies that focused on cost minimisation achieved through high productivity and low labour costs. Table 5 indicates that as rapid industrialisation progressed, the gap between the increase rate of labour productivity and employee wages widened, contributing to the growth of class consciousness and solidarity among production workers. As part of this cost minimisation approach to labour management, in the 1970s, militarist labour control strategy was evident in the *chaebol*. This consisted of a comprehensive hierarchy of subordination similar to a military command structure. Within the *chaebol* workplaces, it was applied as a cultural form of labour control, without reliance to formal regulations or policies to maximise production efficiencies. This cultural form of labour control involved military style morning meetings, short hair cuts and the wearing of uniforms. Under

this militaristic management style, once an order was given by foremen or managers, it was to be implemented without question, even if it involved a difficult or hazardous task. If workers did adhere to this militaristic workplace culture, they faced the prospect of losing their credibility within their community and at work, and were likely to face the prospect of dismissal (Kwon, 1997; Park Sangyeon, 1992).

Table 5 Labour productivity and wage index, 1962-1966

Unit: %

Year	1960	1961	1962	1963	1964	1965	1966
Productivity	100.	112.2	114.2	122.4	133.2	156.5	162.8
Real wage	100.	100.2	101.3	95.9	90.3	93.8	97.2

Source: Kwon, 1997: 51.

Rapid Industrialisation, Monopolistic Capitalism and the Trade Union Movement: early 1960s-early 1980s

As rapid industrialisation of Korea was underpinned by cheap, low-skilled labour, the predominant objective of state industrial relations policies, and those of the *chaebol*, was to minimise labour conflicts and to maximise the productivity of Korean workers. To achieve these outcomes, the state and employers adopted repressive forms of corporatist labour control involving strict control of trade union activities. Those unions that did not submit were expelled from Korean workplaces. To ensure that workers and trade unions remained compliant, the Park government enacted various labour laws and a trade union act. The *Trade Union Act*, the *Labour Dispute Conciliation Law* and the *Labour Committee Law* were re-amended in 1964 to restrict the presence and political activities of multiple unionism in the workplace, as well as to establish the Labour Management Council, and to promote economic-oriented unionism. To attract foreign direct investment, in 1970 the *Temporary Act for the Trade Union and the Strike Adjustment in the Workplace of the Foreign Invested Enterprise* was enacted to ensure a strike-free environment in foreign-invested industrial estates. As industrialisation progressed in the 1970s, the Park government became increasingly repressive and intervened in workplace industrial relations as industrial conflict became transformed into social and political conflicts. The *Special Act for National Security* (SCNS) was one of the government's major institutional devices for labour repression,¹³ with the public security agencies such as police and the Korean CIA being used to suppress industrial conflict (Cho Seunghyeok, 1984: 72; Kim Jungseon, 1972: 80-86; Park Youngki, 1979; Shin Yeonho, 1972: 134-141).

The sole national body of trade unions, the FKTU¹⁴ was not exempt from this repressive corporatist control of the government. In 1961, its organisational structure was restructured by the government

into 16 industrial federations comprising 2,359 unions and 336,974 members to expel 'non-cooperative' union leaders. Only those union officials who the government deemed were loyal to the regime, were permitted to remain. Given the subordinate role of the FKTU to the state's economic and political agendas, the genuinely independent trade unions were constrained in their ability to fight for worker rights in the 1960s, with most unions existing in small and medium sized workplaces,¹⁵ they were easily dissolved by a combination of employers and the state. Furthermore, with the introduction of SCNS in 1971 collective bargaining and industrial relations action was severely limited and subjected to decisions by the state, greatly weakening the power of trade unions (Federation of Korean Trade Union, 1979: 567; Park Youngki, 1967: 167).

Nonetheless, a genuine—albeit underground—labour movement emerged in the early 1970s. Its protests became militant and included incidences of suicide by self-immolation in the case of Chun Taeil in 1971. The number of strikes increased from 70 in 1969 to 101 in 1971 (Kang Mankil 1985: 288). With the marginalisation of the FKTU, especially from the mid-1970s, aggrieved workers organised themselves and staged spontaneous, large scale protests. Examples were the fire at the Hanjin Company's building in 1971 and the Hyundai Shipyard strike, which involved about 3,000 workers in 1974. Although spontaneous, these strikes were usually initiated by the independent union movement in alliance with anti-government political activists such as the Urban Industrial Mission (UIM), the Catholic Farming Youth Workers' Association and university students. These groups promoted independent trade unionism through various education programs that aimed to improve the social consciousness of workers and unions.

The strike at Bando Co. (a Lucky Group textile company) was typical of strikes in this period, neatly encapsulating the characteristics of Korean industrial relations in the 1970s. The strike was initiated in 1974 by over 1,000 female workers in response to hazardous working conditions and low wages.¹⁶ In response, the employer, with the support of the FKTU's National Federation of Textile Unions, appointed male supervisors to the leadership of the enterprise union. The government also used police to remove the strike's core leaders. The FKTU and the government branded union leaders as communists through their control of the mass media. The strike ended, however, without any real loss to the striking workers because of their internal solidarity and ability to sustain their independent trade union (Choi Jangjib, 1989: 130-132; Cho Seunghyeok, 1984: 74; Lee Donghan, 1989: 218-239; Lee Taeho, 1983).

Labour resistance in the 1970s fuelled a class consciousness among production workers aggravated by low wages, despite rapid economic growth. For example, in the 1970s, the top 20 per cent of households received over 40 per cent of the national income, whereas the bottom 40 per cent received

only 19 per cent in 1965, and 16 per cent in 1978.¹⁷ A sizeable wage gap had also developed between white and blue collar workers (Table 6). Workers employed in large scale industry enduring hazardous working conditions formed the bottom strata of Korean society and developed a proletarian class consciousness (Cho Seunghyeok, 1984: 72-74). Meanwhile, a large independent and militant labour movement emerged in parallel with the development of large scale production systems, especially in the workplaces of the *chaebol*. For example, in 1977, a strike at one of Hyundai's Middle East sites against low wages and militaristic labour control by authoritarian supervisors involved over 3,000 workers (Kwon, 1997).

Table 6 Wage differentials by type of occupation group, 1971 and 1978

Unit: %

Year	Engineering	Government	Managerial	Production
1971	250	359	204	100
1976	292	474	222	100

Wage index by 100 of production workers' wage.

Source: Ministry of Labour (1971, 1976) *Labour Year-book*.

When authoritarian labour controls were removed by the recovery of democracy in the aftermath of the assassination of president Park in late 1979, an independent labour movement emerged. The incidence of strikes rose from 96 in 1977 to 205 in 1980. However, like other pro-democracy, socio-political movements, the independent labour movement was suppressed by the Chun government in 1980. The FKTU was reorganised into 16 federations, 107 local branches were closed and the chairmen of 12 industrial federations were replaced. As a result, FKTU membership declined from 1,092,149 members in 1979 to 948,134 in 1980. Trade union activities were restricted and confined to workplace matters by re-amendment of Trade Union Act in 1981. For example, third party involvement in workplace industrial relations, such as union federations, was prohibited. The ambit of the *Labour Management Council Act* was also extended to all workplaces with over 100 employees in order to promote increased productivity (*Chosun Ilbo* 25 April 1980; Kim Kyungdong, 1984; Korean Employers' Federation, 1982, 1989: 93; Park Taesun, 1989: 316-329).

THE TRANSFORMATION OF KOREAN INDUSTRIAL RELATIONS: 1980s-1990s

Transition from an Authoritarian to a Democratic Political Economy: mid-1980s- 1990s

Following the killing of two student activists by police, a nation-wide democracy movement erupted throughout Korea. The movement gained an agreement for the reinstatement of democracy by the Chun government in June 1987. In the following months, an independent trade union movement emerged

throughout Korea. Since then, Korea has been, to a greater or lesser degree, on a path of transition from an authoritarian to a more democratic industrial society. Owing to their autocratic heritage, however, the Roh (one of Chun's aides, 1988-1992) and the recent Kim government (1993-1997) failed to meet demands for the adoption of democratic principles, and their authority has often been challenged by various sectional interest groups including trade unions.

Since the mid-1980s, the Korean economy has also been undergoing changes. A major force for the changes was its loss of cost competitiveness in its ELI strategy, which was largely dependent upon a policy of maintaining low labour cost, it was undermined by the emergence of independent trade unionism and their attempts to improve the wages and working conditions of Korean workers. The cost competitiveness of the Korean economy was also challenged by late developing countries such as ASEAN economies and China. In response, the state and *chaebol* have attempted to restructure industry towards more technological and capital intensive industries manufacturing high value added products such as semiconductors, motor vehicles and micro-electronics. Moreover, the state's highly interventionist approach to the economy encouraged a less regulated market economy and reduced the monopoly power of the *chaebol* in response to public pressure. These structural changes to the national economy underpinned the Sixth Five Year Economic and Social Development Plan (1987-1991) and Seventh Five Year New Economic Plan (1993-1997) (Chosun 1991: 14-15; Economic Planning Board, 1988; *Monthly Observer*, May 1992: 224-232).

Crisis of Monopolistic Capitalism, the Chaebol and Transition: mid-1980s-1990s

The emergence of monopolistic capitalism in Korea during the period of rapid industrialisation enabled the *chaebol* to become the key force in the Korean national economy.¹⁸ Based on their economic power, their supply of political funding and considerable sway over the mass media, they have become the *de facto* ruling class in Korea. Since the mid-1980s, however, changes in the political and economic environments, including industrial relations, have resulted in revised growth strategies among the *chaebol*. First, the anti-democratic aspects of monopolistic capitalism have been the object of sustained public criticism, resulting in a shift from the traditionally reciprocal broad-based economic relations between the state and the *chaebol*, to one of more selective ties in relation to a narrow range of economic interests. For example, only those industries such as high-technological oriented industries manufacturing value added products in the private sector were supported by the government¹⁹ (*Chosun Ilbo* 7, 13, 14, 19, 30 May, 3, 17 June 1993, 4 May, 8 August 1994, 11 January, 23 February 1995; *Dong-Ah Ilbo* 18 March, 15 July, 4 September 1993, 17 February 1995).

Second, the development of an independent trade union movement after the mid-1980s became a central force in criticising the anti-democratic elements of the *chaebol*'s industrial relations policies,

including their cost minimisation strategy. Relying on strong community support for improved rights at the workplace, unions were able to recover their bargaining power in negotiations with employers and the state. Table 7 demonstrates the sharp increase in wages since the mid-1980s that has undermined the low labour cost practices of the *chaebol*. The protected and monopolistic market position of the *chaebol* in Korea has also been exposed to competition as the Korean market has been opened to multi-nationals (*Dong-Ah Ilbo*, 24 November 1995; Hong Deokrul, 1985; *Monthly Observer*, January 1992: 246-257; Yun Inhak, 1991: 93).

Table 7 **Changes in monthly salary of manufacturing employees, 1981-1996**

	Unit: won, %				
Period	1982-1984	1985-1987	1988-1990	1991-1993	1994-1996
Salary	224,940	297,611	491,816	791,418	1,135,853
(Index)	(100.0)	(132.2)	(218.6)	(351.7)	(504.8)

Source: Bank of Korea (1997: 14-15), *Monthly Statistic Bulletin*, February, Bank of Korea

In response, the *chaebol* have revised their traditional approaches to business practices. The *chaebol* has re-organised their ‘Octopus Arm’ style of diversification, which saw unrelated businesses of the *chaebol* being hived or sold off from the parent business corporate group, toward more high value added businesses in areas such as semi-conductors or service industries. For example, the Specialisation Policy of the government resulted in the five largest *chaebol* nominating ‘high-tech’ oriented business as major strategic business areas (Cho Dongseong, 1991:191, 203; *Chosun Ilbo*, 1 March 1993, 19 January, 20 August 1994, 16 January 1995; Lee Samjun, 1992:27; Park Hee, 1993: 87).

While restructuring of their businesses towards high-tech oriented, in response to increasing labour costs and the influence of trade unions, the *chaebol* put considerable efforts into replacing labour intensive work processes involving large scale production systems with automated production systems in order to reduce their demand for labour and to weaken the role of trade union involvement (Kim Gyeon, 1991: 216; Kwon, 1997; Lim Yangtaek, 1992). Table 8 demonstrates such practices in Hyundai Motor Company. As seen in the Table, the number of robotics used in automated production lines has sharply increased, especially after the emergence of independent trade unions in Hyundai from 1987. Those labour intensive work processes that not were amenable to automation, have been transferred to external subcontractors. The concentration of production had facilitated the development of a large scale trade union movement, whose solidarity derived from the regional concentration of factory production but whose success in increasing wage level directly undermined the economic benefits of regional concentration resulting in employer strategies of decentralisation to reduce labour cost and undermine trade union power. The regional concentration of similar

production systems has been decentralised by transplanting production to other domestic locations or overseas to China, Indonesia and Vietnam (Kwon, 1997).

Table 8 Changes in the number of industrial robots in Hyundai Motor Company, 1984-1991

Year	1984	1985	1986	1987	1988	1989	9. 1990	9. 1991
No.	24	18	23	258	39	298	289	151

Source: Lee Younghee, 1994: 118.

The *chaebol* have also altered their militaristic approach to labour management, with a range of more ‘paternalistic’ management practices including the introduction of intensive welfare facilities and seniority-based promotion systems for production workers evident at *chaebol* workplaces such as Samsung, Hyundai, LG and Daewoo (Park Sangyeon, 1992). In addition, since the early 1990s there has been a noticeable change towards employing foreign workers for labour intensive activities.²⁰ While the number of foreign workers employed by the *chaebol* in their Korean workplaces is comparatively low, it is likely to expand considerably in the future (*Chosun Ilbo* 16 June, 29 December 1993; *Dong-Ah Ilbo* 20 September 1993, 7 March 1995).

The Independent Trade Union Movement and the Transformation of Korean Industrial Relations: mid-1980s-1990s

As the large scale of *chaebol* workplaces grew in the 1970s and early 1980s, the class consciousness of production workers was actively promoted by underground unionists who operated in alliance with other democratic activists, such as students in the early 1980s. They organised leading independent union associations, such as the Korean Labour Welfare Association in 1984, with the support of Christian related groups, the Seoul Labour Movement Alliance established in 1984 by a dismissed unionist, and the Inchon Workers’ Alliance set up by student activist groups in 1986. These groups organised several important strikes at *chaebol* workplaces, which provided the basis for trade union activism in 1987. Examples were: the Daewoo Motor Company strike; Daewoo Apparel Co strike; and, the Kuro Allied Strike in 1984. The most important of these strikes was the Daewoo Motor Company strike in which individual student activists were able to take part as ‘disguised employees’.²¹

Independent unionists became the target of the government and employers because of their significant role in the movement opposing the authoritarian Korean state, the monopolistic practices of the *chaebol* and the political subordination of the FKTU. However, following nationwide demands for democracy in June 1987, an independent union movement was quickly established in workplaces

throughout Korea. Table 9 indicates a clear upswing in the trade union movement, especially after June 1987 (Mun Kyungsoo *et. al*, 1991: 157-158; Hankuk Kidogkyo Sanyeobgaebalwon, 1985; *Monthly Mal* September, October 1985, March, May, September, December 1986; *Shin Dong-Ah*, June 1985: 466-484).

Table 9 Union membership and labour disputes, 1981-1989

Year	Number of unions	Membership (thousand)	Organisation rate(%)	Number of labour dispute	Working days lost(thousand)
1981-1986(Ave.)	2,476	1,002	17.4	171	na
Jan.-Jun. 1987	2,725	1,050	14.7		
Jul.-Dec. 1987	4,086	1,267	17.3	3,749	6,792
1988	6,142	1,707	22.0	1,873	11,269
1989	7,861	1,825	22.3	1,616	13,275

Source: *Quarterly Labour Review*, 3/4, 1989, 2/4 1991, Korea Labour Institute (KLI).

In response, employers initially resorted to unlawful tactics to disrupt the independent trade union movement. For example, at the Hyundai Mipo Dockyard in 1987, official documents for the registration of its union were forcibly seized by management, despite the presence of government officials. A similar response was evident in other *chaebol* workplaces such as Samsung and Daewoo as employers sought to prevent the official registration of independent unions so that the independent unions remained illegal organisations. The *chaebol* employers also registered their own company-backed unions in order to create internal split among union members for legal hegemony of their union body.²² In one case, at Hyundai Engineering Construction in May 1988, the president of the company's trade union branch was kidnapped by management-backed terrorists and forced to resign from Hyundai Engineering and Construction (*Dong-Ah Ilbo*, 2 June 1988; *Monthly Kyunghang*, September 1987: 218-231, February 1989: 125-141; *Shin Dong-Ah*, July 1988: 375-393).²³

However, since the early 1990s, tactics of this sort have declined in favour of a non-violent, more consensual approach to labour management. On the one hand, the previous labour intensive production systems have become more automated to eliminate the need for large numbers of workers. On the other, the concentration of factory production in large industrial estates became more decentralised through the establishment of new industrial regions or transplanting production overseas. At the same time, the *chaebol* put its efforts into establishing economic unionism—more interested in wage conditions and employment relations rather than socio-political development—through the adoption of paternalistic employment policies such as introduction of welfare facilities, involving housing support and education, and cultural programs that sought to inculcate workers into viewing themselves as part of the *chaebol* 'family'. At the national level, with the support of the government,

the Korean Employers' Federation (KEF) introduced a tripartite wage conciliation system, the "Social Accord", organised by the government, KEF and FKTU to regulate wage increases and labour disputes²⁴ (Choi Youngki, 1994: 219-286; Kwon, 1997).

Despite the rediscovery of political democracy in Korea, the state still suppressed independent unions using the various legal means at its disposal in association with employers. Table 10 shows the Roh government's aggressive response to the emergent independent union movement. After the Seoul Olympics in 1988, a large number of independent trade unionists were arrested by the government, especially those in Hyundai and Daewoo because of their pivotal role in the national trade union movement. This aggressive approach was later moderated by the Kim government by incorporating the radical and independent union movement into its industrial relations framework and by the government's official recognition on independent trade unions, although the Kim government's industrial relations policies did not entirely satisfy the demands of trade unions (*Chosun Ilbo*, 5 June 1993, 19 January 1994, 9 February 1995, 18 July 1996; *Dong-Ah Ilbo*, 20-30 March 1993, 23 June 1993, 9 September 1993; Labour Ministry, 1993; *Monthly Chungang*, August 1993: 303-313; *Monthly Nodongja*, March 1989: 23-39).

Table 10 Number of trade unionist arrested during Roh Taewoo government, March 1988-July 1991

Year	1988	1989	1990	1991	Total
Daewoo	20	30	11	83	144
Hyundai	10	56	62	8	136
Total(National)	147	946	691	564	2,384

Source: Derived from Chunnohyeob, 1991: 92, 96.

In comparison with the government-controlled and subordinated unionism of the FKTU, independent trade unions that emerged after the mid-1980s advocated more 'liberal' and 'democratic' principles, which conflicted with the authoritarian state and the monopoly capitalism of the *chaebol*. This independent unionism neither fits with the Western categories of 'left', nor does it resemble the ideological beliefs of 'communist' unionism of the 1920s and 1940s mentioned earlier. However, its main ideological position consists of anti-management—more precisely anti-*chaebol*—class consciousness.²⁵ Further, the independent trade unionists were unequivocal in advocating social democratic rights such as freedom of speech, a fair and equitable distribution of the means of production, distribution and exchange, and equality for individuals in society. To achieve this they sought to remove authoritarian elements of the socio-political system and limit the monopolistic capitalism of the *chaebol* by enhancing their collective bargaining power at both the workplace and

national levels (*Monthly Kyunghang*, February 1989: 125-126; *Monthly Mal*, February 1991:114-118).

When demands by independent unions were made in *chaebol* workplaces they directly clashed with the political and economic interests of the *chaebol* owners. In response, the *chaebol* used aggressive and disruptive tactics to break up the trade unions in their workplaces rather than compromise with them: their differences were fundamental. The immediate and disruptive responses of the *chaebol*, in turn, directly led to militant resistance from the independent trade unions (Kwon, 1997). As the authoritarian state relied for its political existence on economic development driven by the business activities of the *chaebol*, the state also repressed the independent trade unions and sought to frustrate their attempts to break up the symbiotic relationship between the *chaebol* and the state.

In spite of the massive eruption of trade unionism after mid-1987, the movement remained fragmented until the late 1980s. This arose because the government-controlled union federation, the FKTU, was incapable of absorbing the demands of newly independent trade unions. The joint attacks by the state and employers against independent trade unions further aggravated the split between the FKTU and independent trade unions. The state adopted a divide and rule approach, providing prestigious concessions such as legal recognition on bargaining and financial supports to FKTU unions while the continuing to repress independent trade unions. This, in part, caused these independent unions to confine their struggle to a workplace level, weakening their collective bargaining power at the national level.

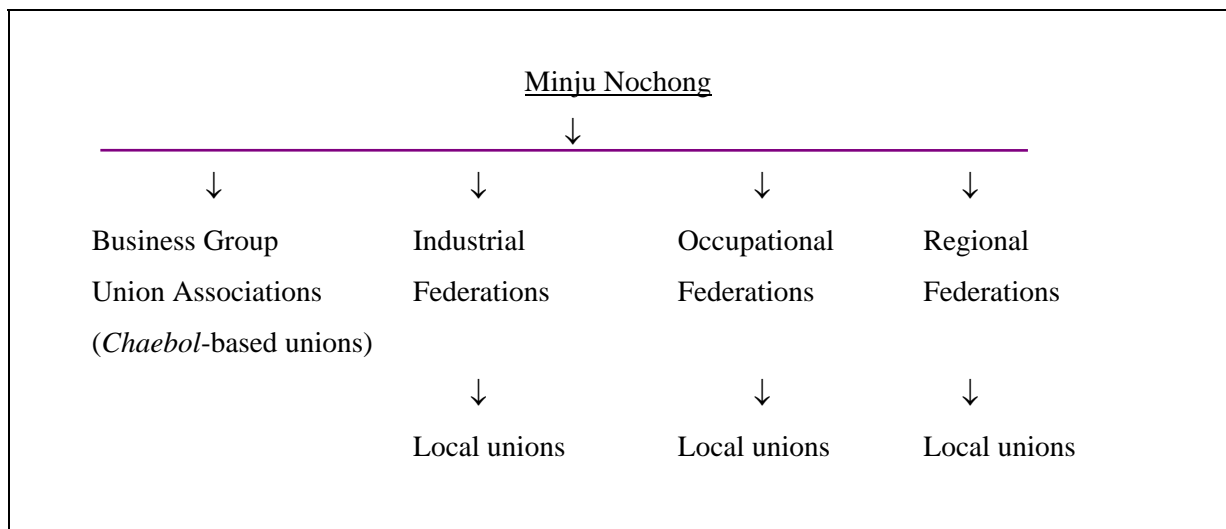
However, in order to overcome such limitations, independent trade unions have developed their own national organisation to resist the authoritarian responses of both the state and employers and in order to respond to the continuing political subordination of the FKTU from the early 1990s. Therefore, various national federations of the *chaebol*-based union associations emerged, for instance, Hyundai Group Trade Union Association, the public sector union association, the National Subway Train Association, regional trade union association, such as the Changwon-Masan Region Unions Association, and occupational union association such as the National Teacher's Union. These national federations have represented a distinctive feature of the Korean trade union movement since mid-1987.

The *chaebol*-based unions have organised themselves to parallel the organisation of the *chaebol* in order to enhance their collective power and maximise workforce solidarity and in an attempt to counter the economic power of the *chaebol*. For example, the Kia and Hyundai Group trade union associations were based on subsidiary companies of Kia and Hyundai. Regional union associations were based on the regional concentration of similar production factories that had occurred as a result

of the state's industrial estate policies and the production management strategies of the *chaebol*. For example the Masan and Changwon Unions' Association was further significant development within the independent union movement. Moreover, of special importance has been the development of *Chungkuk Kyojikwon Nodongjohab* or *Chunkyojo* (The National Teachers' Union, NTU). This national federation was organised in 1989, *inter alia*, to challenge the authoritarian education system (*Chosun Ilbo*, 12 March, 13 April, 26 July 1993; Chung Kipyong, 1989; *Shin Dong-Ah*, December 1989: 293-295; Synott, 1993: 177-188).

To overcome the fragmented nature of the trade union movement at national level, independent trade unions have organised their own national peak body, the *Minju Nodongjohab Chongyeonmaeng* or *Minju Nochong* (Korean Confederation of Trade Unions, KCTU) in 1995. Although the *Minju Nochong* has suffered from internal struggles and factionalism, it has become the central countervailing power to the state, employers and the FKTU, especially through its initiatives during the General Strike of 1996 and 1997. Its membership increased from 861 unions and 391,000 members in December 1995 to 896 unions and 490,000 members in December 1996²⁶ (*Chosun Ilbo*, 6 October, 12 November 1995; *Chungang Ilbo*, 2 July 1994; *News Plus*, 17 April 1997). Figure 1 shows the organisational structure of the *Minju Nochong* since the mid-1980s

Figure 1 Organisational structure of *Minju Nochong* in 1995



Source: Chunnodae, 1995.

The General Strike between December 1996 and March 1997 demonstrated the central role of the independent trade unions in response to attempts by the state and employers to weaken or limit the collective bargaining power of trade unions. In December 1996, the Kim government amended the *Trade Union Act*. The Act itself permitted trade unions to engage in politics, although the *Electoral Law* forbids participation by bodies other than registered political parties. Workplace multi-unionism

would not be allowed until the year 2003 and alternative peak trade union bodies would not be permitted until 2000. This implied that the newly emerged independent unions were not legally recognised until then and other independent unionists at the workplace were limited to organise their own union until then if the company union was legally registered and thus prevented their activities.

Even at the workplace, third party involvement was confined to persons 'officially' linked with trade unions and/or management, which implied that other parties such as union federations were still restricted. The rights of teachers to form a union and take industrial action remained denied, with collective relations with employers confined to joint consultation. The Act also increased the authority of employers to more flexibly manage their workforces, such as the imposition of redundancies when the company claimed it was in 'crisis', and increased flexibility over working hours in order to increase productivity (*Kyunghang Shinmun*, 11 December 1996; *Monthly Chosun*, February 1991: 305-318; *Weekly Hankaerae* 21, 12, 19 December 1996; *Weekly News Maker*, 18 December 1996).

The effect of the amendments fell well short of the demands of the independent trade union movement, which called for a massive General Strike by trade unions, the first national political strike since the general strike of *Chun Pyung* in 1946. The strike was ignited by the *Minju Nochong* in 26 December 1996 on the day that the Kim government passed the amendment of the new Trade Union Act. Immediately, 96 unions of the *Minju Nochong* involving 145,000 workers went on the strike and organised street demonstrations. This increased to 146 unions and 200,000 workers over the next three days, with industrial strikes becoming widespread throughout Korea. In the course of strike, on 10 January 1997 a unionist of Hyundai Motor Company Union suicided by self-immolation. The strike resulted in international attention from the International Labour Organisation and International Metal Federation, whose executives visited the place leaders of the *Minju Nochong* who were on hunger-strike in support of the General strike (*Chosun Ilbo*, 26 December 1996-12 March 1997).

As a result of such sustained strike action, the government revised its new Trade Union Act in March 1997 to include unions demands such as multi-unionism at the national level (legal recognition of *Minju Nochong*). Despite its re-amendment, it still contained some unfavourable sections for trade unions. Multi-unionism at the workplace was still postponed, the authority of employers to reduce workforce members and working hours (numerical flexibility) remained though some limitations to its impact were conceded, teachers' rights were still restricted (*Chosun Ilbo*, 8 March 1997; *Kyunghang Shinmun*, 8-9 March 1997).

In the course of the strike, the most important gains of the independent trade unions was that the *Minju Nochong* emerged as the significant winner over other parties, such as the FKTU and government. Not only in terms of organisational expansion, but also by gaining significant public

recognition as a more legitimate representative of organised labour as a peak body than the FKTU. Therefore, its organisational strength was considerably enhanced through its successful organisation of the national strike. Among various factors that contributed to their victory, the most important factor was its organisational base. Affiliates of the *Minju Nochong* are based in key public facilities such as subway transportation and telecommunications. Within the private sector the *Minju Nochong* has affiliates in shipbuilding and the automobile industry and the *chaebol*-based unions, all of whom were key agents at the forefront of General Strike. Once these groups went on strike collectively, the strike became national, causing mass disruption that directly undermined the business activities of the *chaebol* and the *chaebol*-dependent national economy.

CONCLUSION - Future Dynamics of Korean Industrial Relations

This paper has sought to explain the historical development of industrial relations in Korea, arguing that any account of the current dynamics of Korean industrial relations needs to understand the historical links between the state, the *chaebol* and trade unions. The political economy of Korea has involved the break up of feudal Korea, Japanese colonialism, the division of Korea; the Korean War and rapid industrialisation. Economic development has been defined by the state as its dominant goal. The *chaebol* were chosen as the main economic agency to implement the state's economic goals. These close relationship with the state has contributed to the successful transformation of the *chaebol* business from small scale production to monopolistic capitalism. This symbiotic relationship between the state and the *chaebol*, however, subordinated workers and trade unions to the political and economic interests of the state. At a workplace level, the *chaebol* adopted an authoritarian and militant approach to labour management and repressed independent trade unions. Following the national democracy movement in 1987, workers and trade unions finally induced a crisis in the relationship between the state and the *chaebol* ending the previous ELI. From this period onwards, the state favoured only those *chaebol*, who engaged in manufacture of the high value added and capital intensive products. The emergence of an independent trade union movement has also been the central driving force behind the current transformation of Korean industrial relations.

The future direction of industrial relations arrangements in Korea will be determined by the strategic actions of the three parties, within the political and economic contexts facing Korea. First, the state will no longer be able to intervene in industrial relations in the authoritarian manner evident as a result of public consensus for increased democracy. This implies that the primary responsibility for industrial relations conflicts will be transferred to employers and unions. The *chaebol*, therefore, will shape industrial relations arrangements in response to various business, production and labour-management strategies, including a focus on automation, the decentralised location of its large scale production

systems and the subcontracting of remaining labour intensive production. Employers will also have to negotiate at a national level with the state and either with, or in opposition to, the *Minju Nochong*. As well as negotiating with the state and employers, the *Minju Nochong* will be forced to fight for its organisational survival in competition with the rival national union body, the incorporated FKTU. The *Minju Nochong* may also increase its political influence over decision making regarding national industrial relations through either direct or indirect participation in politics in response to the significant political influence of the *chaebol*. On the top of these developments, there is also the potential re-unification of Korea in the future to consider, which, when it occurs, will cause considerable transformation to both Korea's political economy and its industrial relations system.

References

- An Byeonggik (1981), 'Chosunhugieu Jabonjueu Maengaeu Balseang (The Origins of Capitalism in the late Chosun)', in Jisiksaneubsa (ed.) *Hankukhak Yeongu Ibmun (Introduction of Korean Study)*, Jisiksaneubsa, Seoul, 54-82.
- Baek Wukin (1987), 'Sikmijisidae Geagubgujoe Gwanwhanyeongu (A Study of the Social Class under Japanese Colony)', in Munhakgwa Jiseongsa (ed.) *Hankusahoeeu Sinbungwa Sahoeyebongdong (Social Class of Korean Society and its Changes)*, Munhakgwa Jiseongsa, Seoul.
- Chandler, A. (1977), *The Visible Hand: The Managerial Revolution in American Business*, Harvard University Press, New York.
- Cho Dongyeon (1979), *Iljaeha Hankuknongmin Undongsa (The Korean Farmer Movement under the Japanese Colonial Government)*, Ilyeonkak, Seoul.
- Choi Jangjip (1989), *Labor and the Authoritarian State: Labor Unions in South Korean Manufacturing Industries*, Korea Univ. Press, Seoul.
- Cho Seunghyeok (1984), *Hankukkongyeobhwa Nodongwundong (Industrialization of Korea and the Labour Movement)*, Pulbit, Seoul.
- Cho Sun (1988), 'Hankuk Keyungjaebaljeon, Guteukseongkwa Munjaejeom (The Korean Economy and its Characteristics and Problems)', *Keyungjae Nonjib (Economic Study)*, Vol. 26, No. 4, Economic Research Center of Seoul National University, Seoul, 405-430.
- (1991), *Hankukkyeungjaeeui Baljeonjeonrak (The Development Strategy of the Korean Economy)*, A Paper presented on Economic Development in Korea, 27 September 1991, Seoul National University.
- Cho Younggeon (1984), 'Migunjeongi Imgumnodongeu Sajeok Yeon (A Historical Study on Wage Labour Under American Military Government)', *Nosa Bokji Yeongu (Labour and Management, and Welfare Journal)*, Vol. 3, December, 1-151.
- Choi Youngki (1994), 'Hankukeseui No Sa Jeong 3ja Hyeobreokbangan Mosaek (In Search of Proposals for Cooperative Methods of Three Parties: Union, Employer and Government)', in Korea Labour Institute (ed.) *Sahyeojeokhabeuiwa Nosakwangae (Social Accord and Industrial Relations)*, KLI, Seoul, 219-286.
- Mun Kyungsoo and Chung Jangyeon (1991), *Hyundai Hankukeui Seontaek (Choice of Modern Korea)*, Saenal, Seoul.
- Chung Kipyong (1989), *80nyeondaehuban Kyoyokwundongsa (History of Teachers' Movement Since the Late 1980s)*, Hyeongseongsa, Seoul.
- Chunnohyeob (1991: 92, 96) *Hankuk Nodongwudong Tanabbaekseo (White Book of Suppression on Labour Movement in Korea)*, Yiwut, Seoul.
- Chunnodae (1995) *JaeIcha Chukukk Jeonchaek Damdangja Suryeonhyoi Jarojib (Sources for the First Meeting of Policy Makers in Unions)*, Chunnodae, Seoul.

- Deyo, F. (1989), *Beneath the Miracle: Labor Subordination in the New Asian Industrialism*, University of California Press, London.
- Economic Planning Board (1962), *The First Five-Year Economic Development Plan, 1962-1966*, EPB, Seoul.
- (1966), *The Second Five-Year Economic Development Plan, 1967-1971*, EPB, Seoul.
- (1971), *The Third Five-Year Economic Development Plan, 1972-1976*, EPB, Seoul.
- (1976), *The Third Five-Year Economic Development Plan, 1977-1981*, EPB, Seoul.
- (1982): *Gaebalyeondaeeu Keyungjaejeongchaek: Keyungjaekihoekwon 20yeon (The Economic Policies of the Developmental Periods: Economic Planning Board 20 years)*, EPB, Seoul.
- (1988), *White Book on National Economic*, EPB, Seoul.
- Federation of Korean Trade Union (1979), *Hankuk Nodongjohab Wundongsa (Korean Trade Union History)*, FKTU, Seoul.
- Frenkel, S. (1993: ed.), *Organized Labor in the Asia-Pacific Region: A Comparative Study of Trade Unionism in Nine Countries*, Cornell University, New York.
- Hamilton, C. (1984), 'Class, State and Industrialisation in South Korea', in Wade, R., and White, C. (eds), *Developmental State in East Asia: Capitalist and Socialist*, IDS Bulletin, Sussex, England, Vol. 15, No. 2, April, 38-43.
- Hankuk Jeongchiyeonguhoe (1990), *Hankuk Jeonchisa (Political History of Korea)*, Baksanseodang, Seoul.
- Hankuk Kidogkyo Sanyeobgaebalwon (1985), *Hankuknodongwundongueui Inyeom (Ideology of Korean Labour Movement)*, Cheongamsa, Seoul.
- Hong Deokrul (1985), *Hankukchaebolueui Hwankyungdongjae Kijaeae Kwanhan Yeonku (Environment Control Systems of the Chaebol)*, Unpublished Master's Thesis, Seoul National University, Seoul.
- Hong Deokrul (1992), 'Hankukeui Daejabonka Yeonku (Study On Korean Capitalists)', in Kong Jaewuk et al., *Hankuk Jabonjueiwa Chaebol (Korean Capitalism and the Chaebol)*, Munhakkwa Jiseong, Seoul.
- Hyundai Engineering and Construction (1982), *Hyundai Geonseol 35nyeonsa (A Thirty-five Year History of Hyundai Engineering and Construction)*, HECC, Seoul.
- Industrial Bank of Korea (1995) *2000nyeondaee Saneubjeonmangkwa Kisulsujun Yeocheuk (Industrial Prospects for Year of 2,000 and Prediction of Technology Level)*, IBK, Seoul.
- Jones, L. and Sakong Il (1980), 'Government, Business, and Entrepreneurship', in *Economic Development: The Korean Case*, Harvard University Press, New York
- Kang Dongjin (1983), 'Iljeajibaehaeu Nodongjaeu Nodongjogeon (Labour Conditions Under Japanese Colony)', in Kim Yunhwan et.al. (eds), *Hankuknodongmunjaeueui Jaeinsik, Dongneoyk (Re- Interpretation of Korea Labour Issues)*, Seoul.
- Kang Mankil (1985), *Hankuk Hyeondaesa (Korean Modern History)*, Changjakkwa Bipyeong, Seoul.

- Kim, Byeongdae *et al.* (1981: eds) *Hankukkeyungjeaue Jeongaegwajeong (Developmental Process of Korean Economy)*, Dolbeagae, Seoul.
- Kim Beoyngdae (1981), 'Nongjigaehyeokeu Pyeonggawa Banseong (Critical Analysis of Reforming Farm Land)', in Kim Beoyngdae *et al.*, *Op. cit.*, 35-65.
- Kim Gyeon (1991), '1980nyeondaeeui Sanyeobkujojjeongchaek (Industrial Restructuring Policies in 1980s)' in Yang Yoojin and Hong Jangpho *et al.* (eds) *Hankuk Jabonjueui Bunseok (Analysis of Korean Capitalism)*, Ilbit, Seoul, 169-226.
- Kim Jungseon (1972), 'Kukkaboyeiwa Danchaehaengdongkwonmit Kyoseobkwon Collective Action Rights and National Security', *Nodong Kogron*, April, 80-86.
- Kim Kyungil (1992), *Iljeaha Nodongundongsa (Labour Movement History under Japanese Colonial Period)*, Changjakwa Bipyeongsa, Seoul.
- Kim Kyongdong (1984), 'Socio-Economic Changes and Political Selectivity in the Development of Industrial Democracy in the Republic of Korea', *Economic and Industrial Democracy: An International Journal*, Vol. 5, No. 1, 445-467.
- Kim Nakjung (1982), *Hankuk Nodongundongsa (Labour Movement History in Korea, Post-Liberation Period)*, Chungsa, Seoul.
- Kim Yunwhan (1982), *Hankuk Nodongundongsa I (Korean Labour History I)*, Cheongsa, Seoul.
- Kwon Seungho (1997), *Control and Conflict*, Unpublished Ph.D. Thesis, University of New South Wales, Sydney.
- Kwon Seungho and Leggett C. (1994), *Industrial Relations and the South Korean Chaebol*, A Proceedings of the 8th AIRAANZ Conference, February 1994, Sydney
- (1995), 'The Origins of the Korean Labour Movement', *Policy Organization and Society*, No. 10, Winter, 3-26.
- Kong Byeongho (1992), *Chaebol, Binanbadaya Hanneunka? (Why Should The Chaebol Be Criticized?)*, Yeyeumsa, Seoul.
- Koo Hangen (1987), 'Emerging Class order and Social Conflict in South Korea', *Pacific Focus*, Vol. 2, No. 2, Fall, 95-112.
- Korea Employers' Federation (1982), *Year of Labour Economics*, KEF, Seoul.
- Kuk Minho (1987), *The Relationship Between Government and Private Companies in the Industrial Development of South Korea, A Study of Korean Way of Development*, Unpublished Ph.D. Thesis, University of Illinois, Urbana-Champaign.
- Labour Ministry (1993), *93-97 Industrial Relations Area Plan for Five Years of New Economic Plan*, Labour Ministry, Seoul.
- Lee Donghan (1989), 'Nodongkyowukeui Cheukmyeonesea Barabon Yahaksosa (Labour Educations by Night School History)', *Ilteowa Sori I: Nodong*, 218-239
- Lee Gueeok (1990), *Kyungjaereok Jibjung (Economic Concentration)*, Korea Development Institute, Seoul.

- Lee Jaehee (1990), *Hankukui Dokjeomjabon Hyoseonge Kwanhan Yonku* (The Formation of Monopoly Capital in Korea), Unpublished Ph.D. Thesis, Seoul National University, Seoul.
- Lee Jungjae (1994), *Chaebol Iryeokseo (The Chaebol and its Status)*, Hankuk Newspaper, Seoul.
- Lee Seungtae (1990), *Gamchueojin Dogjeom Jaboneu Yeogsa (Hidden History of the Monopolistic Capitalism of the Chaebol)*, Nogdu, Seoul
- Lee Samjun (1992), *Hankukchaeboleui Sijangkujoea Kwanhan Yeonku* (The Market Structure of the Chaebol in Korea), Unpublished Master's Thesis, Chosun University, Seoul.
- Lee Taeho (1983), '1970nyeondaee Nodongwundonggeuw Guaeijeok (Labour Movement in the 1970s)', *Shilcheon Munhak*, No. 4, 157-194.
- Lee Younghee (1994), *Fordjueuiwa Post-Fordjuei (Fordism and Post-Fordism)*, Hanol, Seoul.
- Lim Yangtaek (1992), *Kisulkaebalkwa Jaejoeb Kyungjaeryeok (Competitive Capacity of Manufacturing Industries and Technological Development)*, Conference on Korean International Economic Association, Seoul.
- Ministry of Labour (1971, 1976), *Labour Year-book*.
- National Stevedore's Union (1979), *Hankuk Bdunodongjohab 100nyeonsa (Korean Stevedore Union History, 100 Years)*, NSU, Seoul.
- Ogle, E. (1990), *South Korea: Dissent within the Economic Miracle*, Zed Books, Washington.
- Park Hee (1993), *Hankuk Daekieobeui Jojikkwanriwa Nosakwangaeaa Kwanhan Yeonku* (The Organizational Management and Industrial Relations in Large Scale of Korean Companies), Unpublished Ph.D. Thesis, Yeonse University, Seoul.
- Park Moonkyu (1987), 'Interest Representation in South Korea', *Asian Survey*, Vol. 27, No. 8, August, 903-917.
- Park Moonok (1985), *Sinhankuk Jeongburon (Theory of New Korean Government)*, Sin Yang Sa, Seoul.
- Park Seil (1992), *The Role of the State in Industrial Relations: The Case of Korea*, A paper for the 9th World Congress of International Industrial Relations Association, Sydney, 135-148.
- Park Taesun (1989), 'Kwangsan Nodongwundongkwa Sabuksatae (Labour Movement in the Mining Industry and the Sabuk Strike)', *Sahoywa Sasang*, May, 316-333Park Youngki, 1979
- Park Youngki (1967), 'Unionism and Labour Legislation in Korea', in The Japan Institute of Labour (ed.) *Labour Relations in the Asian Countries*, proceedings of the Second International Conference on Industrial Relations, Tokyo, 164-184.
- Sakong Il (1993), *Segeasokeui Hankukkyungjae (Korean Economy in the World)*, Kimyoungsa, Seoul.
- Seo Kwanmo (1986), *Hankuk Sahoe Kyegubkuseongui Sahoetongjeok Punseok (Social Statistical Analysis of Class Structure in Korean Society)*, Hankuksansahoe Yonkuhoe, Hanwool, Seoul.
- Sharma, B. (1991), 'Industrialisation and Strategy Shifts in Industrial Relations: A Comparative Study of South Korea and Singapore', in Brewster, C. and Tyson, S. (ed.) *International Comparison in Human Resource Management*, Pitman, London, 92-109.

- Shin Yeonho (1972), 'Bisangsataehaeui Danchaekyoseobkwon, Jojeongcheori (Conciliation of Collective Action under Emergency Event)', *Nodong Kongron*, June, 134-141.
- Synott, J. (1993), 'Labour Politics and the Industrial Development Paradigm in South Korea, with a Focus on Teacher Unionism', in Leach, R. (ed.), *National Strategies For Australasian Countries: The Impact of the Asian/Pacific Economy*, Queensland University of Technology, Brisbane, 177-188.
- Yang Jaein (1983), 'Haebangjikhu Hankukjeongchi Eliteeui Ideology Jeongaekwajeong (Development of Political Elites' Ideologies After the Liberation of Korea)', *Kyunghnam University Yeonku Ronjib*, Vol. 2, 205-219.
- Yang Sanghyeon (1986), 'Hanmal Budunodongja Jonjaehyeongtaewa Nodongundong (The Characters of the Stevedore Worker and the Labour Movement in the late Chosun)', *Hankuk Salon*, Vol. 14, 190-231.
- Yoon Yeodug (1991), *Hankuk Choginodongundongyeongu (A Study of the Early Labour Movement in Korea)*, Il Cho Kak, Seoul.
- You Inhak (1991), *Hankukchaebolui Haebu (Analysis of the Korean Chaebol)*, Pulbit, Seoul.
- Newspapers and weekly and monthly journals**
- Chosun Ilbo*, 25 April 1980, 1, 12 March, 13 April, 7, 13, 14, 19, 30 May, 3, 5, 16-17, 26 June, 29 December 1993, 19 January, 20 August, 4 May, 2 July, 8 August 1994, 11 January, 16 January, 9, 23 February, 6 October, 12 November 1995, 18 July, 26 December 1996-12 March 1997
- Dong-A Ilbo*, 2 June 1988, 20-30 March, 1 April, 23, 25 June, 15-16 July, 9, 4, 20 September 1993, 17 February, 7 March, 24 November 1995
- Hankuk Ilbo*, 26 December 1996, 9 March 1997
- Kyunghang Shinmun*, 11 December 1996, 8-9 March 1997
- Weekly Hankaerae* 21, 12, 19 December 1996;
- Weekly News Maker*, 18 December 1996
- Monthly Chosun*, February 1991: 305-318;
- Monthly Chungang*, August 1993: 303-313;
- Shin Dong-Ah*, June 1985: 466-484, July 1988: 375-393, December 1989: 293-295
- Monthly Kyunghang*, September 1987: 218-231, February 1989: 125-141;
- Monthly Mal* September, October 1985, March, May, September, December 1986, February 1991:114-118
- Monthly Observer*, January 1992: 246-257, May 1992: 224-232
- Monthly Nodongja*, March 1989: 23-39
- News Plus*, 17 April 1997
- Quarterly Labour Review*, 3/4, 1989, 2/4 1991, Korea Labour Institute (KLI).
- Bank of Korea*, 1990, 1991
- Bank of Korea (1997: 14-15), *Monthly Statistic Bulletin*, February, Bank of Korea

^{1*} School of Industrial Relations, University of New South Wales, Sydney, NSW 2052, Australia. The author would like to thank Michael O'Donnell for helpful comments on drafts of this paper.

¹ In this paper, Korean names are given in their conventional order, with the surname preceding the given name. In the case of Korean authors writing in English, the order natural to English is preserved.

² The term *chaebol* is used to describe both one conglomerate and a number of conglomerates.

³ In 1990 it was reported that the total earnings of Korea's top 30 *chaebol* contributed about 95 per cent of the nation's Gross National Product (Bank of Korea, 1990).

⁴ In 1985, of the manufacturing workforce including the public sector, 17.6 per cent was employed in the top 30 *chaebol* (Lee Seungtae, 1990: 16).

⁵ For example, in the course of the Mokpo Harbour strike, various unions, such as the stevedores' warehouse, keepers', porters' and other workers' unions allied to demand regular payment and a wage increase from a Japanese company. Similarly, organised strikes followed at the Keyungin Railway Company in 1901 and at the Keyungseong Electricity Company in 1909.

⁶ For example, in the course of the re-election of the Rhy government in 1952, 50 political opponents in the National Assembly were arrested and the presidential election system was changed from election by the National Assembly to direct election by the people (Hankuk Jeongchiyeonguhoe, 1990: 276-280).

⁷ These were sold at below 40 per cent of their estimated market value under favourable re-payment conditions.

⁸ For example, its strikes resulted in 25 deaths and the imprisonment of nearly 11,000 workers. Another 18,600 were dismissed.

⁹ Examples were the *Emergency Martial Law and the Moral Committee for the Freedom of the Press Acts* (1964), the *National Security Act* (1971), *Constitution for Revitalising Reform* (1972) and *Martial Law* (1972).

¹⁰ As under the previous government, street demonstrations were suppressed and all universities were closed. In 1980, 555 politicians and social activists were prosecuted or their activities banned. 9,540 government bureaucrats and executives in public enterprises were forcefully retired, 711 journalists were replaced and 789 publications closed in the name of the government's Social Clean-Up Movement.

¹¹ Korea won US\$43,950 million worth of contracts during 1973-1981, and in 1979 the contribution of overseas construction to GNP was 11.0 per cent (Hyundai Engineering and Construction, 1982: 210).

¹² Construction accounted for 17 per cent of the revenue of the ten largest *chaebol*, ranked by sales in 1978.

¹³ This SCNS defined strikes in large workplaces as harmful to the public interests and economic development (Shin Yeonho, 1972: 134-141). It implies that, rather than solving labour conflict within an industrial relations framework, the government used the SCNS to undermine the collective actions of workers by declaring these actions as national security issues.

¹⁴ The *Daehan Dogrib Chockseong Nodong Chongyeonmyeng* (General Federation of Korean Trade Unions: GFKTU) founded in 1947 became the *Hankuk Nodongjohab Chong Yeonmaeng*, or *Nochong* (Federation of Korean Trade Unions: FKTU) in 1960.

¹⁵ Over 80 per cent of trade unions had less than 100 members.

¹⁶ Thirty of their core leaders had attended the education program of the UIM about an independent trade union movement.

¹⁷ In the early 1970s, the daily wage of 50 to 100 won of textile workers in the Chunggae Textile Complex (which employed, 20,000 workers) was about equivalent to the cost of a cup of coffee in a restaurant (Choi Jangjib: 1989, 133).

¹⁸ For example, the Korean economy was still dependent upon the business activities of the *chaebol*. In 1990, the 30 largest *chaebol*, ranked by sales, produced 95 per cent of total GNP and the five largest *chaebol* over 60 per cent. Further, 17.6 per cent of the total workforce was employed by the 30 largest *chaebol* (Bank of Korea 1991; Yun Inhak, 1991: 93).

¹⁹ For example, the 'Specialisation Policy of Business Area of the Private Sector' was implemented to promote the strategic development of the key business areas of the *chaebol* and to restrict the 'Octopus Arm' style of diversification, especially of the 30 largest *chaebol*. At the same time, the internal trade of the *chaebol* was restricted by the revised *Fair Trade Act*.

²⁰ In 1993, there were an 60,000 to 70,000 Chinese-Korean, Bangladesh, Indonesian and Filipino workers, including over-stayers, were employed in Korean *chaebol* businesses.

²¹ The disguised employee is usually a student activist employed as a production worker without the knowledge of the company of their university qualification, though this is not illegal.

²² Under past Trade Union Act, only one union allowed in one workplace. This was often used by management to weaken the legality of independent unions by pre-registering company unions.

²³ Further details of the employer's approach to the independent trade unions at the workplace level, see Kwon, 1997.

²⁴ The tripartite arrangement, however, achieved very little, mostly due to resistance from the independent unions. Thus this system has short-lived.

²⁵ Because of these aspects of its characteristics, the independent trade unions were often described as 'left-oriented' or 'communist' by the employer or the state to denigrate the independent trade union movement.

²⁶ The membership size claimed by *Minju Nochong* is debatable because of its illegality. However, here the membership is over 20 per cent of total unionists, i.e. 1.65 million, in Korea.