

**THE POSTDEVELOPMENTAL STATE: THE RECONFIGURATION OF  
POLITICAL SPACE AND THE POLITICS OF ECONOMIC REFORM IN  
SOUTH KOREA**

by

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## **Abstract**

In this dissertation I examine the restructuring of the South Korean developmental state from a strategic-relational perspective sensitive to how the intersection between democratization and neoliberalization has influenced economic reform. In contrast to conventional approaches to developmental states that stress the autonomy of state from society and limit the contingency of social forces seen as affecting developmental strategies, I argue that it is within the reconfigured political space created by democratization, and shaped by the demands of the reform bloc of liberal and progressive forces that effected the democratic transition, that developmental state reform must be situated. This historic bloc has constituted a key support base for reform-oriented governments of Kim Dae Jung and Roh Moo Hyun and supplied these governments with key advisors and politicians. However, under these governments, neoliberal policies have expanded, undermining the hegemony of reform governments and leading to debates within the reform bloc over the character of Korean democratization, and the assertion that substantive, egalitarian demands have been neglected. I examine this assertion through an exploration of relations of coordination and conflict within the integral state (of political society and civil society) around efforts to reform the financial policies of the developmental state, to create institutions of social cooperation, to regulate foreign migrant labour, and to promote economic engagement with North Korea. In each of these case studies I outline areas where demands for economic and social justice have been subordinated to demands for national reunification and neoliberal reform and point to some of the wider implications this process holds for the reform movements and for the politics of democratization. To conclude, I survey some of the more recent transformations of the reform bloc under the conservative government of Lee Myung Bak and point to areas of continued tension that reveal that many of the dilemmas of developmental state reform described in this dissertation continue to persist. These dilemmas constitute a strategic political space that democratic reform projects will have to continue to work through if a substantive alternative to the predicaments of the postdevelopmental state is to be found.

## TABLE OF CONTENTS

Abstract .....	ii
Table of Contents .....	iii
List of Tables .....	iv
List of Figures .....	v
List of Illustrations .....	vi
List of Acronyms .....	vii
Acknowledgements .....	viii
 Preface: The Integral State as Social Space.....	 1
 Chapter 1: The Postdevelopmental State: The Long Decade of Economic Reform and the Reconfiguration of Civil Society .....	 19
 Chapter 2: The State as Phantom Intentionality .....	 58
 Chapter 3: The Rise of Postdevelopmental Finance .....	 87
 Chapter 4: The Politics of Participation .....	 123
 Chapter 5: The Failure of Social Cooperation.....	 159
 Chapter 6: The Limits of Representation: Migrants, <i>Minjung</i> and the Challenge of Irregular work .....	 190
 Chapter 7: Zone of Confusion: The Kaesong Industrial Complex and the Politics of Postdevelopmental Zoning .....	 239
 Chapter 8: Conclusion: The Politics of Conjuncture .....	 274
 References .....	 290
 Appendix 1 .....	 316
Appendix 2 .....	321
Appendix 3 .....	322
Appendix 4 .....	323
Appendix 5 .....	324
Appendix 6 .....	325

## **List of Tables**

Table 3.1	The Restructuring of Korean Finance From a Transnational Perspective..	112
Table 4.1	South Korean Elite: Educational Backgrounds.....	144
Table 5.1	Union Membership by Business Size (as of 2005-end).....	167
Table 5.2	Labour's Spatial Fix: Developmental and Post-developmental Regimes .	169
Table 5.3	Tripartite negotiations in South Korea .....	182
Table 5.4	Monetary Amounts of Pending Damage Claims and Provisional Seizure of Assets as of January 2004 .....	187
Table 7.1	Experiments in Postdevelopmental Zoning .....	253



## List of Figures

Figure 3.1 Growth Rates: Manufacturing (1971-1984) .....	94
Figure 3.2 Growth Rates: Manufacturing (1992-2007) .....	101
Figure 3.3 Export and GDP Growth (1971-2007) .....	103
Figure 3.4 Debt ratios: Manufacturing (1971-2007).....	109
Figure 3.5 Ratios of Profit to Sales in Korea Manufacturing Firms (1971-2007).....	115
Figure 3.6 Rate of Profit in Manufacturing and Finance (1970-2002) .....	116
Figure 3.7 Debt to Equity: Manufacturing (1971-2007).....	117
Figure 3.8 Labour Costs and Productivity: Manufacturing (2001-2007).....	119
Figure 4.1 Intra-group Shareholding in the Samsung Group .....	142
Figure 4.2 Social Expenditure and Taxes on Income and Profit (1996-2008).....	148
Figure 6.1 Non-Regular Workers as Percentage of Total Wage and Salary Workers (1995-2007) .....	201
Figure 6.2 The Gendering of Non-Regular Work (1995-2007) .....	202

## **List of Illustrations**

Illustration 6.1 ETU-MB Members Attending a Labor Rally, 2003 .....	222
Illustration 6.2 ETU-MB Members After Head Shaving Ceremony, 2004 .....	223
Illustration 6.3 Suicide Protest Performance .....	230
Illustration 6.4 Minjung Funeral Procession .....	234
Illustration 6.5 ETU-MB Commoration Protest Against Immigration Crackdown, November 2003 .....	235
Illustration 7.1. A Portrait at the Hyundai Asan KIC Office Pictures Kim Jong Il with Hyundai Founder Chung Ju Yeong and Son.....	260
Illustration 7.2 Screen Shot of Flash Advertisement for the KIC From the Hankyoreh's English Edition.....	264
Illustration 7.3 Garment Factory in KIC .....	270

## **List of Acronyms**

BIS	Bank of International Settlements
BOK	Bank of Korea
CCEJ	Citizen's Coalition for Economic Justice
CGCG	Center for Good Corporate Governance
DP	Democratic Party
DLP	Democratic Labour Party
EPS	Employment Permit System
ETU-MB	Equality Trade Union – Migrant's Branch
FKI	Federation of Korean Industries
FKTU	Federation of Korean Trade Unions
GNP	Grand National Party
IMF	International Monetary Fund
IOM	International Organization on Migration
ITS	Industrial Trainee System
JCMK	Joint Committee for Migrants in Korea
KCCM	Korean Council of Citizen's Movements
KCTU	Korean Confederation of Democratic Trade Unions
KFEM	Korean Federation for Environmental Movement
KIC	Kaesong Industrial Complex
KLI	Korean Labour Institute
KNSO	Korean National Statistical Organization
KPSU	Korean Public Servants Union
KTC	Korean Tripartite Commission
KWAU	Korean Women's Associations United
KWWA	Korean Women Worker's Associations
KWTU	Korean Women's Trade Union
MDP	Millennium Democratic Party
MOFE	Ministry of Finance and Economy
MTU	Migrant Trade Union
NBFI	Non-Bank Financial Institutions
NHRC	National Human Rights Commission
NL	National Liberation
OECD	Organization for Economic Cooperation and Development
PD	People's Democracy
POSCO	Pohang Steel Corporation
PSPD	People's Solidarity for Participatory Democracy
PSSP	People's Solidarity for Social Progress
PWC	Power of the Working Class
SER	Solidarity for Economic Reform
STEPI	Science and Technology Policy Institute
UN	United Nations
UNDP	United New Democratic Party (later DP)

## Acknowledgements

This dissertation is an attempt to grasp some particular regions of economic reform (finance and labour in particular) and situate them within a broader political sequence, democratization and the articulation of an egalitarian politics, initiated by reform forces in South Korea. As such, it is generally occupied with a strategic understanding of social space, and within a region of structure produced between state and civil society by reform forces. This is not the only region of social space in which to locate politics, but for better or for worse it was the one that I chose to situate this study, for reasons identified in the preface. Identifying and studying this political sequence and some of the events, alliances, and fidelities that structure it would not have been possible, however, without a particular academic sequence whose collective imprint needs to be acknowledged. I'll try to do this briefly, with the caveat that there will be names that will be inevitably glossed over here. As in research as in life, it is often difficult to name the full set of relations conditioning any social phenomena, and often only a very general outline can be produced.

First off, the faculty here at UBC and elsewhere that nudged me along through various supervisory committees and spring reviews include Elvin Wyly, Juanita Sundberg, Dan Hiebert, Geraldine Pratt and Aihwa Ong. The supervision of Jim Glassman needs to be mentioned here as well; without his patience, mutual interests, and resourceful understanding of social theory and political economy I don't think I would have been able to cast my analytic net so widely. I began this degree with a series of internal questions involving political economic practice that I was determined to answer in some form. Not all of the answers are in this final written work, but I feel that I better

understand the politics of a particular site of intervention and of some of the academic politics of investigating it much better than I would without his help. As an undergraduate, the mentorship of guidance of Blanca Muratorio, Julie Cruikshank, Jean Lave, Gillian Hart were also essential for encouraging my curiosity. However, it was probably Allan Pred more than anyone who taught me the ethics of scholarship and helped me develop an interest in geography (as a condition rather than a discipline). Allan always stressed education above degree or disciplinary concerns. Allowing me to complete an undergraduate thesis with him as a non-geography student (and one on exchange at that!) is a perfect example of his generosity, inquisitiveness, and engagement; he is surely missed.

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always a question that one always has to think through, whether or not they identify with a particular form of movement or space of political opportunity. Cho Hee Yeon, Baik Tae Ung, and Hur Seong Woo have been especially important here in helping me to work through this inference; all are excellent examples of engaged intellectuals.<sup>1</sup> As have been all the other students and faculty I met at the Democracy and Social Movements Institute at Sungkonghoe University, where I carried out my research. Song Yong Han, Kim Mun Gab, Lee Seonok and Rebecca Kim were especially important here, and I could not have carried out research without their help and friendship.

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<sup>1</sup> As a rule, Korean last names precede the first name, and I adhere to this in this dissertation except in cases of Korean American scholars or Korean scholars educated in the West that either use a Western name or prefer to invert the order.

Hyoung Joon Park, Loren Goldner, Jang Jin Ho, and Bongman Seo also helped me progress in my research. Owen Miller, Kevin Gray, and Park Mi, who share similar interests in Korean social movements, should also be mentioned. When I wasn't doing research my old and new friends from South Korea's *Microwiev*, a now defunct art collective/ loose grouping of artists and intellectuals, provided me with humor, stimulation, friendship and some of the best potato pancakes I've ever had. Yoo Byoung Seo (my oldest friend in Korea), JJ, Chang Chang, Irang, Han Pat, and Anne are important to mention here. My roommates Stephanie Kress, Kang Kumman and Kim Jinna should also be thanked for the comfort and friendship they provided during my year of research.

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## **Preface: The Integral State as Social Space**

*History is the subject of a structure whose site is not homogeneous, empty time, but time filled by the presence of the now... To articulate the past historically does not mean to recognize it “the way it really was.” It means to seize hold of a memory as it flashes up at a moment of danger... For every image of the past that is not recognized by the present as one of its own concerns threatens to disappear irretrievably... Historicism gives the “eternal” image of the past; historical materialism supplies a unique experience with the past.*

Walter Benjamin, *Theses on the Philosophy of History* (1969, 261, 255, 263).

If geography, like Benjamin’s idea of history, is a discipline that interprets space and time in order to intervene in the present, then it is shaped by a strategic tension between past events and a present predicaments; as such, it produces geographies that supply a unique experience with past time and space, and attempts to show how present strategic problems are informed by trajectories emerging out of past events, or spatio-temporal moments. The same might be said of this dissertation, which is concerned with showing how past events have reconfigured political space in South Korea, and how this reconfiguration informs strategic dilemmas in the present. Before this present can be examined, however, it is first necessary to situate how this dissertation came to be constructed within a particular social space. The purpose here is to situate an intellectual production by revealing some of the particular historical and biographical events that inform both the strategic moment that it seeks to understand, as well as the theoretical perspectives necessary to undertake such an inquiry.

This dissertation started with a series of questions I began to ask myself after I arrived in South Korea in the summer of 2001. I had been active at the time in what came to be termed the global justice or alter-globalization movement – this was also regarded sometimes as the anti-globalization movement, a term for an assemblage of different



movements with which I have never been quite comfortable. My personal participation in this movement began with the protests surrounding the 1997 APEC summit in Vancouver, Canada and continued through the long public inquiry into the policing of that event to the Seattle protests in 1999 and the Summit of Americas in Quebec City in the spring of 2001, shortly after which I left for Korea to work and pay back my student loans. Upon arrival, I became quickly immersed in a loose grouping of young, like-minded Korean and foreign migrant activists who were involved in a variety of similar social movements. Some were conscientious objectors; others were involved in grassroots media and solidarity campaigns with the then emergent migrant trade union movement. For the two years that I stayed in Korea before returning to Canada for graduate school I was able to observe some of the campaigns and organizational climates of these social movements and I was impressed by their often-difficult struggles. I wanted to learn about the context in which they had arisen, and I was also curious as to why these social movements seemed to be more active and popular than movements back home; especially since the North American anti-globalization movement began to slowly demobilize following the September 11 events. The answer, it seemed to me, had a lot to do with the sense of political opportunity afforded by the recent transition to democracy and the potential for the complex of relations between the state and society to be affected by social movement mobilization.

As the December 2002 presidential elections approached, I witnessed a tangible excitement among my progressive friends about the presidential candidacy of Roh Moo Hyun, a former human rights lawyer. Much of the radical anti-globalization movement at that time was thoroughly absorbed in the debates about horizontal, networked-forms of

grassroots mobilization and was sceptical about the ability of institutionalized politics of Western political parties, trade unions, and mainstream NGOs like the Sierra Club and Make Poverty History to challenge the inequalities produced by global capitalism (cf. Harvie et al 2006). However, in South Korea, progressives felt that Roh's victory in the election might help to create a substantial alternative to the neoliberal economic policies of previous reform governments and deepen the participation of social movements in reforming government policy in a substantive manner. Roh's government included not just prominent democracy activists but over a hundred former members of the more mass movement-oriented NGO People's Solidarity for Participatory Democracy (PSPD). Even my more sceptical friends supported Roh in some measure and much of this good will could be felt during his first two years in office. During the impeachment proceedings by conservative forces against Roh in 2004, even marginalized social movements such as the Migrant Trade Union (which had been targeted by the government in an ongoing immigration crackdown, see chapter 6) joined in anti-impeachment protests organized to keep Roh in office.

Although Roh continued the long trajectory of democratic reform initiated by the democracy movement of the 1980s, reforming state policies in regards to human rights and social welfare, this sense of potential did not last. As I shall argue in this dissertation, this was largely because the Roh government was not able to institutionalize a more egalitarian framework for political economic restructuring. Instead, he continued with the neoliberal reforms of previous governments in the midst of expanding socio-

economic inequality.<sup>2</sup> This problem was informed by and contributed to the fragmentation of the reform bloc of progressive social movements, NGOs, reformers, and other forces that had supported the president in the 2002 elections. Much of this fragmentation had to do with the politics of economic equality and the lack of substantive policies aimed at meliorating economic inequality as well as effective labour movement participation in economic reform projects. This is not to say that the reform governments of Roh Moo Hyun (2003-2008) and Kim Dae Jung's government (1998-2003) do not stand out in marked contrast to the authoritarian regimes of Park Chung Hee (1961-1979) and Chun Doo Hwan (1980-1987), and the transitional conservative regimes of Roh Tae Woo (1987-1993) and Kim Young Sam (1993-1998) that followed them. Rather, my argument is simply that reform governments have failed to remain hegemonic because they have embraced neoliberal economic reform, slowly undermining the wide popular support that brought them to power. This failure has created challenges for progressive politics, and, as such, constitutes a strategic and relational problem that provides a point of departure for understanding the politics of economic reform in South Korea.

After my initial two years in Korea, I felt I needed to get a better understanding of the unique role of the Korean state in the economy in order to understand why it was the national state that was the target of much reform activism and to get a sense of how and why the Korean economy proved so difficult for reformers to reorient along a more egalitarian path. These questions first led me to the literature on the developmental state in order to understand how the assemblage of Korean political economy worked and had

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<sup>2</sup> By 2005, the income of the top 10 percent of the population was over 9 times higher than the income of the bottom 10 percent. Whereas before the 1997 crisis it had only stood near 6/1 (Sung and Young 2007, 5). This ratio has continued to increase since 2005 to near 14/1 in 2007 (cf. Monthly Public Finance Forum 2008, 21).

developed. I found that the strength of this literature was the sense of the contingency – compared to neoliberal accounts – it offered to Korea’s trajectory of economic development. The Korean national state had played a strong role in economic growth through heterodox policies that would now fall outside of the neoliberal norms being imposed by the IMF and other international institutions. It was understandable why anti-globalization movements, as well as economic nationalists or other forces advocating for stronger state sovereignty over the economy, would try to protect these policies, but reform governments in Korea had set about dismantling them. I soon found that this literature was not enough for understanding why the developmental state had been targeted for economic reform. Beyond the strategic control of finance and industrial capital, developmental state theorists had relatively little to say about the position of labour within the model and their analyses generally ignored civil society and the social movements that had led to democratization.<sup>3</sup> Developmental state theorists seemed to be merely arguing that the state could internalize certain functions of capitalist development usually associated with the market. Thus, very little could be said about how development comes to be valued and accessed by different actors or the conflicts that result because of it. I struggled to figure out how I could bring a focus on how the institutions of the developmental state had changed into tension with a strategic understanding of the role social movements have played in the democratization process.

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<sup>3</sup> This is a problem that is not isolated to developmental state theory but informs much of the conventional international relations literature, which tends to be methodologically territorialist (Rosenburg 2000, 9, 30-32), attributing imputed characteristics to different forms of states, without, necessarily carrying out a very substantive analysis of the social forces constituting various social configurations of state power.

This problem led me to search for a theoretical approach to development and restructuring that could examine the role of the state without ignoring civil society and the way in which democratic demands had been articulated by reform forces, which in turn led me back to the work of Antonio Gramsci and the way in which he held the state and civil society in a complex tension with each other. Gramsci was careful to characterise what he called the “extended” or “integral” state as an assemblage of both state and civil society, or civil society + political society. Reading Gramsci in Seoul and among the dense networks of the historic reform bloc enabled me to treat economic reform as a strategic issue of coordination and conflict between reform movements and reform governments. Gramsci was much more sensitive to how the role of the state in the economy is shaped by the relations within the integral state and, as a consequence, through democratic struggle. I came to see the problem of developmental state reform as a result not simply of the different roles assigned to the state in the development of the Korean economy but also of the historical experience of democratization and the different power relations between reform forces in that process. Especially important here was the fusion of both liberal and progressive forces<sup>4</sup> that had pushed for democratization and supported reform governments since 1987. This liberal-progressive reform bloc had begun to occupy a hegemonic position during the reform governments but they had failed to achieve a more lasting hegemony, precisely because they were not able to institutionalize a broader basis for social solidarity as they set about restructuring the developmental state. Instead, they turned toward neoliberal reform, albeit tempered with

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<sup>4</sup> In South Korea the term “progressive” (*Jinbo*) is often used to denote political positions that might be better termed as “left” in Europe and North America. The terms liberal-left and liberal-progressive bloc should be regarded as synonymous in this dissertation.

liberal, procedural reforms as well as some advances towards welfare provision. This neoliberal trajectory created tensions within the reform bloc and led to a more acute fragmentation by the time of 2007 presidential elections. I wanted to understand why this had been so. Why had neoliberal reform been embraced by components of the reform bloc and what did this mean for broader social struggles? When compared to the current conservative regime these questions may seem insignificant; however, the failure to achieve a more lasting alliance politics within the liberal-progressive bloc and to complete a more thoroughgoing reform of the state is what in many ways led to the re-emergence of a conservative administration. Therefore, situating the problem of developmental state reform as a relational problem involving state and civil society, within a Gramscian perspective, is an excellent way to get at some of the contradictions unleashed by democratization and economic reform.

When I began my research, this inference was still at a largely intuitive level, and I was not sure how I would be able to move beyond institutional changes brought about by developmental reform and focus in on a particular sets of conflicts between reform forces. Thankfully, an opportunity to conduct my research from the Democracy and Social Movements Institute at Sungkonghoe University allowed me to explore the changing nexus between state and civil society in greater detail. Sungkonghoe is something of a Korean version of New School for Social Research. It is a very small school but has a strong influence in domestic debates about progressive issues. The school itself played an important role in the democracy movement and many key reformers and intellectuals continue to teach there. My research fellowship there proved fortuitous for understanding some of the tensions within the reform bloc and internal

problems of the Roh regime in creating alternatives to neoliberalism. It also helped me understand some of the particular characteristics of the varieties of neoliberalism adopted by the Roh regime through contact with some of the reformers in that regime as well as other social movements. These insights became all the more relevant when Roh Moo Hyun's "participatory government" began to dissolve in the lead-up to the December 2007 presidential election due to the internal tensions and disputes circulating within the liberal-progressive bloc.

After my year at Sungkonghoe, I came to realize that I could not have undertaken my research in the absence of the social space created by democratization and that this space itself had provided the site of most of my empirical observations, not to mention the initial condition of possibility for this dissertation. This space seemed all the more relevant because it was the failure to resolve some of tensions within it that had led to the diminished capacity of the Roh administration to pursue substantive economic reform. Even though Roh had labelled his regime the "participatory government," the participation of a variety of social movement groups became subordinated to a larger trajectory of neoliberal reform, which led to division among reformers. This problem was not simply due to the fact that Roh had embraced neoliberal reform, but that such divisions spoke to the fusion of liberal and progressive forces within the reform bloc that was the result of the mobilizations for democracy and the need to counterbalance conservative forces in the National Assembly. While on the one hand, the procedural reforms that liberal reformers have strengthened calls for greater economic justice, and provided a new juridical basis for addressing past injustices, the lack of a larger push for economic democracy has eroded the reform bloc's political unity. At the heart of these

problems seemed to me to be both a problem of ideological *articulation* – the ability to put forth an alternative to neoliberalism and to articulate it with the central democratic demands for reunification and egalitarian reform that have animated this bloc – and of political *coordination* – the need for a more open participatory framework that could effectively reorient the trajectory of state policy in a substantive direction by institutionalizing social solidarity. Finally, I felt that such an analysis of reform politics would also be appealing to other scholars, reformers and social movements examining similar contexts where reform governments had taken power but have faced difficulties in expanding political and socio-economic equality.

Focusing on problems within the social space created by democratization and involved in economic reform also raised several problems.<sup>5</sup> As a social space, the integral

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<sup>5</sup> Ross (1988, 9) argues that the Henri Lefebvre's concept of social space (1991, see below) – which depicts social space as a space of relations rather than as a static domain - is a recoding of Lefebvre's earlier conception of everyday life in order to provide an alternative to phenomenological and structural explanations of space, getting beyond a merely discursive or abstract understanding of space, and to draw attention to lived practices through which space is produced. While Lefebvre regarded his earlier concept of everyday life as that which remains after all specialized activities have been subtracted from it, his later conception of social space is more open, and includes an understanding of how specialized activities, especially abstract conceptions of space, are constructed through everyday spatial practices. Political space, then, can be thought of as a regional configuration of social space. While political space may be interpreted as both as a discursive, and specialized region, involved in the ideological and institutional configuration of the state and politics, understanding it as a social space in the Lefebvrian sense opens up political analysis to the multiple everyday practices behind political discourses and institutional configuration. In other words, approaching politics as political space involves situating it within the more everyday practices of coordination, conflict, articulation, education, protest and participation that shape politics, rather than positing static ideal types. In this way, Lefebvre's understanding of social space can be thought of as a critique of both static understandings of the state in the Hobbesian, Lockean, and even orthodox Marxian traditions as well as poststructuralist and other conceptions of the state which focus too closely on the juridical configuration of the state rather than on the everyday relations which condition and produce distinctions between



state is primarily a relational space: a space of historical experience in which multiple actors respond to social processes occurring through a wide range of scales and sites. Unlike place, it seems much harder to treat the integral state as a distinct territoriality, and yet it is involved in helping to produce the territorializing effects of political and economic policy, and thus some of the frameworks through which places are constructed and integrated into larger assemblages of power relations. Thus, studying the integral state as an open-ended social space caused me some anxiety, as there is no *a priori* territoriality to start from, but only multiple sets of relationships that seem to inform the configuration of state and civil society. While these relationships are often domestically located, it would be wrong to consider them solely as constructed within national space. No place exists outside the multiple relations which condition it, and it is important to understand how even domestically located social movements and government policies have important transnational and translocal dimensions.

A second, theoretical, anxiety also emerged, involving the methods through which hegemony has been examined in contemporary social theory and the need for a way to account for both the discursive and extra-discursive character of hegemonic articulation. Ernesto Laclau, for example, argues that hegemonic projects, especially democratic ones, can be thought of as attempts to give a name to the contingency, and thus also the indeterminate nature or void (Laclau, 2004), of the social itself. Hegemony is an act of nomination, a naming of contingent power relations that is thus always necessarily incomplete, as no project can name (or negate) the full set of power relations.

Hegemonic processes are always necessarily expressive projects that attempt to

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state and society (see below and Chapters 1 and 2 for a fuller discussion of social space and state theory).

incorporate new demands and rearticulate them within a ruling bloc, and this requires that emancipatory social movements attempt to articulate different social struggles together in order to hegemonize them. While I generally agree with this theory, Laclau's approach to the theory of hegemony is situated largely in the field of linguistic and discursive theory. For Laclau, linguistic and discursive ontologies are seen as the necessary methods not only for grasping the logic of hegemony, and the way in which various sets of power relations are discursively articulated together in hegemonic practices, but also the nature of objectivity as such (Laclau 2004, 136-137).<sup>6</sup> Boucher (2008) argues that this is a critical error for Laclau, as it collapses a theory of a social formation into a discursive-linguistic theory (cf. Hart, 2002). The relationality between different regions of structures that might determine parts of a social formation (such as the relation between historic

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<sup>6</sup> Following Boucher (2008), my point here is simply that the location of ontology, and hence objectivity, with linguistic ontology has consequences for how one locates the materiality of social struggle. Laclau contrasts his own perspective with that of Alain Badiou's mathematics-based (meta)ontology, which is based largely on set theory. "Is there a field that is more primary than that uncovered by set theory which would allow us properly to account ontologically for the type of relations that we are exploring? I think there is, and it is linguistics. The relations of analogy through which the aggregation constructing an evental site are established are relations of substitution, and the differential relations constituting the area of objective distinctions (which define the 'situation', in Badiou's terms) compose the field of combinations. Now, substitutions and combinations are the only possible forms of objectivity in a Saussurean universe, and if they are extracted from their anchorage in speech and writing – that is, if the separation of form from substance is made in a more consequent and radical way than Saussure's – we are not in the field of a regional but of a general or fundamental ontology (Laclau 2004, 151)." The point here is that while Badiou uses set theory to elaborate the objectivity of events and how they change hegemony, Laclau seems to creating a grey area between linguistics as a meta-ontology that can be used to better understand hegemony and linguistics as a fundamental ontology on which hegemony is based. The risk here, of course, is that of reducing hegemony to a discursive function, evacuating the study of everyday life, structures of feeling, and political economic processes – all of which have distinct materialities – from hegemonic negotiation.

blocs and trajectories of capital accumulation), as well as the relation between materiality and discursivity, are obscured.

[T]he postmarxian version of “complexity” is a horizontal proliferation of hegemonic centres, which amounts to the multiplication of simple political antagonisms and not the complexity of an overdetermined social contradiction.

While Laclau and Mouffe affirm the existence of the external world and the materiality of discourse, they claim that the being of every object is discursively constructed (Laclau, 1990: 97-134). This blocks the path to the regional distinction between social (discursive) practices and the materiality of the object (the natural properties of objects and extra-discursive conditions of emergence of discourse) (Boucher 2008, 95).

The impasse that Boucher describes here should not necessarily prevent geographers from exploring post-Marxist theories of hegemony; instead, it should be seen as an opportunity for using them to enrich the concept.

The dilemma that this post-Marxist turn represents is two-fold. On the one hand, the focus on the formal task of the articulation of democratic demands and the symbolic contradictions facing them that this theory provides is invaluable. However, to keep a certainly materiality in focus, I believe it is important to study processes of articulation not simply as discursive processes, but rather as relational ones situated in social space. The failure to articulate democratic demands for unification, economic and gender equality, and procedural democracy within a logic of equivalence is certainly a defining feature of the dilemmas that I shall outline in this dissertation, but problems of ideological articulation always also have lived, relational components that are difficult to ignore. Stephen Kipfer, for instance, argues against considering hegemony primarily as a discursive form of articulation – “a linguistic way of ‘fixing’ the interminable flux of signs that is, in this view, language” (Kipfer 2008, 202). Following Henri Lefebvre, Kipfer argues that this framework of hegemony, based on Saussurean linguistics,

constitutes “a form of ‘semantic reductionism’ that separates formal language structure (*langue*) from speech (*parole*) and thus detaches language as a whole from lived experience” (202). Instead, what I do in this dissertation is show how the articulation of democratic demands has much to do with a relational materiality, involving not just the discursive articulation of democratic demands, but also the politics of coordination that underlies them. This politics is influenced by both the structural transformations of Korean economy, and thus to trajectories of capital accumulation, as well as more everyday practices of protest and mobilization through which subjects of democratic struggles are identified and make claims. Therefore, the materiality of the political space of the reform bloc is multidimensional: it involves not simply changes to financial and labour policies, but also practices of collective bargaining, strategic mobilization, and protest. Such strategies are also shaped by textual strategies within reform discourse and the articulation and drawing together of not simply discursive claims for greater democratization but of the activities of a variety of different movements. This focus on materiality requires, above all, treating hegemony as a open, social space and looking for some of the multiple logics that condition it within a historical conjuncture.

The work of Kristin Ross (1988; 2004) is an important guidepost here, as she provides a way out of simply positing hegemony as either purely a discursive structure or the mere effect of structural forces through situating hegemonic processes in social space. For Ross (1988, 8), “social space” allows her mediate between “the discursive and the event.” Ross takes Henri Lefebvre’s notion of social space (of space as produced through a triad of spatial practices, representations of space, and representational spaces; Lefebvre 1991) and shows how it is shaped by epochal political events in which democratic

demands are raised, such as the Paris Commune and the May '69 events in France. Unlike Ross's work on the Paris commune, which is based more on an analysis of relations internal to a particular event itself, what I have done here is try to focus on processes of coordination and conflict between reform movements that emerged from the democratic uprisings of 1987 and how they have informed, and in turn been informed by, changes to Korea's political economy. In other words, my more process-based approach attempts to follow some of the ripples generated by an event rather than occasion of the event itself. Thus, while the analyses of political events like the Paris Commune or the Tiananmen Square protests often examine the everyday rupturing of social space and the creation of a new configuration, my approach to social space starts from the new interaction between the state and civil society, as a region of social space, produced by the event of democratization, and attempts to follow its transformation.

The philosopher Alain Badiou (2005; 2004, 97-103, 153-162) has made an ontology of events as sites of truth, to which subjects attempt to maintain a fidelity through generic procedures, such as love, politics, and art; and in many ways, Ross is working to create a synthesis of Lefebvrian and Badiouvian ideas about space and events. In a similar way, I am quite curious how the politics of the 1980s movements and the forms of truth they attempted to articulate in the democratic uprisings continue to resonate among the liberal-progressive bloc. For me this is a way to get beyond a merely structural analysis of developmental state reform and include an analysis of the way in which democratic demands shape political space; one that is not based purely on a concept of linguistic articulation, but, rather, is open enough to examine how the experience of particular events inform the configuration of political space at a more

everyday and corporeal level; i.e. within a more differential materiality. As Badiou might argue, it is through the generic political procedures, in other words the political sequence unleashed by the events of the 1980s, that one might attempt to grasp the articulation of a political subjectivity. In other words, political subjectivity or subjectivation, and thus the subject of democratic equality, is not merely the result of an articulation of democratic demands, but rather is the result of a coming to terms with an event. Events are created by the grasping or disruption of an impasse, or void (this could be a lack of equality, democracy, a repression of desire, or something else that exists within a social space), and of retroactively seeing what it meant through generic procedures such as politics, art, etc. The subject emerges within this process, and is not external to it, and for Badiou the political subject is one that attempts to follow this sequence through, maintaining fidelity to the event. It is in relation to this political sequence, a sequence of the reform bloc, and not simply an assumed intentionality on behalf of the state, that I will situate my discussion of reform politics within.

While the 1980s movements seemed to be based on three political cleavages involving demands for democracy, economic justice, and reunification (Choi 1993), the priorities of these movements, as well as the truths that their activism has presented seems to have changed over time or become disarticulated within political struggles.<sup>7</sup> Understanding this process entails an approach that can analyze multiple sites of

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<sup>7</sup> Of course, other democratic demands for equality within gender relations and minority rights are important here; however, in the 1980s social movements they were generally articulated under a general umbrella of wider democracy movements (Hur 2006). While this dissertation is primarily concerned with the subordination of demands for economic justice to neoliberal reform, I read these demands in tension with an understanding of how they are shaped by, and are complimentary to, other democratic demands, such as demands for gender equality and recognition of ethnic diversity.

democratic struggle embraced by the historic bloc that led to democracy: from the nexus created by the integration between state and civil society after the 1987 events, to some of the very spaces in which new social struggles are taken up within civil society. My fear is that to some readers the shifting of scale, time and place this analysis requires may lead to some confusion, especially as the later chapters of this dissertation switch to a more grassroots scale of analysis; however, for me this focus is the only way to get out of the impasse of positioning civil society as an important influence on democratization and economic reform – as a site which must be included in order to understand how developmental strategies have been reshaped – without losing site of the very contingency of its construction (a problem I discuss in the next chapter). Indeed, while I argue in this dissertation that the problematic participation of labour in economic reform is perhaps the most important factor limiting the reform bloc's ability to address substantive demands for democratic equality and economic justice – undermining its broader hegemony – I do not want to convey the impression that the labour movement is merely a cohesive bloc existing in civil society. The labour movements has its own strategic tensions, factional disputes, and ideological lacunae that also condition its ability to raise the issue of democratic reform, especially in regard to emergent issues such as irregular and migrant work, which is why I move from a more structural analysis of key national reforms in the first half of the dissertation to a more grassroots level in the later chapters. These later chapters illustrate something of the constitutive tensions in the reform bloc, as well as particular conjunctures where democratic demands have been articulated in a problematic fashion. While the examples of migrant worker protest and the reunification projects may be regarded as very localized examples of reform projects,

they illustrate some of the internal problems within the reform bloc and its difficulty in addressing some important emerging issues. These examples also illustrate the ways in which democratic demands have been reconfigured in the post-1987, or, rather, post-*Minjung*, era.<sup>8</sup>

Getting at the reconfiguration of the integral state in this dissertation often entails starting from a present point of tension and exploring how it has been worked through the new nexus between state and civil society created by democratization. Often reform dilemmas reach as far back as the tensions within 1980s social movements and involve a dramatic process whereby the democratic demands of the 1987 democratic uprising have either become articulated into or delinked from the process of economic reform. This conjunctural logic can be taken further, to show how the inculcation of particular ethical and moral habits within civil society expand much further than the nexus that I attempt to describe in this essay. This is something I hope to do in future projects, but for reasons of clarity and also for reasons of intervention – the desire to de-center state-centric accounts of developmental state reform by introducing the play of democratic demands being an important one – I have chosen to limit my discussion of developmental state reform to the politics within the liberal-progressive bloc and the relations between it and other social forces acting within the integral state. Therefore, as I have argued above, my approach in this dissertation is also a contingent one that is articulated in a strategic-relational field constituted by the multiple dilemmas facing reform forces in Korea. My only hope is that the ensemble of economic transformations and political dilemmas that this study seeks to

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<sup>8</sup> The concept of the masses or of the people (*Minjung*) as the subject of democratic struggle, as well as the influence of the *Minjung* movements on how social struggles are conceptualized is a theme that comes up throughout this dissertation.



identify will somehow provide useful coordinates for strategic interventions, both scholarly and otherwise, into the current political impasse of developmental state reform in South Korea.

## Chapter 1:

### The Postdevelopmental State: The Long Decade of Economic Reform and the Reconfiguration of Political Space

*After the general election in 2004... the Roh administration came to enjoy a favourable political situation that no other democratic government before it had enjoyed. Paradoxically, when the balance of power finally began to tilt in favour of reform forces, the Roh administration began to make choices that took a conservative path and reversed the balance of power back to its starting point. The Roh administration's own explanation has been that the resistance of the conservative opposition has been too strong. The more important reason for its failure can be found within, in its lack of internal capacity to implement changes.*

Choi Jang Jip, *Democracy after democratization* (2005, 297, 300)

*This long labour which gives birth to a collective will with a certain degree of homogeneity—with the degree necessary and sufficient to achieve an action which is coordinated and simultaneous in the time and the geographical space in which the historical event takes place.... is more or less a question of long processes of development... and how such wills set themselves concrete short-term and long-term ends —i.e. a line of collective action.*

Antonio Gramsci, *The Modern Prince* (1971, 194)

#### *The Decline of Developmental State Theory*

Throughout much of the 1980s and 1990s the Korean state provided much of the empirical terrain over which key debates about the nature of “developmental” states were fought (Amsden, 1989; Haggard, 1992; Kim, Eun-Mee, 1993; Johnson 1983; Onis, 1991; Wade, 1990; Wong, 2004; Woo, 1991; Woo-Cummings 1999; World Bank, 1993). Many scholars observed the strong role of the Korean state in managing economic growth and argued that its strategic use of nodal economic planning, government coordination of strategic financial resources, and regulation of market entry and exit, constituted an effective route to economic development that could be emulated by other late-developing countries should they follow their desire to “catch-up” with the West (Amsden, 1989).

There was not simply one, but many accounts of Korean economic growth. While some accounts stressed the merits of state autonomy and state intervention, others emphasized the factor endowment of East Asian economies and the market-conforming practices of states in that region. Building upon previous advances in development economics and studies of late-developers (Hirshmann, 1958; Myrdal 1963; Gerschenkron, 1962), scholarly books on developmental states and the “miracle economies” of East Asia proliferated into the late 1990s. Studying the role of the Korean state in fostering economic growth became a common career-path for many scholars, and the debates about state autonomy and state capacity that were a part of this larger research project resonated far beyond economic sociology to influence political science, development studies and even institutional economics (cf. Wade 1996).<sup>9</sup> Often what was at stake in these debates was an understanding of development that could rival the mythology of the self-regulating market put forward by neoclassical accounts of East Asian development. By showing how the state was involved in governing or coordinating market forces, theorists of developmental states sought to show markets were key sites of social practice and did not autonomously regulate themselves.

Marking the culmination of competing research projects by both heterodox and neo-classical observers, the publication of the World Bank’s ‘miracle study’ in 1993 was widely regarded as both a recognition of East Asian economic development and a concession to some of the alternative theories of it (World Bank, 1993; Wade 1996).

However, even while the World Bank’s miracle study acceded to accounts of growth that

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<sup>9</sup> However, the influence of these debates were probably less felt in geography, which has relatively neglected the study of industrializing states in the third world and ‘emerging’ economies in comparison to other disciplines (Glassman and Samatar, 1997), though there are some exceptions.

ran counter to neoliberal prescriptions, economic restructuring would soon undermine many of the institutions behind East Asian economic growth as well the heterodox theoretical frameworks that had sought to describe it. This problem was compounded by the fact that many of the alternative models that scholars had produced to explain East Asian development were narrowly state-centric and seemed ill equipped to anticipate the 1997 financial crisis. This was because most accounts of developmental states were based on an understanding of economic growth that was teleological: positing an autonomous state as the key to late development, and successful development the work of an autonomous state. They could not explain development within a subtle framework of interaction between political and economic forces if the autonomy of the state was not apparent, even if strong state capacity still existed. This raised questions about the utility of the state-centric model to begin with.

In South Korea, changes to the developmental state were already well underway while many of the classic studies were still being written. These changes started following the 1980 coup by Chun Doo Hwan. This coup led to the installation of the first neoliberal economic bureaucracy in South Korea (Kim, Yun-Tae, 1999), a full ten years before Jung-en Woo's (1991) landmark study of Korean economic planning, *Race to the Swift*, was to emerge. In Japan there may be a case for a longer path-dependency of developmental planning (in the sense of continued co-reinforcing behaviour between the state and the economy), based on a continuity of Liberal Democratic Party rule in the post-war era and the long-term tenure of bureaucrats with a developmental orientation. However, by the time Johnson's (1983) classic study *MITI and the Japanese Miracle* came to press, the rise of neoliberalism in foreign policy was quickly becoming apparent

and would start to alter Japan's own developmental state in the years to follow, starting with the Plaza Accord of 1985.<sup>10</sup> Thus, even at the time that early studies of the developmental states were being written, the rise of neoliberalism remained poorly explained. When they did account for it, studies of developmental states (e.g. Evans 1995) seemed unable to describe the many sources behind it. Substantive changes to developmental states were explained largely in terms of policy choice (Jayasuriya, 2005; cf. Burkett and Hart-Landsberg, 2000).

Perhaps it could be argued that neoliberalism was too new in the early 1980s while many of the classical studies of developmental states were being researched or written. The acceleration of financialized capitalism, which has come to typify neoliberalism in the political economy literature (Dumenil and Levy 2004; Arrighi, 1994, 2007; Epstein 2006), though underway, had yet to take off in East Asia. Certainly after the 1979 Volker shock – what Dumenil and Levy (2004) regard as a ‘financial coup’—the percentage of US income and profits from the rest of the world compared to domestic profits had begun to accelerate (Harvey 2004, 23-31). But it would take until the end of

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<sup>10</sup> I generally define neoliberalism as an assemblage involving ideas about free markets that emphasize shareholder value, financial, trade, and labour market liberalization as well as an idea of economic subjects as rational, self maximizing actors (*Homo Economicus*) and markets as optimally self-regulating entities. These are ideational constructions and, of course, there is a great variability in the ideas and practices endorsed between them and the social contexts in which they are embedded (cf. Peck 2008; Peck and Theodore 2007; Ong 2006); but, commonly, neoliberal advocates generally endorse a more minimalist role for the state in economic governance (even though in practice neoliberal strategies have been accompanied by tremendous state intervention towards instituting market forms). This assemblage also involves variegated practices of reform and standards of governance, some of which exist at a more general, transnational level (such as multilateral trade agreements or BIS ratios) while other are tailored toward more local specificities (for example free trade zones, or particular forms of labour market incentives or financial deregulation). In general, neoliberalism has accompanied a general restoration of class power, particularly toward financial capital, since the crisis of the 1970s (cf. Harvey 2005; Dumenil and Levy 2004).

the decade for the impact of these trends to make themselves fully felt even in the United States. It was only by the end of the 1980s that investment in domestic finance, insurance and real estate in the US had reached historic highs (Brenner, R. 2002, 81-89). The capitalization of the US stock market did not begin its dramatic increase until the early 1990s alongside the marked increase of CEO compensation linked to stock options (Aglietta and Reberieux, 2005). And it was only by the late 1990s the US saw the record financial profits associated with financialization (Brenner R. 2006, 288-299).

The influence of these processes on East Asian developmental states like South Korea was not so apparent until at least the early 1990s. The 1985 Plaza Accord between Japan and the US had actually helped South Korean exports (Hart-Landsberg, 2004) while Japan bore the financial effects of currency appreciation. Thus, until the financial liberalization policies of Korea's Kim Young Sam government in the early 1990s, the direct effects of financialization on economic growth in South Korea were more difficult to detect beyond the changes in the bureaucracy and largely minimal domestic financial market liberalization under Chun Doo Hwan.

While financialization might not have been apparent during the 1980s, the relationships between state and civil society that were thought to compose developmental states – strong state, weak civil society – were certainly undergoing a radical reconstruction, especially in South Korea and Taiwan. For much of 1987, South Korea was rocked by pro-democracy protests that led to a significant set of political changes on the peninsula. More importantly, democratization would lead to the eventual restructuring of the social formation of state-led development and social regimentation that Korean scholars (Lee, BC 2006) have come to term as the developmental dictatorship (*kaebal*

*dokjae*) by opening up Korean society to expanded political competition. In fact, by the early 1990s, if not clearly in the aftermath of the 1997 crisis, a trajectory of democratic and economic restructuring had been put in place to such a degree that the Korean state could no longer be regarded as a developmental state; at least not in the terms outlined by the now classical studies of the developmental states cited above, which stressed the autonomy of the state from society and the strategic control, even repression, of financial resources by a nodal economic bureaucracy. The events of 1987 had the effect of separating the political from the economic elite, and paved the way for later restructurings of the economic bureaucracy. By 1997, the core areas of developmental planning, including strategic channeling of finance by the state to key industrial firms in return for export performance, strict government restrictions on entry and exit, and nodal industrial planning had all waned. Instead, what replaced developmental institutions is a complexly situated neoliberal project involving the expansion of market-based forms of economic governance and resource allocation, articulated alongside a project of democratization.

### *Bringing Civil Society Back In*

If the restructuring of the developmental state is considered as a result of twin processes of neoliberalization and democratization, then the lacunae of developmental state theorists seems to consist in not being able to grasp the contingent relations behind these processes. In other words, though developmental state theorists were able to contest neoclassical understandings of economic development by showing the potential gains of state-led industrialization, they were not able to regard state-led development itself as a

contingent process. Instead, they regarded it as a product of state's autonomy from society and neglected many of the social relationships within political and civil society that might lead to the restructuring of developmental states. This is unfortunate, because the events that led to democratization must surely have been apparent to developmental state theorists. There had been a noticeable upswell of protest against the dictatorship of Park Chun Hee and the harsh labour conditions of his export-led model that prevailed in the mid to late 1970s. Even though these protests were severely repressed with the onset of the Chun Doo Hwan regime in 1980, by the mid 1980s they were again gathering momentum (Koo, 2002; Lee, NH, 2002, 2008).

This lack of an adequate relational focus, one that can grasp the interaction between civil society and the state, impairs the various theories of the developmental state from understanding the sources that condition state capacity. This is why, in many ways, the developmental state as a research paradigm quickly fell out of favor after the financial crisis in the late 1990s. Scholars from both neoclassical and institutionalist traditions failed to situate the crisis in terms of the reconfigured relationships that had come to inform state practices. Instead, in the wake of the 1997 crisis, they quickly fell back on searching for areas where their core assumptions (strong states or market equilibrium) could still be applied through often *ad hoc* hypotheses (Jayasuriya, 2005). Thus, much of developmental state theory outside of institutional economics became discarded since state autonomy could no longer be taken for granted. The decline of developmental state theory means that neoclassical approaches to economic growth have lost an important contender; one that seemed for a brief moment to have the potential to advance a more historical-geographical understanding of development.



This problem points to the need for critical accounts of economic development and reform that can situate state capacity in a more expansive relational field than that of previous state-centric approaches. This is necessary not simply because civil society has been an important part of the story of economic reform in formerly developmental states like South Korea, but also because there is a need for an understanding of development that can situate economic processes more critically within historical-geographical experience in order to decenter accounts that pose development as a necessarily self-regulating or state-led process. When I first began this case study, I was more interested in how the key financial policies outlined by developmental state theorists had changed, but, examining the political relations that conditioned state reform, I began to realize that the theoretical construction of the model was flawed to begin with (see Chapter 2); thus, I felt that I could not give an account of developmental state restructuring without also showing how the politics of developmental states and their reform was much more expansive, involving key reforms to not just finance, but labour and other sectors, and involving a host of state and non-state actors in what are often a very conflictual politics. In other words, I found that the task at hand was to introduce a level of contingency and relational interaction into accounts of East Asian growth that can decenter that often teleological view of development that posits economic growth as both linear phenomenon and a historical project where the rules of the market or state-led intervention are somehow deemed external to sets of power relations within society. A similar purpose seems to underscore contemporary postcolonial and postdevelopmental approaches to development within geography (cf. Gidwani 2008; Wainwright 2008).

What I seek to do in this dissertation is to show how the reform of the Korean developmental state has been shaped by a dynamic set of interactions between the state and civil society. My goal is to show how state capacity is never simply a question of state control over economic resources but also involves a politics of economic reform. This politics in many ways determines the priorities of reform and is shaped by often shifting alliances and situated conflicts that extend far beyond the state bureaucracy. Thus, situating the reform (and even original configuration) of developmental states within a more relational field of interaction, I argue, enables a critical examination of both the potential (and negative consequences) of state planning and market governance in a way that is more sensitive to the multiple power relations that shape social space and thus also shape economic growth.

While it has been informed by a reconfiguration of relations between political and civil society, the outcome of economic reform in South Korea has not necessarily been the cause for much celebration by the liberal and progressive forces who targeted the institutions of the developmental state for democratic reform. On the contrary, the embrace of neoliberal reform by both conservative and reform-oriented governments from June 1987 to the present has been the source of much tension and conflict. That the reform of the Korean developmental state has been an agonistic, and often antagonistic, process, speaks then to the need for an examination of the problems that reform oriented forces have had in pushing the economic strategies of the Korean state towards a more egalitarian and participatory assemblage. The source of many of these problems encountered by reformers lies, I argue, in the events of 1987 and the ways in which the democratic demands articulated within those events have influenced the reform process.

In particular, the way in which liberal and progressive forces were fused together within the democracy movement has led to internal problems of coordination within the reform bloc that make it difficult to institutionalize a broader politics of social solidarity which might ensure a more lasting hegemony for democratic reform. Instead, the economic policies of the reform bloc have been based around institutionalizing neoliberal reform that has weakened its own political base. The reform bloc has, in many ways failed to learn a lesson understood by the old regime, and that is that industrial policy, whether it is democratic or developmental, can be used to strengthen political power. In the absence of distributional measures, the old regime turned to developmental politics to legitimize its rule, although it eventually undermined itself through its authoritarian politics. While neoliberal reform has embraced some demands for transparency, it has not resolved the impasse created by the old model (an impasse between economic growth and distribution) and, in turn, has strengthened the power of the conglomerates from the old power bloc and introduced a degree of instability into the labour market and financial structure that was hitherto absent. This failure to implement an alternative to either the developmental state or to neoliberal reform undermined social solidarity and thus limited any broader democratic reform efforts, creating a situation similar to what Chantal Mouffe (2000) has called the democratic paradox. While democratic demands such as those for economic justice are largely constituted on the grounds for popular sovereignty, economic liberalism can serve to undermine those demands, and thus, support for democratic reform. Mouffe regards this tension as a constitutive one for democratic thinkers, however, the failure to work through this paradox, and to minimize the social antagonisms produced through it, has led to a pronounced fracture among reform forces

and the return of conservative government. As the reform bloc disintegrated in the 2007 presidential elections, this fracture also brought to a close what I shall call the “long decade” of democratic reform by reform forces and reform governments. This crisis of the reform bloc provides something an introduction and an end point to this dissertation as it is the point from which I will work back in order to understand how demand for egalitarian reform became subordinated to neoliberal policy as the reform bloc attempted to reform of the structures developmental state. To better understand this outcome, it is important to begin with the events of 1987 and to examine how the interpretation of the democratic demands articulated within those events have informed the debate around the current conjuncture of reform governments and the search for a more substantial alternative to developmental and neoliberal politics. This will give the reader a clearer sense of some of the areas of perceived policy failure and as well as some of the operative tensions within the reform bloc.

### *The Long Decade*

During the 1987 events in Korea, radical demands for democracy, equality, and peace became articulated together, albeit in often-contradictory ways (Park Mi, 2005). These demands were part of a generally united protest movement attempting to overcome decades of military dictatorship, cold war aggression and militarized labour relations that had been a constitutive part of the rapid export-oriented industrial development model that Korea had followed in the preceding 30 years. By the end of 1987, rapid progress had begun. Free elections were announced in June; underground labour movements began to be recognized throughout a summer of workplace agitation; intellectuals and

civil society groups could now more openly advocate a peace regime for the peninsula. What the 1987 protests represented then was something of polyphonic event, in which multiple demands, constructed largely on an axis of radical equality (in the political system, in the economy, and on the peninsula as well between the peninsula and the world) came to be asserted. As Choi (1993) describes, the democracy movement was a movement of movements in which most social struggles came to be represented as struggles for democracy, economic justice and reunification. Hur (2006), for example, argues that while demands for gender equality were included in these demands, feminist movements remained under the umbrella of the movement for political democracy, building up their own organizations alongside it in order to create an independent voice for women outside of the women's sections of the state-mobilized New Town (*Sae Maul*) movement. It was not until after the 1987 events, when the feminist movement expanded its own autonomy within civil society and mobilized on a broader mandate, that a stronger dialogue with international feminist movements began to emerge. A similar pattern existed for other new social movements.

Despite the fact that the formal transition to civilian rule began in 1987, it would take another ten years before civilian democratic regimes with a strong connection to the democracy movement would come to power.<sup>11</sup> The years 1987-2007 can be considered a "long decade" in the sense that many of the political tensions and aspirations that later informed the reform governments had their roots in the 1980s social movements.<sup>12</sup> In a

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<sup>11</sup> Though Kim Young Sam was connected to the oppositional democracy movement, his political party was created through a merger with members of the former conservative regime and thus is not regarded among scholars to be a fully civilian regime.

<sup>12</sup> While my concept of the "long decade" resonates with the concept of *long-duree* or 'long centuries,' the focus is somewhat different. For example, Arrighi (1994) speaks of

sense, the reform governments of Kim Dae Jung and Roh Moo Hyun (1997-2007) were only the high water mark in terms of the institutionalization of larger transformative movements that led to transition in 1987. Thus, it is important to study these reform governments within the larger political trajectory of the long decade because it is in this period that one can see to what extent the polyphonous demands of the democracy movement entered into the ruling hegemony, and how particular goals became transformed, co-opted, excluded, or abandoned. As such, this dissertation is largely concerned with the latter half of this decade, and especially the politics of economic reform under the Roh Moo Hyun administration; though, I attempt to read this period as part of the large trajectories of reform politics since 1987.

It is also during this long decade that the economic policies of the developmental state outlined by the classic studies of the Korean developmental state were reformed to the point that, by comparison, Korea may now be represented as something of a “postdevelopmental state.” While Hahm and Pleine (1997) use this term to describe institutional changes to the Korean presidency and bureaucracy in response to pressures for liberalization, I feel that the term is useful for describing the wider consequences and strategic dilemmas of neoliberal state restructuring encountered by the reform bloc.<sup>13</sup> My

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long centuries to describe to development and domination of the world economy by various hegemonic powers. I use the concept of a long decade here in a much more modest sense: to denote a political process that has developed over a much longer time period than the formal decade of rule by liberal-progressive governments.

<sup>13</sup> Aihwa Ong (2006, 75-80) also uses a similar term of “postdevelopmental strategies” to describe particular forms of economic regulation in Southeast Asia which resonate somewhat with some recent Korean industrial policies, and which are discussed in more detail in Chapter 7. In addition, while the term postdevelopment is often used to signify a critique of development thought (cf. Escobar, 1995; Sidaway, 2007), I use it here in a somewhat different sense, described below, though I do sympathize with much of the

use of the term here is influenced by a critical tension with developmental state theory, as the term captures the fact that a transition has occurred in key policy areas of the developmental state, including the state capacity over financial resources and its use of industrial policy. In this way the term postdevelopmental state represents a loose periodization – referring to something “after” developmentalism – while also signifying that there seems to be a determined undecidability about the embrace of neoliberalism. A key problem of the reform bloc has been envisaging a democratic deployment of developmental policy; one where state capacity to control financial resources and regulate the labour market can be used in a way that compliments demands for economic justice and democratic equality. This is not to say that reformers are unhappy with the many procedural reforms that have diminished the political power of authoritarian governments, but that the establishment of a substantial alternative to socio-economic inequalities, the power of political elites, and geopolitical tensions of the old regime has not been sufficiently developed. This feeling of inertia has created tension within reform bloc, and contributed to its fragmentation. I use the term postdevelopmental state to outline this strategic horizon, above all, as a problem that affects reform forces in South Korea and not as general account of the economic policies of the Korean state.<sup>14</sup>

The fragmentation of reform forces is largely related to different views among Korean reformers about how much fidelity to the politics of the democracy movement there has been on the part of reform governments during the decade of their rule. This

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postdevelopment scholars’ critique of the alleged teleology behind many developmental strategies.

<sup>14</sup> Here, I am guided by Hall’s (1985) response to critics who mistook his use of the term authoritarian populism – which Hall developed to describe particular aspects of the politics of Thatcherism in Britain – as a framework for a global model.

debate has perhaps been the most pronounced during the regime of Roh Moo Hyun's participatory government, which is the period I will largely concentrate on in this dissertation. While Roh's government included more reform activists than previous governments, its embrace of neoliberal reforms like the Kim Dae Jung government before it has created a sense among some intellectuals within the wider liberal-progressive bloc that democratic reform has been a partial failure. This much was expressed in the waning days of the Roh government when a number of reformers came to debate the nature of Korean democracy and the legacy of reform governments. Some of the tensions and competing tendencies that have informed the reform bloc became quite pronounced in this debate, as was particularly apparent in the exchanges between Korean scholars Paik Nak Chung and Choi Jang Chip. The exchange was novel not merely for their assessments of reform governments, but also for how it shows that priorities once co-articulated by the democracy movement began to move in separate directions. This ongoing debate was loosely known as the "progressive debate" among Korean reformers, activists and intellectuals, and in many ways it reveals how the political space of interaction between political and civil society opened by democratic reform has been an important site of contestation, and also strategic cooperation, that informs the direction of state policy and reform politics.

### *The Progressive Debate*

The progressive debate emerged during the waning days of Roh Moo Hyun's 'participatory government' and in anticipation of the December 2007 presidential election; however, it was initiated in many ways by Choi Jang Jip in response to his



disappointment with Kim Dae Jung government and his perception that the problems of the Kim regime would continue to inform Roh Moo Hyun's participatory government. In his book *Democracy after Democratization*, Choi (2005) argued that democratization in Korea has been a conservative process that has failed to include the interests of the labour movement and of everyday citizens – what Choi terms the 'common people' (*seomin*) – into mainstream politics. For Choi, this is a problem of ideological competition at the level of representative democracy, which, in his view remains limited because of the embrace of neoliberal ideology by successive liberal governments.

[The] political exclusion of labour interests and perspectives amounts to an exclusion of the most significant potential force for suggesting competitive ideologies for the creation of public goods, such as social integration, social welfare, and social justice. Also, in terms of social class structure and the inequalities produced by the market, and in terms of checking the chaebol's unilateral advantage of power in the economy and society, this exclusion cannot but create negative impacts (Choi, 2005, 268-9).

Without the inclusion of substantial demands and policy issues favoring workers and livelihood issues, Choi argues, political power remains predominantly in the hands of an elite-led party system, the domestic conglomerates, economic bureaucracies and the executive branch rather than in a more participatory and democratic formation with stronger involvement by civil society and the social movements. For Choi, the origins of this problem are to be found in the post-war history of South Korean politics in which anti-communism and authoritarian industrialism came to dominate the political economic field. This process left the economy oriented toward pro-growth mobilization and political society dominated by conservative interests with only regional rivalry to provide the basis for political competition. The democratic transition may have dulled the impact of anti-communism and facilitated the expansion of civil society, but political

competition on the basis of ideology remains narrow. The consequence of this, Choi argues, is that Korean democracy continues to lack an important countervailing power within the political system that can check the influence of elite-led politics and broaden the basis of political competition.

Though Choi's book was written largely out of discontent with the Kim Dae Jung regime, in which he participated as a presidential policy advisor, in the afterword to subsequent editions and in interviews and other publications, he has expanded the argument to include both the Kim Dae Jung regime and the Roh Moo Hyun regime. This is something that has angered both Roh himself and rival reform intellectuals. Roh was formerly a human rights lawyer and had a strong image of himself as a member of the reform bloc, using his extensive networks with oppositional social movements from the democracy movement era to expand consultation with civil society groups in policy formation. Roh's "participatory government" like Kim Dae Jung's "participatory economy," included many former democracy movement activists and reform forces that had come to political maturity in the democracy and student movements of the 1980s and had ambitious plans for reform. However, reform projects became stalled after the election due to ongoing scandals and proceedings by the opposition conservative party as well as members of the president's own Millennium Democratic Party to impeach Roh in 2004. In the midst of large candlelight vigils in support of Roh, a general election was called and Roh's newly formed Uri Party (Our Open Party) won by a clear majority and impeachment charges against the president were dropped. It appeared to progressives that they had a clear mandate, however they failed to act on it. Soon after the election, Roh's policy choices began to alter from the course that he set out. Roh's decision to send

troops to Iraq, the breakdown of social dialogue in labour-management-government negotiations over labour market reform, and the announcement of Korea-US free trade deal alienated the President's support base among a number of social movements and civil society groups. Furthermore, due to low public opinion ratings, his attempt to form a "grand coalition" with the conservative Grand National Party alienated liberal reformers in his Uri Party, and, by the summer of 2007, Roh's ruling government party had split into moderate, progressive, and conservative factions.

Choi was not the first to criticize the Roh government for its lack of political originality, but his criticisms in both *Democracy after Democratization* and in the popular press attracted the attention of the president himself and revealed the fracture between the Roh government and many of its progressive supporters, especially among the cohort of democracy movement activists known in Korea as the 386 generation.<sup>15</sup> In reaction to the criticism that by embracing a neoliberal policy orientation he followed the wrong path, Roh accused his critics of "inflexible progressivism," signalling Choi out in particular but also other prominent critics from the progressive bloc, including some of his former political advisors and presidential committee members who had become increasingly vocal in their criticisms of Roh government policies. These advisors had argued that the concessions made in the negotiation of a Korea-US Free Trade Agreement (KorUS FTA) marked a U-turn away from redistributive economic policies

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<sup>15</sup> The term is a reference to those who were born in the sixties and went to college in the 80s and who were in their thirties in the 1990s when the term was coined. The term 486 has sometimes been used to refer to this cohort to denote the passage of time.

that had been formally embraced by Roh.<sup>16</sup> The tension created by this debate spilled over into the 2007 presidential election campaign. The debate continued as progressive intellectuals debated which direction the progressive forces should take in the campaign. A split existed between those that argued that a progressive political party should base its campaign on opposition to neoliberal restructuring and another camp which emphasized the continuation of the Sunshine Policy – the policy of reconciliation with North Korea that had been begun by Kim Dae Jung and carried on by Roh Moo Hyun – and centrist economic policy as the political basis of a coalition of reform forces.

The debate was not simply about electoral strategy but was also a struggle over the contested memory of 1987, and the extent to which claims for national reunification could be divorced from other claims for political and economic equality. Paik Nak Chung, another senior intellectual of the progressive movement and a critic of Choi Jang Jip's theory of conservative democratization, waded into the debate on the side of the pro-Roh forces. Paik criticized Choi's theory of conservative democratization and his opposition to Roh's neoliberal policies and argued that the end of the division system – the partition of the peninsula by separate regimes begun in 1945 that, Paik (2007) argues, took on a systemic status after the Korea War -- should be the first priority of progressive forces.

[T]here is a prevalent sense of crisis in Korea today that the so-called '87 regime that was formed after June 1987 has now reached its limit and is in need of a new breakthrough. While searching for an answer, some analysts offer a diagnosis that although formal and procedural democracy was achieved through the June Struggle, substantive democracy in the economic and social fields has remained inadequate or has even suffered a retreat. This view grasps only part of the truth

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<sup>16</sup> See "President Criticizes Progressives" February 17 2007. *Korea Times*. Roh accused Choi Jang Jip and others of inflexible progressivism. See also Lee Jeong Woo. FTA could make or Break Roh government's Legacy. *Hankyoreh* July 20, 2006.

and we must beware of such a facile dichotomy...Going beyond such one-sidedness is an important task for us as we commemorate the 20th anniversary of the June Struggle... In the period of tyrannical rule by the government of a divided nation, mere advocacy of the principle of peaceful and autonomous reunification or of an egalitarian society, or the immediate struggle for basic civil rights could serve to shake the division system. However, with the end of military dictatorship and the newly opened space for more substantive endeavors, the need arose for a centrist line that could incorporate the various agendas of various forces with a view to a clearly conceived goal of transforming the division system. Close to twenty years later, Korea now finds itself in an even more urgent need of a line focused on radical transformation in this sense and broadly centrist in practice (Paik Nak Chung, 2007).

The main distinction being debated here can be regarded as one between economic justice and reunification and illustrates a central line of tension within the progressive bloc. Although these logics are intertwined, a greater stress is often put on one or another, rather than a logic of equivalence that can sufficiently address the democratic demands of both. Thus, for Paik, the problem of neo-liberalism is viewed more as a subset to the division system than as a problem to be co-articulated as equal in importance to reunification. For Paik, the problems of neoliberal capitalism are integrally related to the partition of the Korean peninsula and the creation of separate socio-economic systems on either side of the border. Thus, the solution to political cleavages in South Korean politics is related to overcoming this larger problem, so that the Korean peninsula can deal with the problem of how to organize its socio-economic system on a more independent basis.<sup>17</sup> The subtle subordination of economic justice these nationalist priorities within the reform bloc speaks to a problem of both articulation and co-ordination among reform forces. The

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<sup>17</sup> This debate also speaks to a second distinction between a politics based on an ethnic identity rather than on civic and economic justice. Although Paik himself has tried to keep a critical tension between the two in his thought, it is the former that dominates. For the debate between Paik and Habermas on ethnic versus civil nationalism in the *New Left Review* during the 1990s, see Paik (1993; 1996) and Habermas (1996).

promotion of a centrist political platform was seen by Paik and others of the reform bloc as a necessary hegemonic manoeuvre based on the assumption that reunification would be a more unifying political platform if untethered from progressive economic reform. Strategically, in the elections that followed, this move failed. A strong emphasis on economic justice and domestic economic growth was not made by the Democratic Party and conservative forces were able to gain ground by promoting a rhetoric of economic populism.

As Roh's Uri Party broke up, a coalition was formed around the United New Democratic Party (later to become the Democratic Party), which evolved out of this factional infighting, and embraced much of Paik's position (indeed Paik was instrumental in attempting to get progressive forces to unify behind a single candidate). The party entered the 2007 elections promising to continue the neoliberal trade, labour and corporate governance policies of the Roh government but with perhaps even less emphasis on redistributive reform. In an election fought largely on the politics of economic growth and the increasing polarization of rich and poor, the UNDP became associated with the lackluster economic performance of the Roh and Kim governments. Conservatives from Korea's new right (cf. Shin KY, 2006; Lee Byeong Cheon 2006b) had successfully spun this period as a "lost decade" of economic growth. The conservative opposition won the election by a landslide by promising a return to the high growth years of the late dictator Park Chung Hee. What was ultimately at stake in this debate amongst progressive forces was the opportunity to present an alternative to the division system; one that would not use neoliberal reform to create space for progress on engagement projects. Unfortunately, none of the parties from the liberal-progressive bloc

effectively resolved these concerns. The long decade of democratic reform initiated by the 1987 protests appeared to have come to an end in the crisis of the participatory government.

### *Hegemony and the “Integral State”*

The long decade of reform by governments supported by the liberal-progressive bloc represents an interesting conjuncture where the logics under which state and civil society had previously been considered by developmental state theorists have been undermined through epoch shaping events: the democratic uprisings of 1987 and the economic crisis of 1997. This conjuncture has changed not only how the economic policies of the Korean state must be considered, but also, I would argue, how they are studied. While above I recommended a focus on the liberal-progressive bloc and the expanded nexus between state and civil society, it seems important to discuss in more detail how, theoretically, this nexus, that of the “integral state,” is to be understood.

Civil society is normally defined as a sphere of activity or site of struggle outside of the sphere of production and outside of the state (cf. Urry 1981). While I agree with the shorthand that civil society generally connotes an outer region or ‘outside’ of the state apparatus, an ontological definition of state and civil society based on such a distinction is difficult to endorse, as is a distinction separating civil society from the sphere of production. This definition has its roots in Hegelian understandings of civil society as a sphere of interest and freedom – an understanding which underlines many modern definitions of civil society, including Jean Cohen and Andrew Arato (1992) normative definition of civil society as a sphere emphasizing legality, privacy, association, plurality,

publicity and mediation. In my opinion, the groups that carry out these functions at any one time, however, seem to be variable, and tend to influence the state in a variety of ways. The interaction between groups outside the state and the state itself cannot be said to be strictly normative or concerned at all times with interest group mediation rather than political opposition, societal transformation (including transformation within the sphere of production), or even the attainment of state power.<sup>18</sup> The normative definition is thus merely an ideal-type. As Kim Dong Choon (2006) points out, the concept of civil society itself (*simin sahoe*), versus what might be called mass politics, is a relatively new invention in South Korea. Many groups falling under that heading of civil society are still concerned with “comprehensive” societal transformation and mobilization (cf. Lim Hy-Sop, 2000) rather than functional or normative roles. Furthermore, many reform politicians as well as bureaucrats who have taken up positions in the state. Therefore the conceptual distinction between state and civil society is much more fuzzy than normative definitions let on. Instead, I prefer to regard civil society, as such, as a relational category. In other words, it is something that needs to be situated in time and space, and always in relation to other social actors. For instance, Hart (2002a) argues that Gramsci (1971) did not regard civil society as an autonomous sphere of freedom but something that must be analyzed *in relation* to the other structuring parts of the extended state. Gramsci’s formulation of the “integral” or “extended” state consists not only of political society, or government, but also civil society (Gramsci, 1971; Sassoon, 1980). Gramsci sees the

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<sup>18</sup> In case there is any ambiguity, in this dissertation I regard the labour movement as important actor within civil society as well as the integral state. In many ways, this role is variable, and the labour movement is often excluded from hegemonic participation in civil society and the state. However, this exclusion should not be thought of as the effect of an *a priori* ontological exclusion of the labour movement from civil society, rather it should be considered the effect of hegemonic processes.



roles played by these different parts as historically and geographically variable.

Therefore, it is difficult to *a priori* assign a strict functionality to different parts of the state apparatus; rather the role of the integral state must be examined within a definite conjuncture. In my discussion of the reform of the Korean developmental state, I try to adhere to this definition. Therefore, my discussions of the nexus between state and civil society as well as particular policies should be regarded as an elaboration of transversal points within a larger conjuncture of social relations between actors involved in the democratic transformation of the Korean political economy. In other words, state and civil society should be regarded as variable points within a constellation of social relations, rather than merely independent, static or substantive identities. They are merely shifting regional identities within social space rather than a coherent whole unto themselves.

For Gramsci, the different parts of the integral state are articulated through hegemonic processes in which consent is organized and delimited, through coercion if necessary, and a relation of forces between state and civil society arrived at (cf. Anderson 1976). Gramsci was keenly aware that in order to be hegemonic, different regimes do not simply try to impose their own ideas in the organization of social and economic life, but rather, mediate them with some give and take among social forces (relations of power, social actors) by endorsing certain social practices and positions above others. As a process, the creation of hegemony is “inherently fragile” and something that “must be constantly renewed, recreated, defended and modified” through multiple socio-spatial trajectories (Hart, 2002a, 26; cf. Hart 2007; 2006; 2004, 2002b). These include, but are not limited to, the spaces involved in the ideological articulation of political positions, the

organization of economic behaviour, and the distillation of ethical and moral habits that affect everyday life. Thus, the analysis of hegemony has to be sensitive to the various spatialities through which power is worked and extended geographically into state and civil society, as hegemonic processes are articulated along multiple axes of difference and domination that concern not only relations of class but also gender, ethnicity, and other power relations -- what Laclau (1997) describes as the “constitutive outside” of class relations (c.f. Gidwani, 2008).

While this approach to hegemony also entails a discursive understanding of hegemony, and in many ways borrows from the understanding of articulation put forth by thinkers such as Hall (1980) and Laclau (1985),<sup>19</sup> following Hart (2002), I think it is important to advance an analysis of hegemony than does not locate it purely on the discursive level. As Peter Hallward argues, the limitation of Laclau’s recent reconceptualization of populism is that “Laclau conceives of the ‘construction of a people’ not in terms of power, unity and will but in terms of heterogeneity, difference and language, he conceives of any populist ‘articulation of a chain of equivalences’ first and foremost in terms of representation” (2009, 28 n. 51). This focus on representation tends to evacuate a certain materiality from the study of hegemony, including the ways in which subjects are often de-voluntarized through representative strategies, especially those occurring in the integral state. Instead, it is important to examine how hegemony is located in social space, i.e. how it is embedded in multiple dimensions of everyday life and the forces that shape it, including particular historical events, and the democratic

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<sup>19</sup> Hall (1986) describes some of the tensions between different trajectories within the circle of British Marxist theorists who began to return to Gramsci in the late 70s and early 80s. See also Hall, 1979; 80; 1986; Laclau 1979; Williams, 1973. Hall also bases much of his theory of articulation on the work of Wolpe (1988).

demands that emerge from them. This is why I have introduced this dissertation so far by discussing the progressive debate and the arguments about conservative democratization and the exclusion of labour interests. These claims emerged from the events of 1987, which were themselves produced out of the experience of the developmental dictatorships; including the economic policies and politics of these regimes, as much as their brutality and repressions. These events and the demands that emerged from them provide a constitutive part of the reform bloc, one that is mediated through representation, but which also has a materiality that exceeds it, grounded in events and thus in time and space.<sup>20</sup> That demands about labour's inclusion into the reform bloc, in both representation and structural reform, have remained the most problematic component of reform government's attempts to hegemonize the democratic demands of the reform bloc,<sup>21</sup> points then not to some simple ontological priority that inherently subjectivizes workers and gives them a privileged position within the social sciences – i.e. the old Marxist adage that capitalism produces its own grave-diggers. Rather, the existence of these demands speaks to an event, or series of events, ranging from the personal to the collective, in which gaps or contradictions in the developmental dictatorships were grasped and articulated together in the form of demands; most of them demands for political and economic equality. These demands thus form a multitude, a “multiple” that failed to be represented under the old regime, and one that encompasses

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<sup>20</sup> This gap, like antagonism in the political sphere, is always present; therefore, it can be analysed in terms of how problematic this gap for the articulation of particular sets of demands.

<sup>21</sup> This point needs to be emphasized. It is not simply the reform bloc's attempt to be hegemonic that I am after here. Rather, it is their attempt to hegemonize demands for democratic equality that I am interested in, especially the reflection of these demands in strategies for economic reform.

multiple, contingent power relations that extend far beyond what is normally relegated to the concept of class.<sup>22</sup> That demands surrounding labour and its role in democratization would remain the most problematic (demands that reconfigure more than class but also the transversal power relations through which labour is constituted), then, speaks to a political conjuncture, a series of events, informed by economic constraints. It does not assign to the economy a determining force that is somehow outside of politics and culture.

Such a geography conceives of space not simply as a container in which different economic practices are pursued, but rather as a social space that is process-oriented and in constant flux. Kristin Ross for instance, argues that such an analysis has long been a priority within human geography. She argues that Reclus's original design for a radical human geography was centered around an awareness of conflicts in social space, against traditions that attempt to subordinate the study of social relations to particular landscapes (Ross 1988, 90-94). A similar priority, and understanding of social space, undergirds this study. The articulation of democratic demands are analysed not only for their representations of space (the targeting of space for democratic reform) but also in terms of the practices through which they are articulated (practices of protest and alliance building, reorientation of capital flows) as well as the representational spaces in which they are articulated (the nexus of state and civil society, historic spaces of protest). In this

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<sup>22</sup> The radical implications of this insight for the study of class and other power relations, political economies, and cultural politics should not be understated. However, to a degree such a perspective, based on the interrogation of events and building primarily off the work of Alain Badiou, Henri Lefebvre, Kristin Ross and other theorists, is still very much an emergent paradigm in the social sciences. The emergent work a younger generation of scholars, working mainly in the UK in philosophy and sociology, including Peter Hallward, Alberto Toscano, Nina Power, Owen Hatherly has in recent years begun to constitute a larger space for such research.

way, I hope to show how the spaces of developmental state reform are never simply self-contained, autonomous spaces of meritocratic planning and control, but rather social spaces where processes of economic reform involve relations of coordination and conflict, as well as articulation and enunciation. Attention to substantive demands articulated in these spaces allows a more concrete contextualization of developmental reform within actual interests and political sequences. Of course, one might argue that situating developmental state reform in this way may overemphasize the agency of political forces, but for me, showing how substantive demands for economic democracy and socio-economic equality have been marginalized within the reform bloc seems an appropriate way to examine state power without losing site of concrete political intentionalities. As Gramsci (1971) remarks,

[O]ne might say that only to the extent to which the objective aspect of prediction is linked to a programme does it acquire its objectivity... if one excludes all voluntarist elements, or if it is only other people's will whose intervention one reckons as an objective element in the general interplay of forces, one mutilates reality itself...

This is in contrast with the habitual way of looking at the problem. For it is generally thought that every act of prediction presupposes the determination of laws of regularity similar to those of the natural sciences. But since these laws do not exist in the absolute or mechanical sense that is imagined, no account is taken of the will of others, nor is its application "predicted". Consequently everything is built on an arbitrary hypothesis and not on reality (171).

In other words, approaching hegemony from the perspective of how the historical demands of the democracy movements, and especially egalitarian demands, have informed it seems a much more grounded method than posing the state as distinct, autonomous actor, unbound from society.

### *Postdevelopmental Dilemmas*

As the progressive debate revealed, at the heart of the politics of conjuncture between democratization and developmental state reform is the reconfigured nexus between political and civil society. While the reform process has involved more expansive participation in the policy process than under previous military regimes, the way in which civil society has been utilized as a source of reform ideas and social partnership has remained problematic. Reform governments have used the nexus between the state and reform movements to legitimize a hegemonic direction for state policy rather than as a forum in which a more inclusive and egalitarian hegemony could be formed. As the progressive debate revealed, this is a problem that can be seen the lack of a clear strategy for reforming the developmental state in a way that strengthens the democratic demands of multiple constituents within the reform bloc. It is thus a problem that involves the way in which the state and the market have been targeted for democratic reform, but also to the ways that democratic participation has been utilized by reform forces at both the national and grassroots levels. Therefore, any reading of developmental state reform from the perspective of the integral state will also need to examine how democratic participation and democratic equality have been conceptualized and institutionalized by reform forces.

This focus inevitably calls for an analysis of hegemony that is sensitive to some of the multiple power relations that shape civil and political society. I will attempt to do this by examining a series of conflicts surrounding economic restructuring which reveal key areas of transition away from the old model – and some of the areas of inertia – in

relation to ongoing conflicts that have informed the restructuring of the Korean developmental state and moved it toward a more neoliberal alignment. I begin my empirical chapters with an examination of financial policy and conflicts surrounding the reform of the domestic conglomerates. However, since the developmental state theorists by and large neglected other important areas of state policy such as relations between the state and labour, I hope to expand the policy focus somewhat to include a substantial examination of the labour politics of the postdevelopmental state, which is more clearly the focus of the latter half of the dissertation. There is a clear reason for this. The position of labour within the democratic reform process has been one of the most problematic aspects of reform governments and it deserves a more comprehensive examination particularly since demands for economic justice and economic democracy have historically hinged upon the social solidarity between wage-earners and other social actors (cf. Esping-Anderson 1985). That the reform governments were been unable to institutionalize social solidarity speaks to a critical problem within the reform bloc and the way in which economic reform has been carried out thus far. Any progressive alternative to the developmental state, or to neoliberal reform, especially if it is to be an egalitarian alternative, such as social democracy or something similar, has to crucially consider the position of labour in its economic model and political strategies. Whether it be through greater distribution, higher wages and government-stimulated domestic demand, or through active credit and labour market strategies, a greater space needs to be accorded to wage earners within the Korean model in order for a more substantial alternative to emerge. This dilemma is reflected on the political level in terms of the participation of workers within reform governments and their representation at a variety

of institutional levels including unions, NGOs, political parties and social partnership organizations. Encouraging greater worker participation in economic reform, in other words, involves a series of both economic reforms and political commitments, and thus involves the very nature in which political demands are articulated and the power relations through which they are negotiated; the latter include not only relations between different reform groups but also gender and ethnic relations that influence the types of policies that come to represent economic justice. Posing the problem of democracy in this way, as a set of demands and a variegated process of articulating them, is also a novel way to study political geography, as it tends to put the focus on multiple sites of political articulation, rather than simply on parliamentary procedure and electoral competition.

The problem of democratic participation has manifested itself at a variety of different scales and sites during the reform process, as I shall show in the following chapters. The embrace of a shareholder model of neoliberalism and the attempt to use institutions of social cooperation to expand temporary and irregular forms of work have limited the ability of labour to participate in the participatory governments of Kim Dae Jung and Roh Moo Hyun. However, the participation of workers and labour unions (especially precarious workers such as migrant and irregular workers) in the reform process has also been limited by the internal politics of labour and civil society organizations as well. These politics inform the way that reform forces have responded to the restructuring of not only the financial system but also to other effects of neoliberal reform such as the feminization and transnationalization of irregular work. The difficulty that reform forces have had in addressing this problem informs other democratic projects such as projects for reunification such as the Kaesong Industrial Complex where, once



again, questions concerning the role of labour have become subordinated to more neoliberal and market-based inflection. This lacunae thus calls into question some of the very understandings of development, democracy and citizenship the process of economic reform and the need to more properly situate them within the relation of forces that have guided the democratic transition.<sup>23</sup>

### *Economic Geography and Civil Society*

Before outlining the present study, one final theoretical point is necessary. My emphasis on reform forces within civil society is also strategic in that it seeks to show that the embrace of neoliberal policy design was not a straightforwardly determined outcome but has involved the participation of domestic forces and some very situated articulations of neoliberalism that can not be disentangled from the larger projects of democratization that have informed them. This is not to say that the role of global institutions and the pressures that they put on domestic reform are not important, but rather, that I will attempt to accord them a more appropriate weight in my analysis than has been the case in previous analyses which put the emphasis more strictly on the IMF and international institutions as opposed to the other political and social forces (cf. Chossudovsky, 2003;

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<sup>23</sup> Thus, the way in which these concepts have been articulated in political struggle is important for a critical understanding not just of developmental state reform but also for understanding how, in many ways, economic reform has been bound up with central concerns around Korean modernity. The debates on Korean social formation that animated much of the left in the 1980s are a good example of this concern, and were informed by the renewed development of Marxist thought in the 1980s (cf. Pak and Cho, 1989). A precursor of these debates included the ‘Autonomous National Economy Perspective’ of the 1970s that was influenced by dependency theory (Kim Soohaeng, 2007). The debate over the ‘*developmental dictatorship*’ (Lee Byeong Cheon, 2006) of the late 90s and early 2000s is perhaps the latest phase in these debates. Moon Seungsook (2005) also adds a feminist perspective to the debate over Korean Modernity in her *Militarized Modernity and Gendered Citizenship in South Korea*.

Harvey, 2004; Wade and Veneroso, 1998). Nor do I want to create a distinction here between foreign and domestic sources of neoliberalism, as such a distinction is difficult to make conceptually in terms of how the political space of state territoriality is in fact shaped (Agnew, 1995). Indeed local reform movements in South Korea have been shaped by strong transnational influences, as have the educational outlooks and policy aspirations of domestic bureaucrats, so this undermines any clear cut distinction between foreign and domestic. Rather, the focus on more locally situated reform actors here is really the product of political conjuncture in which perhaps more was possible.

As discussed above, my focus on state and civil society departs substantially from the dominant perspectives on developmental states. Nonetheless, I think a theoretical perspective sensitive to both the insights of developmental state theory and to how state reform has been the result of strategic relations between state and civil society might help rejuvenate critical work on developmental state reform both within geography and other social sciences. As Jamie Peck contends, “the promise of a broadened conversation with economic sociology... [might be] a bolder and more purposive economic geography (Peck, 2005; 133).” The same argument can be made not just for economic geography but for other subdisciplines in geography that attempt to grasp the reconfiguration of economic space involved in divergent neoliberal trajectories. For example, economic geographers have been particularly sensitive to the spatiality of variegated neoliberalism through the study of state rescaling, and the transformation of business networks, but civil society is often downplayed as an important source of policy change – and one with its own variegated spatialities, I might add. This has not always been the case in economic geography. For example, the formation of regional class alliances and their

influences on local growth regimes was an important topic of study within regional economic geography in the early eighties and nineties (Storper and Walker, 1990), but has, in many ways, been replaced by a more explicit focus on intra-firm networks, clusters and creative classes (cf. Yeung, 2007; Peck 2005). One area where civil society is considered, somewhat, is in the state rescaling literatures (Brenner 2004), but the political and cultural aspects of hegemony also remain underdeveloped in this literature and, thus, its understanding of the spatiality of the state. Consequently, in some ways, this study might be read as a plea for bringing civil society back in to both economic sociology *and* economic geography.

One area of sociology where the discussion of hegemony does take center stage is labour sociology, especially the variety of it advanced by Burawoy (1985). However, these studies tend to more commonly associate the politics of labour with the politics of strategic workplaces and few studies have attempted to examine labour's participation and/or marginalization within civil society as an important manifestation of labour struggle, especially in East Asia (although there are a few notable exceptions to the rule, e.g. Price 1997; Gray 2008; Moore 2007). The politics of production are not absent from this study, but rather like the understanding of developmental states, I am expanding our notion of where labour politics takes place, beyond the confines of the factory regimes to the more complicated space created by the interaction of grassroots organizations, NGOs, community, national and transnational social movements, and individuals both within and outside of the state. In this way it also perhaps possible to retain a conception of workers and of labouring collectivities that is not strictly bound to the space of production where the term hegemony has been traditionally applied in labour sociology (Burawoy 1985).

This perspective has the potential to show how the demands of labour movements are connected to and articulated with other democratic demands and social struggles.

### *Researching the Postdevelopmental State*

When I started my research in May 2006, I was curious to learn what role social movements had played in the process of economic reform and what sort of options had been proposed and suggested as alternatives to the policies of the developmental state. I was also curious how reformers and social movements conceptualized the old developmental state model, and policy areas such as the coordination of finance and industrial policy, and if there were any areas of state capacity that reformers might want to salvage as an alternative to neoliberal policy. It just so happened that many of the questions I was asking were also circulating amongst progressive intellectuals, democratic reformers and social movements against the wider backdrop of the crisis of Roh's participatory government and the twenty-year anniversary of the 1987 June Democratic Uprising. Through my personal networks and through my position as a visiting research fellow at the Democracy and Social Movements Institute at Sungkonghoe University I was thus able to interview a wide swath of intellectuals, activists, bureaucrats, and other actors involved in the reforms pursued by the liberal-progressive bloc. Many of these reformers had serious doubts about its outcomes and had begun to publicly voice criticisms of the current regime in advance of the December 2007

presidential elections.<sup>24</sup> I was lucky enough to interview a number of them, as well a large number of activists, policy makers, and other actors within state and civil society.

Most of the interviews conducted in the course of this research have been in English as many of my informants in Korean social movements have tended to be university educated activists. In addition to the wide variety of English-speaking activists in civil society, most unions and NGOs have international secretaries who speak English to communicate with other social movements. In addition, most migrant workers have some grasp of the English and, perhaps reflecting Korea's historical ties to the US, most government bureaucrats seem to have excellent English, as do a majority of intellectuals, so language was less a problem than I had anticipated it might be. In some cases, however, I used interpreters or my own intermediate Korean to conduct interviews. In many cases I have used the interviews to get a grasp of key reform projects and policy areas. Over the years I have developed a curiosity about the debates within Korean social movements. Where I have trouble with the language, or materials are not available in translation, I have relied on my Korean colleagues to keep informed on how these debates progress.<sup>25</sup> In recent years articles about social movement and reform bloc

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<sup>24</sup> Between May 2006-April 2007 I conducted over 55 interviews with reformers, social movements, researchers, intellectuals and bureaucrats loosely involved in the liberal progressive bloc and policy areas explored in this dissertation (see Appendix 1). In addition to events and forums put on at Sungkonghoe, I also attended multiple demonstrations, press conferences, conferences, colloquia, and other public events including but not limited to the ILO regional meeting in Busan and meetings between the UN Special Rapporteur on Migrants Human Rights and migrant groups. I was also involved in covering some of these events for a grassroots media project (interlocals.net) initiated by social justice and anti-globalization activists in Hong Kong and elsewhere in East Asia.

<sup>25</sup> While some of the reformers that I interviewed in this study gave me verbal consent to cite them in the finished text (in some cases not until after the 2007 presidential election), I did not request that informants allow me to identify them as a criteria for setting up an

debates are available in translation through journals such as *Inter-Asia cultural studies* (cf. Shin Kwang Yeong 2000) and *Korea Journal* (Lim Hy Sop 2000) as well as from domestic English-language media and grassroots NGOs such as the *Hankyoreh* newspaper. And where they are not, published interviews, surveys of both the Korean and English language media and secondary literature, and attendance at protests, solidarity nights, and other events have filled me in on many of the trajectories of Korean social movements and reform politics. I do not pretend to have an exhaustive knowledge of the many factions, debates and internal disputes that animate the process of reform. However, I'm confident that my case studies do adequately express some of the tensions involved in economic reform of the Korean state, especially the subordination of demands for egalitarian reform to neoliberal economic policy.

### *Outline of the Present Work*

Before launching into case studies, the next chapter revisits theories of the Korean developmental state in order to examine in more detail some of the theoretical reasons why a more relational analysis sensitive to the relations between state and civil society has been neglected within studies of Korean economic development. This is important not simply because civil society has been an active influence on reform strategies, but also because discussion of the way in which the developmental state has been understood by economic sociologists and heterodox economics will help me highlight some of the

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interview. Thus, I have chosen to keep all my interviewees anonymous. In many cases a particular reformer would give me copies of their own written work or point me in the direction of key debates that have been published and which I have cited here (without identifying whether or not I interviewed the person in question). The effect here creates something of an absent presence of some of the people I interviewed over the course of my research. They appear as textual voices rather than as transcripts.

areas of strategic economic planning as they have been understood in developmental state theory. This will be useful because Chapter 3 examines the reform of developmental finance, and attempts to show concretely just how the financial policies of the developmental state have been reoriented and some of the limits this has put on egalitarian reform. Chapter 4 also takes up this question of financial reform as well as redistribution in the context of reform priorities of the liberal-progressive bloc under the Roh Moo Hyun government and focuses more closely on the troubled coordination and conflict between reform politicians, civil society groups and the labour movement. The main focus here is on dissension among reformers associated with the ruling Uri government and the ways in which the priorities of the long decade of economic reform come into conflict with one another. I argue that these conflicts inform the crisis of Roh Moo Hyun's "participatory government" and that a failure to articulate a political alternative to the division system and neoliberal economic reform, in many ways, explains the rising hegemony of neoliberalism (and, more recently, a neoconservative articulation of it) in South Korea.

Chapter 5 shifts the focus somewhat from the more elite reformers to the participation of the labour movement in the process of economic reform, focusing on the failure of social cooperation politics. I argue that it is important to examine the historical-geographic trajectory of labour mobilization to better understand the factors that limit its participation in tripartite social cooperation at the national level, and why these institutions have been relatively unsuccessful as a forum for policy reform in South Korea. Chapter 6 continues to focus on the labour movement to show how the irregularization and transnationalization of the labour forces also presents challenges for

the labour movement and civil society. I examine how the gendering of irregular work and the articulation of migrant worker identity call forth new responses to the problem of labour exploitation. This chapter is important because it shows how the politics of mobilization at the grassroots level informs the way in which neoliberal hegemony comes to be challenged (or not) at other scales. Finally chapter 7 explores how some of the problems of coordination I describe in this dissertation can be expanded to the transnational scale. I do this through examining one of the ways in which nationalist understandings of democracy and development shared between civil and political society raise problems for understanding new forms of labour exploitation in the creation of a zone of transnational engagement between North and South Korea: the Kaesong Industrial Complex.

In the afterword, I discuss the continuing recomposition of the Korean state and civil society following the inauguration of Lee Myung Bak in early 2008. In many ways, the success of Lee Myung Bak can be considered in light of the reform failures discussed in this dissertation. As a consequence, the political space for even liberal forces within civil society in the extended state seems to be under pressure. However, while some see the election of Lee Myung Bak as evidence of a return to a developmentalist orientation, I argue that beyond the mere discursive articulation of developmentalist projects, the Lee Myung Bak regime represents, in many ways, a continuation of the neoliberal model that was expanded during the long decade. Thus, I offer some concluding thoughts on how the politics of the long decade, and the subordination of substantive egalitarian to neoliberal reform that informed it, continues to influence the transformation of the Korean postdevelopmental state and the laboured search for an alternative to it.



## Chapter 2:

### The State as Phantom Intentionality

*Yet the best proof of the fact that the thought of the bureaucratic thinker (penseur fonctionnaire) is pervaded by the official representation of the official is no doubt the power of seduction wielded by those representations of the state (as in Hegel) that portray bureaucracy as a “universal group” endowed with the intuition of, and a will to, universal interest; or as an “organ of reflection” and a rational instrument in charge of realizing the general interest.*

Pierre Bourdieu, *Rethinking the State* (1998, 38).

*We must take seriously the elusiveness of the boundary between state and society, not as a problem of conceptual precision but as a clue to the nature of the phenomenon. Rather than hoping we can find a definition that will fix the state-society boundary (as a preliminary to demonstrating how the object on one side of it influences or is autonomous from what lies on the other), we need to examine the... processes through which the uncertain yet powerful distinction between state and society is produced.*

Timothy Mitchell, *Society, Economy, and the State Effect* (2001, 77).

*It is only by conceiving the inscription of political domination in the material framework of the State as a condensation of a relationship of forces that we can break with dogmatic formalism of the kind; ‘Every state is a state of the bourgeoisie’, and grasp the complex role of political struggle in the historical reproduction of the State.*

Nicos Poulantzas, *State, Power, Socialism*, (1982, 158).

The purpose of this chapter to provide a review of developmental state theory to show how civil society has remained a neglected and undertheorized category in mainstream developmental state research. Since I am trying to approach the reform of the developmental state in light of the reconfiguration of political space, it seems necessary to review how theories of the developmental state have attempted to fix the distinction between state and society. By overstressing the independence of the state (c.f. Koo 1993, 1-13), theories of the developmental states have made it difficult to study the process of

developmental state reform as the result of expansive interactions between a wide variety of social forces.<sup>26</sup> There are, to be sure, many theories of developmental states but one thing that neo-Weberian and heterodox institutionalist perspectives that came to dominate the study of developmental states share is a problematic conception of the state as static entity autonomous or external from society. While state-centric theories of East Asian growth have shown how state intervention can solve problems related to imperfect information, transaction costs, and scarce resources, there is a lack of an analysis how state intervention is embedded in conflicts and coordination between multiple, and not just simply elite, social forces. In other words, by neglecting civil society, developmental state theorists have largely theorized away social conflict in their models and thus cannot situate developmental state reform in such a way as to include, in a critical fashion, forces outside of the state bureaucracy. The state bureaucracy remains the locus of decision making in their models. Since the state here is conceived through the fiction of a coherent intentionality, there remains no way to examine the multiple conflicts that condition state planning as well as the way in which dissension and conflict within the state itself influence developmental policy.

The sources for this problem, I argue are to be found in the way in which the concept of the state has been approached in post-war social science and, in particular, in the way in which theories of state autonomy have been applied by Neo-Weberian sociologists to explain the success of East Asian states in fostering economic development. Understanding this problem will entail revisiting a few crucial debates in

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<sup>26</sup> To be clear, I am not trying to assert that the “state” did not play a role in late development; rather I am simply interrogating the foundation under which the state came to be understood, and how this understanding obscures a more relational analysis.

post-war state theory, in order to show in more detail just how the categories of developmental state theory have developed. The purpose of this investigation is to better situate developmental state theory within debates about the state, as well as about particular areas of economic policy that I have yet to discuss in detail, and to show how it emerged from a larger relational consideration of the state that provides some of the building blocs for the perspective on the integral state that I introduced earlier. My hope is that by theoretically unpacking some of the assumptions of developmental state theory it will be easier for economic sociologists and heterodox economists, not to mention geographers, to better situate their analyses of developmental states and existing areas of state capacity amongst a wider variety of social forces. In this way, social conflict and the creation of hegemony can be considered as a dynamic influence upon the model rather than, as is the case, simply aspects of social relations that the state must be autonomous from in order to be considered a developmental state.

### *Neo-Marxism and the Return to the State*

The theory of the developmental state is closely tied to a larger reconsideration of the state as an object of scholarly research that emerged within the work of a number of influential Anglo-American social scientists in the late 1970s and early 1980s. In particular, these scholars were interested in the role of the state in social and economic transformation and they rejected the dominant systems approach of post-war American social science as a framework too limited for examining the role of the state. They also expressed discontent with existing pluralist, structural-functionalist and Marxist accounts of the state as well (Jessop 1990; Mitchell 2001). The systems-based approach considered

the state as a concept too ideological for theoretical elaboration, and preferred instead the concept of “political system.” However, without a viable concept of the state, it was difficult to discern either the specificities of particular institutions or to discern where the exact boundaries of the political system began and ended, as the state seemed folded into a society with no boundaries, and/or reduced to particular sets of cultural and socio-psychological traits (Mitchell, 2001; Jessop, 1990). For scholars interested in the comparative institutional and policy orientation of different states, and especially the capabilities of some states to effectively manage economic development and the inability of others to do so, discovering a more appropriate conception of the state suitable their concerns became a priority. They found certain aspects of it in some of the neo-Marxist debates about the state from the 1960s and 1970s.

While the subject of the state was never, particularly, off the agenda in Marxist research it remained an underdeveloped until the late 1960s and early 1970s in both Western Europe and North America.<sup>27</sup> During this time, separate trajectories of research on the state emerged in England (Miliband, 1969), France (Poulantzas, 1973; 1980),

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<sup>27</sup> The work of Harold Laski, Ralph Miliband’s supervisor, has a direct pre- and post-war continuity. The analysis of bureaucracy by the French Socialism or Barbarism group under Cornelius Castoriadis as well as the early analysis of the state by the post-war Italian new left through thinkers such as Negri and Tronti and their writings on the crisis of the planner state (cf. Negri, 2005) also foreshadowed some of the latter debates over social expenditure and class struggle that would occupy the work of a number of American state theorists such as James O’Connor (1973), Erik Olin Wright (1983) and Samuel Bowles and Herbert Gintis (1976). While these thinkers were occupied with figuring out why state actors came to play a particular role in economic development, especially in the USSR and Western Europe where “planning” had produced new class relationships, they were not concerned with distinguishing the state from society. Their work generally fell under the category of neo-Marxism as they broke with orthodox Marxism and economic determinist understandings of the state (cf. Laclau and Mouffe 1985), attempting, instead, to introduce a more critical and contingent approach to the cultural and political dimensions of capitalist societies.

Germany (Offe, 1975) Sweden (Therborn, 1978), and North America (O'Connor, 1973). These were in many ways provoked by British political theorist Ralph Miliband, in particular his book *The State in Capitalist Society* (1969) and the lively debate it provoked in the pages of the *New Left Review* between Miliband and the France-based, Greek philosopher Nicos Poulantzas. Discontented with the systems framework dominant in political sciences during the 1950s and 1960s, Miliband set out a theory of the state that argued that it was a cohesive instrument of class domination rather than simply of rotating and interchangeable sets of plural interests. He did this by borrowing some of his friend C. Wright Mills' ideas about the power elite and argued that the existence of pluralism did not rule out the existence of a ruling class. To do so, Miliband empirically demonstrated that the political elite is concentrated in the ruling class itself and benefits not simply from its concentration of capital but also from the consistent yielding of state power to their class interests. In subsequent scholarly exchange over the importance of Miliband's work, this approach was subsequently termed "instrumentalist," in that the capitalist state is taken by Miliband to be a more or less direct instrument of class rule. While, certainly, the power elite was seen as something that shifts between civil society and the state, a more complex analysis of processes of conflict and hegemony was in many ways absent in Miliband's work.

Nonetheless, the effect of Miliband's work was thus to put the study of class back into state theory after something of a long recess during the McCarthy years. However, path-breaking though it was, Miliband's work quickly garnered criticism from Poulantzas, who pointed out some of the strengths of the book but regarded Miliband's conception of the state as theoretically underdeveloped. In general, Poulantzas found

Miliband's work to put forward an account of the state that attributed it too directly to the class power and managerial prerogatives of particular individuals. For Poulantzas, the relative autonomy of the capitalist state was reflective of the leadership of a hegemonic class that enabled the state to organize and unify the bourgeoisie and the dominant power bloc. This was necessary, Poulantzas believed, because no single fragment of capital could organize the rest in a hegemonic fashion. Rather, the state was needed to safeguard the interests of the hegemonic class as a whole and the forms of production and juridical discretion from which they benefited. This did not necessarily mean that the state would refrain from intervening in ways that contested the interests of particular capitalists. Rather, it was the case that, historically, the state ensured that continuation of the general relations of capitalist production through utilizing its relative autonomy in relation to other social actors when necessary. In the words of O'Connor (1973), the state was involved in both accumulation and legitimation, and this made it a site for popular struggle. This argument became influential in social science research and was later echoed somewhat in geography by Gordon Clark and Michael Dear (1984).

Miliband (1970), however, took issue with Poulantzas' formulation of the theory of relative autonomy, arguing that the concept tended toward a "structural super-determinism" (cf. Laclau, 1979, 51-80) that lacked a solid empirical framework and thus tended to obscure the dialectical relationship between state and the economic system as well as the important differences between actual historical states. If the state was thought of as strictly safeguarding the interests of a capitalist class merely as a function of class rule what difference did it matter if the state took the form of a parliamentary state or of authoritarian "Bonapartism"? Miliband, perhaps unfairly, argued that Poulantzas's early

work obscured the difference by keeping his theory free from empirical elucidation. However, by the time of this interchange, which took place in the *New Left Review*, Poulantzas had already produced a lengthy treatise on fascism and dictatorship that clearly outlined the differences between these state forms and parliamentary liberalism in his analysis.<sup>28</sup>

The problem for Miliband was perhaps that Poulantzas's project was aimed toward a generic conception of the capitalist state which linked his concept of relative autonomy to both the separation between manual and mental labour inherent in capitalist relations of production, and to the specificity of “classes and class struggle under capitalism” (Poulantzas, 1980, 172). This was done without sufficiently examining the contours, until later stages of the debate, of actual capitalist states. Thus, Poulantzas's theory of the state seemed to echo for the British Marxist Miliband, the Althusserian notions of “determination of in the last instance by the economic” (Hall 1986; Laclau 1979) and therefore lacked the open, relational construction that a more historical approach to capitalist states might offer. Ironically, this a similar problem to that encountered in later applications of the state autonomy thesis by neo-Weberian theorists. However, as Hall (1980b) indicates, it would be wrong to tar Poulantzas with the problems of Althusserianism as his later work moved toward a break with much of the abstract formalism and base/superstructure topography advanced by Althusser and Balibar (1970).

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<sup>28</sup> Newman (2002) argues that the later stages of the Miliband/Poulantzas debate were inflected more by hurt feelings (both had summarily dismissed each other's work in the pages of the review) than rigorous critique.

Though certainly Poulantzas' early work tended towards abstract description of state autonomy, in his later work the relative separation of the state from the mode of production was the result of a *historical process*, and not determined *a priori*. This focus on the historical materiality of states was undoubtedly influenced by Foucault and his attention both to the practices of micro-powers and to the absorption of these techniques in the macro-governmental strategies of particular states (Jessop, 2008). However, at the same time, Poulantzas's work can also be seen an appropriation and critique of Foucauldian ideas. In many ways, Poulantzas formulation of the state as a "material condensation of a relationship amongst forces" was an attempt to combine these insights into a theory of the state that included both state practice (techniques of power) and process (popular struggle and contestation). As Kristin Ross (2004) points out, already by 1977, French intellectuals such as Poulantzas, Rancierre, and others, were beginning to criticize the analysis of techniques of power which "by presupposing it as always already there, persevering in the face of the equally persevering guerrilla action and resistance tactics of the masses" serves to "avoid the real question posed by power, namely whom it serves and to what purpose" (Revoltes Logiques 1977 as cited in Ross, 2002, 127-8). Poulantzas sought to create a productive tension with Foucauldian ideas by examining state practices such education, individuation, and the establishment of legal norms and procedures as conditioned by the arrangement of different social forces and social struggles<sup>29</sup> – though, it must be said that gender selectivity of state and civil society

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<sup>29</sup> This point is very much at the heart of the approach to the state that I take in this dissertation. This is not to say that Foucault was not interested in social struggles, and in his later work he seemed to regard resistance as an important, constitutive aspect of power relations. However, where I tend to make distinction between Poulantzas, as well as my own work, and Foucault's is in how much resistance can be thought of as



remained underdeveloped in Poulantzas's work as well as other state theorists in the 1970s (cf. Del Re, 1996). Thus there is a tension here between the description of state practices, very much in the Foucauldian tradition and often treated as individual moments of power relations, and a concern with political and economic processes which condition the relative autonomy of the state and which are embedded in larger economic trajectories and the interaction between popular struggles and the state.

Poulantzas was thus trying to create a theory of the state that was contingent historically on a variety of social forces and institutional machinations. The contours of actual states would need to be elucidated in particular historical conjunctures if the particular social forces that constituted them were to be revealed and the dynamics of state strategy explained. Poulantzas' theory can be regarded as a reworking of the Gramscian notion of the extended or integral state (political society + civil society) and the historical bloc – the key starting points for any exploration of hegemony (Gramsci 1971, Sassoon, 1980) such as the one advanced in Chapter 1. Thus, it was clear by the late 1970s that the state was back on the agenda for empirical research, and that the historical configuration of the state autonomy would be a major subject of inquiry. However, the way in which the theory of state autonomy was incorporated into economic sociology neglected many of the subtle, relational aspects of Poulantzas's theory of relative autonomy. The focus on situating the state within a social space of popular struggles was neglected in favor of a more external relation between state and society,

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immanent to discursive and juridical power and how much it is related to larger trajectories of social struggle and relations of force. I would say Foucault's approach is oriented toward a more immanent critique of discursive power, whereas I am trying to account for the influence of a longer trajectory of social struggle on the configuration of reform politics.

one that was governed largely according to an assumed and coherent intentionality existing on behalf of the state.

### *Bringing the State Back In*

The idea that the state can play an organizing and unifying role in capitalist society if it is relatively autonomous of given class fractions and of various particular interests of dominant classes was an attractive proposition for neo-Weberian theorists interested in the role of the state in economic and political development. They saw development as a process in which the state had been an important actor, especially in the post-war period but also across different historical epochs from revolutionary France, China and Russia to new deal-era America and pre-WWII Northern Europe (Evans et al, 1985; Skocpol, 1979). However, these scholars considered the neo-Marxist theory of the state as too “society-centered” and preferred to see states as distinct from society and thus as unique subjective actors in their own right (Mitchell 2001; Koo 1993). As Theda Skocpol wrote in *Bringing the state back in*,

Neo-Marxists have, above all, debated alternative understandings of the socio-economic functions performed by the capitalist state. Some see it as an instrument of class rule, others as an objective guarantor of production relations or economic accumulation, and still others as an arena for political class struggles.

Valuable concepts and questions have emerged from these neo-Marxist debates, and many of the comparative and historical studies to be discussed here have drawn on them in defining researchable problems and hypotheses. Yet at the theoretical level, virtually all neo-Marxists writers on the state have retained deeply embedded society-centered assumptions, not allowing themselves to doubt that, at base, states are inherently shaped by classes or class struggles and function to preserve and expand modes of production (Skocpol, 1985, 5).

Removing the concept of state autonomy from its “society-centeredness,” neo-Weberian scholars re-introduced it in the social sciences through the now classic work of state

theory *Bringing the state back in* edited by Theda Skocpol, Peter Evans and Dietrich Rueschemeyer (1985). This work initiated, in many ways, the return to and modification of Weberian theorizing about the state that influenced important studies of developmental states. However, the externalization of state from society in these analyses would later come back to haunt the state autonomy thesis (cf. Cumings, 1999).

In contrast to neo-Marxist theories of relative autonomy, neo-Weberian scholars downplayed the role of hegemonic leadership and class struggles and instead cast state autonomy not just as autonomy from *particular* dominant class interests, but from classes and society in general (Skocpol, 1985). Autonomous states were seen as “organizations claiming control over territories and people” that may “formulate and pursue goals that are not simply reflective of the demands or interests of social groups, classes, or society” (Skocpol, 1985, 9). Although neo-Weberian scholars did not regard this autonomy as a permanent construction, they narrowed the sources for it to those groups which comprised the state bureaucracies as a unified, corporate body, and thus they identified the sovereign power of the modern nation-state with its *internal* organization, especially its key decision making bodies. The state was thus regarded as distinct from societal groups, and, in fact, maintained powers of selection and resource mobilization that could shape society. This was distinct from the neo-Marxist theory of Poulantzas. For him, the personnel within the state did have room to coordinate and sort between the interests of the dominant classes and popular struggles, but at some point the capacity of the state was seen as relative to, or co-constitutive of the interests of strong ruling blocs and factions, and the oscillations of power within and between these groups were reflected in materiality of the state and the composition of its personnel.

Armed with the wider appreciation of the role of the state in continuity with post-war development economics, these neo-Weberians scholars portrayed the state as an actor involved in economic transformation in its own right. These theorists quickly earned the label 'neo-Weberian, for, as Evans (1995, 30) pointed out, "Weber's state is an essential adjunct to private capital, but not a transformative agent in its own right." Thus, with a theory of state autonomy to call their own, a number of the theorists who "brought the state back in," so to speak, began to stake out an empirical terrain in the study of the economic strategies of East Asian states. In this they were also joined by institutional economists (cf. Chang 1996) who had similar interests in showing how markets do not necessarily coordinate themselves. These economists believed that targeted state intervention could provide a pathway to development by nurturing infant industries, lowering transaction costs and facilitating the flow of information. However, much like the neo-Weberians, institutional economists lacked a critical conception of the state that could situate it in time and space, as their analysis was primarily oriented toward showing how states could solve problems that free markets could not. Thus the state and the market were also considered as topographically external to each other, and much of the argumentation around the role of the state was about whether or not it could simulate or govern the market. Thus, both institutionalist and neo-Weberian accounts of the state had difficulty situating the state within social relations of power, class, and conflict, tending to see it as something outside of society (Fine, 1999; 2006).

### *The Developmental State*

The neo-Weberian theory of the developmental state (an application of the state autonomy theory to East Asian development) fashioned itself as a rival to neo-classical studies of East Asian economic growth that stress markets and competition. Instead, developmental state theorists provided a detailed empirical description of the economic policies carried out by the elite economic bureaucracies of countries in the East Asian region, which stressed high levels of state intervention and coordination. Chalmers Johnson's (1983) study of the contribution of the Japanese state and, in particular, the Ministry of International Trade and Industry (MITI) to both pre- and post-war Japanese economic growth was perhaps the originary work of developmental state scholarship. Johnson's study in some ways perfected both the methodology and much of the theory used in later economic sociology studies of developmental or "plan-rational" economic policy – as Johnson preferred to call it. Johnson saw meritocratic bureaucracy as a source of coherent economic planning, and examined the career pathways of bureaucrats through various ministries showing how their tight sense of identity and knowledge of strategic resources enabled them to effectively plan Japan's post war economic recovery.

Johnson's book quickly became a landmark study in the neo-Weberian literature on the state and anchored much of the debate about the role of the state in an empirical body of work focusing on East Asia, as opposed to world systems and dependency theories, which were mostly based in Latin America. The latter theories saw the state as more constrained in what it could accomplish by imbalances inherent in the world system. The East Asian focus of the developmental state approach was quickly substantiated by other empirical studies based in East Asia, especially South Korea and

Taiwan, undertaken by development economists interested in the role of the state (cf. Amsden, 1989; Wade, 1990; Woo, 1991; Chang, 2000). These studies had the effect of undermining the dominant neo-classical framework and provided support for industrial policies that attempted to intervene in the market to generate economic growth.

Up until this point, neoclassical economists had conceded little ground to state planning and where they had acknowledged state intervention in East Asian development it was in ways that attempted to downplay its potential. For instance, Wade (1990) discusses the “simulated market” theory of neoclassical trade economist Jagdish Bhagwati, who tended to suggest that state intervention was geared towards creating export prices for goods by providing incentives for them to be priced only marginally lower than imports. This was seen as correcting against a preference for ISI and the domestic market by encouraging export growth. However, for neoclassical economists like Bhagwati, this kind of export promotion policy was seen as lesser evil than import substitution policies, that to his mind would have entailed higher levels of state intervention (Wade 1990, 15, 22-23). But, as Wade argues, these economists did not deeply analyze state policies in the area of finance or in other areas of the economy beyond trade policy. In contrast to neoclassical economics, studies of developmental states provided strong arguments as to how state intervention had succeeded in producing rapid economic growth, especially by using its autonomy over financial resources (Woo, 1991) and distorting some (primarily domestic) markets while conforming to the rules of others (international markets). In this way, the state was able to move industry quickly up the value ladder from light manufacturing into heavy industries by allocating scarce capital to infant industries in return for performance-based or “plan-rational” indicators

(Johnson 1983) of economic growth such as the expansion of export markets and the increase of domestic production, rather than the profitability of individual firms *per se* (cf. Woo 1991). Moreover, outright government ownership of strategic industries was also practiced in particular industrial sectors such as steel and petrochemicals where private initiative was considered lacking in both skills and technology required to initiate development (Amsden, 1989). Developmental state theorists and institutional economists showed that the state had gone much further than simulating markets, it had actually “gotten prices wrong” (Amsden 1989) and distorted or repressed particular segments of the market. Thus the state was much more interventionist than neoclassical observers were prepared to let on. Japan, South Korea and Taiwan came to be considered as almost perfect cases in these regards. In each of these countries, governments had used effective industrial policy and state intervention in the market to produce rapid, export-oriented industrialization, cultivating strong inter-firm and international economic networks in the process.

Where neoclassical observers had stressed market competition and private initiative, neo-Weberian sociologists and institutional economists were able to show how strongly motivated state actors had formulated their own initiatives and had controlled scarce resources like investment capital by limiting competition and channeling resources to selected firms. Accomplishing these tasks was by no means easy. Strict control and even repression of the financial market was needed for the state to channel monetary resources to exporting firms in order to tap the developmental potential that came with access to export markets, foreign exchange and technology (cf. Amsden 1989, 139-155; Woo 1991, 159-176). To maintain control over these resources and thus state capacity in

economic development, neo-Weberians observed that a state with a strongly unified, and professionalized economic bureaucracy – conditioned by a strong meritocratic selection process as well as the influence of strong school, regional, and familial ties – had been present and had exercised the foresight and clarity to govern the market without falling prey to the interests of individuals or particular social groups (cf, Johnson 1983).

### *The State as Phantom Intentionality*

While developmental state theorists provided rigorous empirical research into many of the policy instruments that East Asian states used to allocate capital for development and coordinate economic interests – thus challenging neo-classical explanations of growth by going beyond market-based or minimal state approaches and showing how intervention had contributed to high-growth economies – the concept of the state itself employed in these studies remained identified not with the ensemble of social groups and practices that produced “development.” Rather it was identified as a *sui generis* construction that had arisen out of tight, elite networks of affiliation as well as historical practices of planning. Johnson’s (1983) study of the Japanese economic ministries in particular reads almost as a yearbook of bureaucratic lineage, while Woo’s (1991) study of Korean development traces industrial policy back to post-war bureaucrats who emulated colonial-era policies. By identifying the state with meritocratic and status-based forms of affiliation and reading industrial policy off of their cohesion, rather than situating these networks recursively in relation to wider social struggles, the developmental state came regarded as a subjective interest of its own: a developmental state, whose agency was located primarily in the economic decision-making bureaucracies. Without a theory of the



social diffusion of ideas between different interests groups, or a theory of how the state responds to social conflict, both neo-Weberians and institutionalists seemed to attribute to the state a phantom intentionality. The ideational frameworks and strategic practices embraced by bureaucrats could not be examined in relation to the wider relations of conflict or coordination within social space, including those conflicts and tug of interpersonal loyalties that affect and fragment political society. This created a number of methodological problems as it became difficult to explain actual institutional processes whereby state and private interests had interacted to produce development. Instead, state theorists seemed to maintain what appeared to be an externalized and often antagonistic theoretical distinction between state and society, with societal interests often regarded as predatory (Mitchell 2001). As Jayasuriya (2005) points out, when the core capacities of developmental states, such as control over finance, actually began to be restructured, the neo-Weberian research paradigm could not account for the sources of such restructuring except as policy error. They had no way to discuss the relational underpinning of the transformation of developmental states because their theory had been based on demonstrating the autonomy of the state *vis-a-vis* the market through control of strategic resources. In Jayasuriya's view, this amounted to an "institutional fetishism" which viewed institutions outside of the social forces, class relations, and multiple interest groups that condition them. This is not to say, however, that the work of developmental state theorists was immune to such criticism, but that their theory, even in its more subtle formulations such as Evan's "embedded autonomy," discussed below, could not break out of the state-society binary which it had helped establish.

For developmental state theorists, the state exercised autonomy over society through the corporate coherence of its decision-making bureaucracies — Cumming's (1999) "Spider with no web." They were very hesitant about acknowledging the fact that the state might be an actor just as conditioned by conflicting societal interests as other social groups and organizations. In practice, however, most studies, including even the pioneering studies of developmental state such as Johnson's MITI study, let on to some degree that the elite networks that conditioned the state bureaucracies had some recursive effect with business and political interests, yet this point remained theoretically underdeveloped. For Johnson (1983), the interconnection of elite bureaucratic networks with industry through retirement of previous generations of bureaucrats into industry was cited as a nexus of tight state-business connections that complemented state planning by providing valuable means of communication and awareness of ministry plans. However, Johnson and others did not include room in their theoretical description of state autonomy for describing exactly how societal interests may be worked into the state personnel other than as merely an external support mechanism. The question was really how deeply within the state apparatus those goals might be shared or, if in conflict, how they might be overcome. Without the kind of integral and relational notion of state and society implied in the concept of hegemony — "consent armored with coercion" (Gramsci, 1971) — and the historic bloc, this was a difficult question for neo-Weberian theorists to correctly answer.

### *Qualifying State Intervention*

Korean scholars, as well as some Marxist scholars interested in debates about Korean political economy, have been much more leary about ignoring the social conditions of state power in their own accounts of Korean development. Cho Hee Yeon 's (2000) analysis of the Korean “developmental regime” (cf. also Cho and Kim, 1998) and Lee Byeong Cheon and others' (2006) theory and analysis of “developmental dictatorship” both adapt a more recursive view of state and society in their studies. Eun Mee Kim (1993), for example, has argued for a more recursive view of the interaction between the domestic conglomerate sectors and the state bureaucracies, showing how even in the strongest period of state-led growth during the 1970s, the corporate sector provided some of its own initiatives, particularly in the construction industry. Vivek Chibber (2003) has also contributed to this debate by showing how Korean firms in the early 1960s had their own networks with Japanese firms that could complement the government's strategy of export-led growth. This was unlike the situation that pertained in other countries such as India, where Chibber argues that domestic business groups lacked the external orientation necessary to create a coalition for export-led growth and instead opted for import substitution industrialization. Cho and Kim (1998) show how land reform, a goal fought for by social movements both during and after the period of Japanese occupation, was an important precondition and social compromise for the expanded autonomy of the state in the industrial sphere. By responding to bottom up movements by carrying out top-down land reform and agrarian mobilization through the Sae Maul movement (cf. Cho and Kim 1998; Kim Sam-soo 2006, 173-4), the Park Chung Hee regime was able to partially consolidate its hegemony and generate support for its policies amongst small farmers.

This enabled the state's structural capacity to implement reforms in other sectors by granting it political legitimacy. Thus, social movements, in many ways, influenced the economic spaces later targeted by the state. Choi Jang Jip (1989), for example, shows how nascent industrial unionism had been constituted in the textile industry in the 1950s and 1960s due to effective agitation by workers, and how these workers' gains had the effect of institutionalizing bargaining procedures at the enterprise and industrial level for some sectors. This helped facilitate the government investment in the textile industry, by creating industrial standards, even if, later, these would eventually become just a formality under the Yushin system of heavy industrialization. The point is that, in these cases, a more relational interaction exists between the state and social forces in the constitution of developmental strategies than has been accounted for in developmental state theory, which tends to embrace a more unified conception of the state as the source of policy and structural capacity, and attribute a smaller role to social conflict and class alliances.

It is also important to mention that an integral notion of the state implies an analysis not only of those areas where consent and cooperation are important but also where consent could not be generated and coercion is utilized instead. For example, though the Korean government acceded to pressures from below for land reform, it was able to effectively exclude pressure for political and economic reform from communist and even moderately left wing political parties in the inter-war period (Choi, 2005). This is a dynamic that continues throughout the developmental period with governments selectively responding to popular movements by either repressing them or redoubling their efforts at economic growth. The interests of the labour movement are perhaps the

best illustration of this process. Workers were often kept highly regimented in the workplace and few forms of redress were available to workers by way of labour unions and the law (Janelli, 1993; Choi, 1989; Hart-Landsberg 1993, Deyo 1989; Koo). Further, the repression of independent trade unions and other independent political forces made incorporating labour's interests into developmental policy difficult outside of the provision of low paid jobs through the industrialization facilitated by government policy. The same could be said for domestic civil society: it was tightly surveilled and activists were often imprisoned or worse for organizing in the public sphere (cf. Presidential Truth Commission on Suspicious Deaths, 2004). Gender relations were also highly uneven and informed by state violence, with, in the words of Moon Seungsook (2005), women marginalized in production and men mobilized to be martial and productive family providers through government mobilization. The problem with the neo-Weberian theory of state autonomy, when it came to such issues, was that there was never a straightforward commitment to examine the dialectic of incorporation and exclusion, coercion and consent, involved in the formation of developmental politics.

It is also possible that there are further historical and geographical reasons for this omission. The continuity of state organization between Japanese Imperialism and the post-war Korean state might be one reason for a statist perspective, for a similar continuity cannot be found for civil society in this period. Social movements remained active but generally subaltern during the colonial period and while civic association spread during the inter-war period, many of these were repressed by subsequent regimes. If relatively institutionalized forms of civil society in the form of political parties have remained passive or suppressed during the dictatorship years the same cannot be said for

social movements, or even social mobilization by the state. On the contrary, modern Korean history seems to be replete with periods of mobilization and repression, with high points reached when several popular uprisings from below forced political changes in 1960, 1979-80 and 1987. My point here is that the predominance of state power over civil society should not let theories of the developmental state off the hook for neglecting the role of social movements and civil society in their studies. The relatively muted character of civil society in the developmental period should not have been taken as absence. Instead, if a number of developmental state theories had sought to explain the sources of coercion and conflict that constituted many developmental policies and the opposition that these created, then perhaps these studies would have been able to identify some of the conflicts that later led to demands for developmental state reform.

While it may have been easy for developmental state scholars to neglect domestic civil society, as perhaps the repression of domestic social movements could be demonstrated as evidence of autonomous state, it was harder for them to demonstrate the state's autonomy from international forces. However, methodologically, developmental state theorists tended to confine their analysis of state autonomy more strictly to domestic forces and thus neglected larger transnational connections within the global political economy. These forces included cold-war anti-communism, and the endorsement of Bretton Woods institutions and modernization theory by the foreign policy establishment. These forces informed the structuring of global growth and regional demand through the influence of consumer demand in the US market (cf. Jayasuriya, 2005; Han, 2005), which were key factors behind individual states' ability to pursue export industrialization. The omission of these forces amounted to a kind of methodological territorialism that assumes

that states are primarily oriented toward domestic actors (Glassman, 1999). This is the sort of problem that fuels single country comparison<sup>30</sup> of developmental indicators in comparative work on developmental states, tending to ignore that larger international contours in which states are situated.

### *The Theory of Embedded Autonomy*

Perhaps the most sustained attempt to respond to criticisms of the state autonomy thesis was made by Peter Evans who attempted to revise the theory in order to better take account of societal interests through the concept of embedded autonomy. Evans argued that developmental states could be embedded in societal interests but in such a way as to also secure them a high certain degree of autonomy: or “spiders within webs” to use Cumming’s (1999) short form once again.

The internal organization of developmental states comes much closer to approximating a Weberian bureaucracy. Highly selective meritocratic recruitment and long-term career rewards create commitment and a sense of corporate coherence. Corporate coherences give these apparatuses a certain kind of “autonomy.” They are not, however, insulated from society as Weber suggested they should be. To the contrary, they are embedded in a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual negotiation and re-negotiation of goals and policies. Either side of the combination by itself would not work. A state that was only autonomous would lack both sources of intelligence and the ability to rely on decentralized private implementation. Dense connecting networks without a robust internal structure would leave the state incapable of resolving “collective action” problems, of transcending the individual interests of its private counter-parts. Only when embeddedness and autonomy are joined together can a state be called developmental (Evans, 1995, 12).

In other words, the state remained a unified subjective entity but behind a developmental state there would need to be a developmental coalition capable of supporting and

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<sup>30</sup> This procedure itself seems to shape much of the comparative institutional literature of late development and not simply Evan’s work (cf. Waldner, 1999).

implementing state policy. Evans thus contrasted developmental states, which shared the features of autonomy and support necessary for developmental policy with what he described as predatory states. These are states in which individual interests seemed to prevail and hinder wider societal direction and support for state policy.<sup>31</sup> Though an improvement upon earlier work, this definition of state autonomy still remained somewhat less nuanced than the criticisms of it. There were strict limits on how to understand how societal interests might be integrated within the state, not to mention the social constitution of the economic bureaucracy itself. The state still had to be regarded as an insulated actor, but the social actors supporting it could be seen as more varied. Bureaucrats were not considered to be social actors, in the sense of being shaped by class and other power relations; instead, they continued to be seen on the basis of corporate affiliation and elite status alone. This limited the degree to which state actors could be seen as being involved, with other actors, in the creation of a hegemonic politics of development. Evans separated all talk of state capacity in development from talk of political legitimacy. The former had to be identified with the coherence and autonomy of the bureaucracy, the latter was a separate question.

For some, such as Castells (1992, 56), the decision to base legitimacy on promoting and sustaining development is what defines states as “developmental.” The problem with this definition is that it conflates a desire to build legitimacy on this basis and the ability to do so. Many states might wish to use development as a basis of legitimacy but are unable to produce necessary results (Evans, 1995, 257 n. 29).

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<sup>31</sup> “Predatory states lack the ability to prevent individual incumbents from pursuing their own goals. Personal ties are the only sources of cohesion, and individual maximization takes precedence over pursuit of collective goals. Ties to society are ties to individual incumbents, not connections between constituencies and the state as an organization. Predatory states are, in short, characterized by a dearth of bureaucracy as Weber defined it” (Evans, 1995, 12).



Therefore any degree of dis-unity and conflict within the state apparatus was still taken to be a symptom of the penetration of the state by individual interests rather than an actual institutional process of hegemonic construction. The state remains fetishized as a phantom intentionality.<sup>32</sup>

This is the closest we get to a theory of politics within Evan's work. Societal interests are regarded as necessary for development but there is no sense of how other social forces are incorporated or elided from participation in developmental coalition either theoretically or empirically. This limits the ability of the perspective, especially after democratic transitions, to more fully examine the forces conditioning state power. Instead neo-Weberians continued to look for reasons this rationality was undermined. Methodologically, the role of labour and oppositional movements in reforming developmental states remained unexamined unless, *post facto*, their participation could be assimilated to assumptions about the corporate cohesiveness of the state: labour interests could either led to predation or they could be a member of the developmental coalition (cf. Evans 1995, in particular his discussion of Austria). The processes whereby

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<sup>32</sup> Like the other neo-Weberians, Evans continues to understand the state as a rationality based on educational and elite status, and doesn't look much farther. I prefer to see the state as merely a region of social space. Although it may play a structuring role, this role does not stand outside some distinct totality called 'society.' The state is bisected by a variety of intentionalities emerging from a variety of contingent sources (democracy movements being important here) and processes (capitalist development but also wider sets of power relations). Rather than merely being a science of statecraft (saying what the state can and cannot do), state theory, if there is to be one, should perhaps begin from actual existing intentions, in the form of democratic demands, and attempt to show how they reshape space. This might decenter the myth of the state as self-interested actor, a myth that much modern political science is dedicated to upholding through myriad taxonomies (failed states, rogue states, liberal states, etc), and perhaps lead to a more complex and less instrumental understanding of the societal relations that structure different moments of juridical and institutional power.

interactions between political and civil society actively mediate social conflict or advocate new forms of regulation or developmental policy are left undertheorized.<sup>33</sup>

Hart argues that without a more critical examination of hegemony, Evan's notion of embeddedness remains rather flat, missing even much that was implied in the original Polanyian concept of the "double movement" that most neo-Weberians cite as a main source of influence on the development of the concept of embeddedness (Hart, 2004, 2002; Granovetter et al, 2004). In the Polanyian sense, the double movement is the result of a social reaction against the expansion of the market, leading to protective social institutions where possible. However, for Evans, societal interests are not seen as embodying a response to the expansion of the market but are rather simply an adjunct to the state's interests. Thus, we are left wondering what happens when a range of responses, from contestation to compromise, interact with the state. Rather than an analysis of the range of social forces involved in the conflictual processes we are only left with an analysis of those that act as support for state planning.

### *Conclusion: Bringing Hegemony Back In*

What I have done in this chapter is to try and show how, theoretically, civil society has remained relatively undertheorized in the frameworks adopted by different theories of the developmental state and suggest that this poses certain problems for understanding how interaction between state and society affect the trajectories of state policy. This is

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<sup>33</sup> This does not necessarily mean that neo-Weberian theorists needed to embrace a Gramscian perspective to understand these problems. Even liberal political thinkers such as Gobetti (2000) and Bobbio (2002) have attempted to put forth theories of civil society and state capacity that can sufficiently address the role of social conflict in the development of state institutions, especially in regards to areas of legal transparency and accountability.

important to understand because in order to examine how state capacity has been transformed in South Korea and other developmental states, it will be important to more critically situate these transformations in terms of complex interaction between a wider variety of social forces than simply state bureaucrats and developmental coalitions. I have already argued that methodologically the lack of a focus on relationships between state and civil society limits understanding of the transformation of the Korean developmental state, especially in the lead up to the 1997 crisis. In this chapter I have tried to show how this problem has been informed by much deeper assumptions about state autonomy that have been part and parcel of the frameworks embraced by both neo-Weberian and institutionalist approaches to Korean development. This is not to say that these theories have not been of some value in highlighting important areas of state policy and the way in which state intervention has been used to encourage economic development. However, the way in which the state, market, and society have been conceptualized as external to each other raises particular problems when trying to situate state capacity in a strategic and relational manner, as an outcome of complex relationships between social actors.

The neo-Marxist approach to relative autonomy discussed above provides many of the building blocks for a more relational analysis as it regards the state as a social relation and not a static entity. This renders the materiality of the state as necessarily contingent (Jessop 1990; 2008), and the distinction between state and society as a necessarily fuzzy one, shifting as it does in different historical-geographical contexts. However, simply dusting off the neo-Marxist theory of the state and applying afresh is not what I seek to do here. Rather, it is important to build upon the understanding of the integral or extended state, or civil society + political society, advanced within neo-

Marxist approaches and expand it by incorporating a more open understanding of the way in which hegemonic processes operate within it. My discussion in this chapter then can be regarded as an attempt to describe some of the building blocks of newer approaches to hegemony and political space, situating them in tension with the development of developmental state theory, which, to date, has been historically influenced by developments within state theory and the broader social sciences. One would hope that that the study of development continues to evolve through this interaction, and the discussion of my own approach to developmental state restructuring, hegemony and social space in the Preface and Chapter 1 is an attempt to provide an alternative take on the politics of economic reform. I argued that this can be done by carefully adapting the concept of hegemony to include a much more detailed focus on the way in which multiple power relations intersect and inform the construction of the integral state, particularly through an analysis of how demands emerging from the events of the democratic uprising have been articulated during the decade of liberal-progressive rule. In this way, hegemony must be understood as both a process of coordination between social forces and the articulation of an elaborate set of situated ideas and practices; of various truth procedures, to use Badiou's terminology, in which the meaning of democratic reform as well as its void spaces (i.e. its inequities, blind spots, and missing supplements) are articulated. This means that the construction of hegemony is not simply a process of manufacturing consent that is also armoured with coercion, but is also bound up with the very ways in which concepts such as the state and the market are understood and embraced by the social forces that develop political and economic reform strategies and attempt to put them into practice. Thus understanding hegemony involves

understanding reform processes as deeply embedded in multiple forms of power and differentiation (social struggles in the broad sense). These relations include class relations as emphasized by earlier neo-Marxist theorists, but also other power relations that condition social actors, such as the power relations that condition the unity or disunity of historic blocs, and which often exceed them, such as gender relations and other constellations of power relations. In other words, the extended set of relations between state and civil society, at both their inner reaches and outer fortifications, should be understood conjuncturally, as embedded in multiple relations and social struggles and not statically, emanating from an internal core of the state or society. In this way, the geographically variegated role of different parts of the state, as well as of civil society, within a definite historical conjuncture might be understood.<sup>34</sup> This is the task to which I now turn in order to unpack just how relations between state and civil society have informed the transformation of the Korean developmental state and the attempts of reform governments to actualize some of the democratic demands of the long decade.

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<sup>34</sup> While a weakness of this conjunctural approach might be in the fact that it subordinates any clear functional division of roles carried out by different part of the state to a discussion of strategic relations between social forces, its strength is lies in not positing the state as a synthetic whole, with pre-defined roles but outlining how particular roles influence a trajectory of strategic relations. Questions of the role of the state in this dissertation then, are not primarily oriented towards a synthetic model, or ideal-type formulations. Rather, they are regarded as subordinate to historical conjunctures, so that their variability can be grasped, but not necessarily synthesized. It is the particular rather than the general that I am after. Indeed, much of the work of contemporary state theory has been based around creating a synthetic theory of the state. This is very much a project undertaken by Jessop 2002 -- although he would qualify his project as an investigation into a definite conjuncture, much of his work is still organized around trying to figure out what state functions are compatible with a defined regime of accumulation rather than a strategic analysis, which he has undertaken in his more recent 2008 work. Instead, I believe a more strategic and conjunctural approach is in order.

### Chapter 3:

#### The Rise of Postdevelopmental Finance

*It is not correct to regard the state theory and market theory in East Asian development analysis as directly the opposite. Rather, we can say that raising and distributing resources is performed in the interaction between the market and the state. Such interaction varies from the maximal intervention of the state to minimal one, all of which are combined with the market. Maximal intervention of the state and minimal one can be posited as poles in the same continuum, rather than the state and the market. The point is that the state's intervention in the economy is not seen as contrary to the market, so the question is really whether the state's intervention is market-friendly or anti-market. For example, the state's intervention in South Korea was market-friendly: it just aimed to make business and market flourish and develop rapidly, overcoming diverse obstacles to market and business development.*

Cho Hee Yeon, *The Structure of the South Korean Developmental Regime and its Transformation*. (1999, 409)

*[T]he withering of the capacity of the state and the overinvolvement of the state in such matters as the workings of the market... all seem on the surface to diminish the powers of the state; but, in fact, they provide the basic premise on which rests its very necessity. The historical circumstances of this paradox render it impossible for any democratic demands to separate a critique of the state from a critique of the move toward a market society.*

Wang Hui, *China's New Order* (2005, 91-92)

*[W]e need to replace this framework with a conceptualisation of states and their associated strategic capacities as products of social and political relationships both inside and outside the state. Adopting this view of the state highlights the process of state transformation – as opposed to the enumeration of the features of strong and weak states – as the crucial problem of contemporary political science and political economy. The strong state so beloved of the statist is a chimera that obscures the more important process of state transformation that is taking place under the pressures of global economic and political change.*

Kaniska Jayasuriya, *Beyond Institutional Fetishism* (2005, 382).

As discussed in Chapter 1, the process of developmental state reform has raised several political dilemmas for democratic reformers during the long decade of economic reform.

In particular, while procedural reforms have been enacted and steps toward engagement

with North Korea have been made, efforts to institutionalize economic democracy have been very difficult to achieve. This is because many of the features of Korea's developmental planning that might be used to compliment economic equality have been restructured in favour of a more neoliberal institutional alignment. This is most apparent in the case of developmental finance. While financial policy does not replace the necessity of adequate redistribution measures and a welfare state, it can complement broader efforts at egalitarian reform by directing credit into strategic sectors that provide high paying jobs and employment. As Esping-Anderson (1985) points out, the attempted socialization of capital flow, rather than of capital stock, has been key feature of Scandinavian social democracy (especially in Sweden and Norway). However, the degree to which such socialization can be effective is largely determinate on whether or not it compliments economic growth in a substantive manner; i.e., by generating investment in strategic industries and dampening inequality. However, in the Korean context, it seems that democratic reformers have opted for the restructuring of the state's strategic discretion over financial resources in a way that has made the situation of labour more precarious and the financial market more hegemonic.

In order to better understand this process, and why it came about, it is necessary to first examine how the financial capacity highlighted by theorists of the developmental state has been transformed, as well as some of the political motivations behind this process. This task will require approaching financial restructuring with a perspective sensitive to the interaction between political and civil society, as I have advocated in the previous chapter. The state, civil society, and the market appear as external to one another in much developmental state theory, hazarding the assumption that the state

merely calls the shots in industrial development, and thus in financial restructuring. By extension, where state autonomy and societal support for it cannot be perceived, the transformation of state capacity is taken to be a symptom of predation rather than, say, the result of conflictual processes and competing imaginations as to what the contours of state policy should be. For developmental state theorists, the defining feature of the Korean developmental state was its ability to govern the market through strategically channelling financial resources into new industries that could generate foreign exchange and fulfil the government's industrial policy goals, advancing up the ladder in terms of the creation of jobs and new industries. It is in this region of industrial policy that the restructuring of developmental state capacity has been the most acute. While this process has involved the expansion of market-based forms of governance, particularly in the domestic economy, and has intersected with broader efforts at democratization, it has not simply led to the withering away of the state or to simple predation (even if there are elements of this). Rather, a great deal of state capacity has been involved in this process, and thus financial restructuring should be thought of as a reorientation of state intervention rather than its demise. Yet, few neo-Weberian theorists have taken up the study of neoliberal financial restructuring – mostly because, for them, it is harder to discern the autonomy of the state since democratization and the 1997 crisis. For them, the state is considered something that is most apparent when its interventions seem to rival market logic, so little has been advanced from the neo-Weberian perspective on how to understand the role of the state in the very configuration of market relations.<sup>35</sup> Although

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<sup>35</sup> Institutional economists, on the other hand, have continued to research and study the macroeconomic effects of neoliberal restructuring on the Korean political economy (Shin and Chang, 2003); however, like the neo-Weberians, they tend to treat neoliberalism



Peter Evans (1995), in an attempt to maintain the theory of state autonomy as viable research project, speculates that neoliberalism may provide bureaucrats with a cohesive state project, he does not attempt to situate this policy choice within a more dynamic relational field than previous studies of developmental states. Instead, it is based on a theory of a cohesive state ideally immune from such conflict. Thus, it is difficult to tell what role competing claims for democratization have had on economic reform strategy and relations within reform blocs using his theory of embedded autonomy.

Therefore, to set the stage for the examination of reform conflicts and the relations within the reform bloc and between it and other social forces, in this chapter I review how the restructuring of developmental finance carried out before and after the 1997 financial crisis has been influenced by the reform bloc. In particular, I examine how the forms of restructuring that have been implemented by reformers have limited the ability of the state to utilize developmental planning in order to fulfil egalitarian reform goals of the democracy movement. This will compliment the more substantive examination of tensions within the reform bloc that I carry out the following chapters. The political debates surrounding the economic reforms mentioned in this chapter are only briefly dealt with here. A deeper analysis of how democratization and the IMF crisis have influenced reform thought is taken up within in the next chapter. Therefore, the purpose of this chapter is to introduce the financial context that informs reform politics.

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purely on the ideational level – neoliberalism as simply a bad policy choice – without an analysis of its intersection with other social processes (Jayasuriya, 2005). Thus, while the institutional approach is useful for understanding some of the economic effects of neoliberal restructuring, especially for economic growth, it doesn't reveal much about the social relations that have given rise to the neoliberal transformation of developmental states.

While in this chapter I situate the transformation of financial policy within a broader transnational field of both reform-oriented movements and politicians in Korean civil society with distinct ties to the democracy movement, as well as to the private interests of domestic conglomerates and neoclassically-trained bureaucrats within strategic ministries and international organizations, the focus is on mainly on the economic changes brought about by this transformation. This economic transition has involved a great deal of state capacity, it also undermined developmental patterns of financial policy in terms of how the domestic economy has been targeted for economic growth and the development of new product lines. Furthermore, neoliberal responses to economic crisis have led to the socialization of corporate debt, and to the valorization in the domestic economy of financial capital above other forms of capital, and thus very particular forms of uneven development. The result has been an increase in firm profitability, but declining investment and GDP growth, and a marginalization of labour. Unfortunately, since the Korean developmental model demonstrated its strongest capacity *vis a vis* financial resources, the reconfiguration of financial policy along neoliberal lines limits the ability of reformers to institutionalize social reform and, as I will show in the following chapters, undermined the hegemony of the reform bloc.

### *Finance and the Korean Developmental State*

In the developmental state formations described by Woo (1991), Amsden (1989), and Wade (1990) among others, capital and credit for industrial development was considered a scarce resource due to underdeveloped financial markets and limited foreign exchange, so the state was seen as playing a significant role in generating foreign exchange and

allocating scarce credit. This was seen as a role that was common among many late developers in different historical contexts (Gerchenkron, 1962). Likewise, the Korean state was able to channel scarce financial resources to the domestic conglomerates in return for the acceptance of particular performance-based requirements by domestic corporations. This system led to a general system-wide emphasis on export production geared to earning foreign currency credits that could be used to finance new development and to mastering new product lines through reverse engineering and experience in production – “learning by doing” in other words (Amsden 1989). This system worked jointly with government controls over entry and exit that it exercised through licensing regulations. Depending on the context, if a national firm failed to live up to standards set for its performance the government could, in theory, rationalize the corporation’s assets by forcing it to concentrate on specific production requirements or force it to exit the market. The government had less control over international firms or joint ventures. However, in the Korean case these were much more limited than in other countries and thus there was considerable room for picking winners and losers (Jeong, 2004; Woo, 1991; Wade 1990). Nor was state intervention limited to the private sector. During the Yushin period of the “big push” into heavy industries of the 1970’s, the state kick started capital intensive industries in chemical and steel making; the creation of POSCO, now a major multinational steel producer is just one example (cf. Amsden 1989 291-316).

While state intervention was certainly a factor in Korea’s rapid industrialization, this process was certainly more recursive than developmental state theorists let on. Corporate initiatives in new markets complemented and sometimes conflicted with government policy. Furthermore, the supply of foreign aid used to finance early

industrialization was largely determined by South Korea's participation in US foreign policy ventures. If one looks at the automotive industry, for example, one can see how this nexus between state finance and private initiative worked more clearly. When government planning for the auto industry kicked off in the late 1960s and early 1970s, the government made localization a key demand in return for financial support. Hyundai in particular complied the most with government demands while GM-Korea (a joint venture between Shinjin and GM, later to be renamed GM-Daewoo) and Asia motors preferred simply to assemble imported knocked-down kits and sell them on; they did not invest heavily in local product development.<sup>36</sup> Since GM-Korea was not a wholly-owned domestic company the government could not force it to restructure. The Asia motor company, however, did not meet its performance requirements, so in 1975 the government stopped its policy loans and forced it to merge with Kia (Jeong 2004). Here controls over entry and exit, in addition to performance based regulation and the supply of long term credit provided the appropriate mix needed to make industrial targets, but they also required the responses of the private sector. The same formula was repeated across the board for strategic industries. In this system the state effectively played the role of majority shareholder in domestic firms by guiding corporate policy toward targets and nurturing it with patient capital. This means that the state-conglomerate nexus constituted a hybrid system of corporate governance.

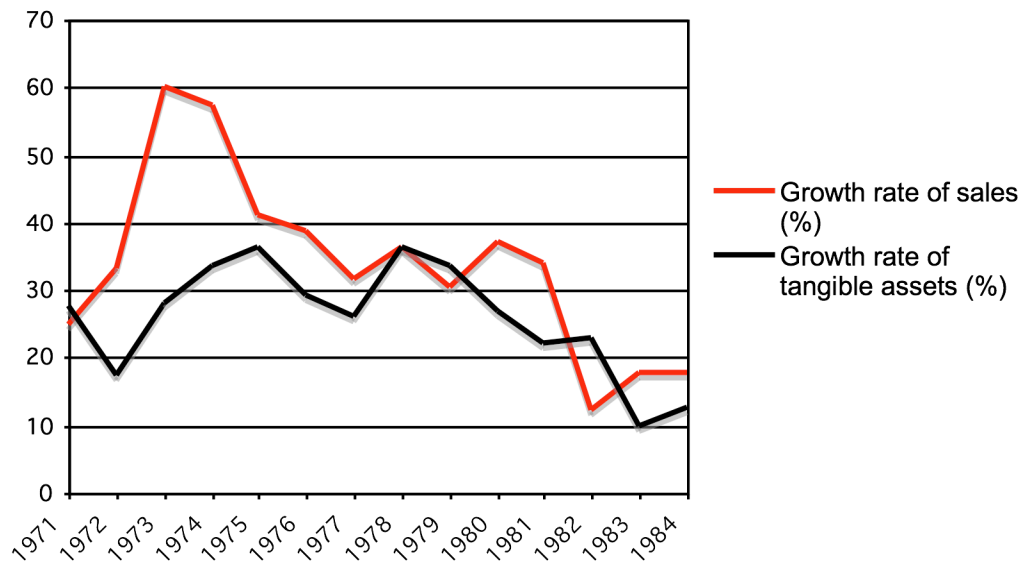
This nexus would later come under criticism as a form of “crony capitalism” during the 1997 crisis (cf. Chang and Shin 2003, 34-82). However, industrial policy advocates argue that this nexus fostered rapid economic growth in manufacturing (cf.

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<sup>36</sup> GM later disinvested its shares in 1992 but later reacquired GM Daewoo in 2003, cf. Jeong 2004, 96-100.

Figure 3.1) and remained less of a moral hazard during the era of effective performance-based controls than in later periods when strict planning guidelines were removed and strict performance criteria became less of a norm in government-business interaction (Chang et al 1998).

**Figure 3.1: Growth Rates: Manufacturing (1971-1984)**



Source: Bank of Korea

Internationally, much of Korea's external finance in the developmental period was provided through direct foreign government aid as well as lending from international organizations. Access to the US market was a key factor in securing this finance, and, politically, Feffer (2003) and others (Lee Byoung Cheon et al 2006) argue that this access and thus much of the finance necessary for Korea's rapid development was contingent on Korea's embrace of anti-communism and its participation in US foreign policy -- particularly its support of and participation in the Vietnam war which provided substantial foreign exchange earnings. Some Korean scholars have argued that this

dependency on Cold War ideology had broader economic effects, and encouraged a domestic culture of militarization and gendered citizenship, in which higher paying corporate jobs were generally reserved for men with military experience, and women took up waged work in light manufacturing, agriculture or the non-waged work of social reproduction (Han, 2006; Moon, S., 2005; Moon, K., 1997).

Though there were often strict criteria for the allocation of scarce financial resources to build up an export-oriented manufacturing sector that provided jobs and income, it should not be assumed that the model was particularly transparent or that there was not a downside of the constant channeling of foreign exchange and development finance to heavy industry. Government-backed policy loans left Korean firms with a high level of debt to equity and thus also of interest expenses. The promotion of externally focused export industries often had adverse effects on small savers as bank interest rates were low and inflation high. This had the effect of channeling household savings into the underground “curb” market.<sup>37</sup> As the state’s commitment to social welfare and income redistribution was relatively low due to the politics of recycling export earnings back into industrial growth and export market expansion, domestic savings were quite high as workers would have to save for their own retirement and future living expenses. In addition, in times of crisis the government liquidated “curb” loans to the *chaebol* in order to stem off financial crisis. The “August 3<sup>rd</sup> Decree” of 1972 effectively intervened into the curb market by erasing much of the private debt loaned to large businesses by everyday small savers, thus subsidizing the corporate sector by erasing debts owed to

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<sup>37</sup> Since bank interest rates were low and inflation high, small savers, such as households, workers and small businesses, invested much of their savings in informal loans. Much of this money was invested in domestic conglomerates in addition to other investments such as real estate and other personal loans. For a discussion see Woo 1993.

informal brokers and small savers (Woo 1991, 113-115). In general this speaks to an antinomy between smaller savers and large businesses that was a product of the financial politics of the developmental state. Thus, while developmental policy facilitated high growth rates and the rapid development of heavy industry, developmental state planning has not been as egalitarian as has previously been claimed.

Although the World Bank's (1993) miracle study on the East Asian economy praised what it saw as relatively fair income distribution, a lack of statistics on business owners and murky records on the incomes and economic resources of *chaebol* families, controlling families of the large domestic conglomerate groups, makes it difficult to fully gauge the level of inequality during the period of developmental policy. While Kim Soon Yang (2008, 79) records a higher gini coefficient (a measure of inequality based on mean household income across all households) in non-agricultural sectors, it is difficult to fully determine the assets held by the wealthier urban families.<sup>38</sup> Lee Jeong Woo (2006a), a critic of developmental dictatorship and later an economic advisor to Roh Moo Hyun, argues that unearned incomes, such as land holding and increases in land values, may be a better indicator of socio-economic inequality during the developmental period. Between 1963 and 1979 land value increased by 180 times. Considering the fact that roughly 5% of the population held 65% of registered private land, this points to an enormous disparity in assets if not income (Lee, Jeong Woo, 2006a; cf. Kim, Won Bae, 1999). Furthermore, Jeong Seong Jin finds that even during the peak of developmental planning the share of profits to value-added increased faster than wages, which demonstrates that even under

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<sup>38</sup> A better indication of income inequality is the decile ratio (see Preface) which can be used to compare the incomes of different deciles of the population. Whereas the gini coefficient is a mean indicator, which can not be as easily disaggregated.

the Park Chung Hee regime the “intensification of the exploitation of the South Korean working class was the foundation of rapid economic growth” (Jeong, 2007, 60).

The Park Chung Hee regime was also dominated by a regional alliance of politicians from the southeast region, known as the TK group for Taegu City and Kyeongsang Province in the Southeast. Large industrial development projects were mostly concentrated in southeast or the capital region at the expense of historically marginalized areas such as the Cholla provinces in southwest (Park, Bae Gyoony, 2003; Douglass 2006). Oppositional politicians from the southwest were very critical of uneven industrial development and the marginalization of small and mid-sized businesses by large conglomerates in the Southeast. Their formulations, Kim Dae Jung’s “Mass Participatory Economy” being the most prominent, therefore tended to highlight a stronger role for liberalized markets in general and small and mid-sized business in particular. Reformers around Kim Dae Jung thus described the relationship between the “dinosaur like” *chaebol* and SME’s as an example of the “strong controlling the weak” and “taking the whole economy hostage” (Chung U-C, 1997, 20-22) and sought to restructure the nexus between SMEs, big business and the state.<sup>39</sup>

#### *Liberalization of Developmental Finance*

During the 1980s and early 1990s as private flows of finance began to surpass lending by foreign governments and international organizations, it was much harder to keep up the rationale for industrial policy and government control of finance. The *Chaebol* began to openly contest government coordination of financial resources and advocate for

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<sup>39</sup> Chung Un Chan himself would later serve as Chairman of the Financial Development Committee at the Ministry of Finance and Economy.



liberalization (Kim, E.-M. 1993). Indeed as early as 1980, when the new Chun dictatorship installed a new crop of bureaucrats in the nodal industrial policy bureaucracy (the Economic Planning Board), partial financial liberalization began. This liberalization was domestically focused on the banking system. However, policy loans remained central to the regulation of this sector and bank autonomy was considerably constrained. Nonetheless, this period can be described as a transition toward what Eun Mee Kim (1993, 170-181) has called a "limited developmental state," especially because of the strategic change that occurred within the economic bureaucracies. Many of these new bureaucrats, trained in America and fond of monetarism and neoliberal economic policy, would later lead many of the early neoliberal reforms after 1987 (Kim, Y.-T. 1999). The prior generation of bureaucrats and economists were strongly influenced by economists such as John Maynard Keynes and Fredric List and had taken many of their economic planning lessons from the example Japan's rapid industrialization (Woo, J.-E. 1991, 19-43). They had emulated Japan's building up of large domestic conglomerates through strategic financial allocation and nodal industrial planning. On the other hand, the new generation of bureaucrats that were installed by the Chun regime had been influenced by Ludwig Van Mises and Milton Friedman and most were likely to have been educated abroad. One reformer that I spoke to complained that these bureaucrats, installed in the Economic Planning Board, "didn't understand the banking system, just understood liberalism."<sup>40</sup>

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<sup>40</sup> According to the reformer quoted above, the consequence was that they treated the economy as one would chemistry. Kang Kyong Shik, a former EPB bureaucrat and later vice-president, who was involved in financial restructuring during the 1997 crisis, once declared: "Banking is like chemistry; why can't it [the financial system] be liquidated"?

Responding to rising inflation, political instability, and the breakdown of state power after Park's assassination in October 1979, as well as mounting opposition from the middle classes over misallocation of infrastructure funds and land speculation (Amsden, 1989; Woo, 1991), Chun began to consolidate power by appointing a number of these foreign trained, neo-liberal economists to prominent positions. With the support of the IMF and World Bank, neo-liberal bureaucrats quickly began making plans to restructure the economy with a new macroeconomic stabilization program limiting money supply, curbing wage increases, concentrating firm's resources, expanding private ownership of banks and investment firms, while reducing government administrative guidance and credit allocation (Kim Y.-T. 1999). Yet, for much of Chun's presidency, a productive tension remained between these neo-liberal bureaucrats seeking to dismantle the developmental state apparatus and strong government-business ties that also helped retain features of the developmental state. Attempts to restructure the high debt-equity ratios in the financial system or to promote firm specialization were often in vain, as the government continued to bail out leveraged firms and protect corporate interests from excessive modification.

The first nominally civilian regime after the 1987 June Democratic Uprising was the Kim Young Sam regime (1993-1998). The split between the two Kim's (Kim Young Sam and Kim Dae Jung) had led to the election of general Roh Tae-Woo in 1987. This slowed the rate of reform in the democratization process at the political-institutional level. When Kim Young Sam was elected, he sped up the pace of economic restructuring, though not necessarily political reform, with his "*seggyehwa*" or "internationalization"

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Interview, pro-industrial policy reformer, Samsung Economic Research Institute, November 2006.

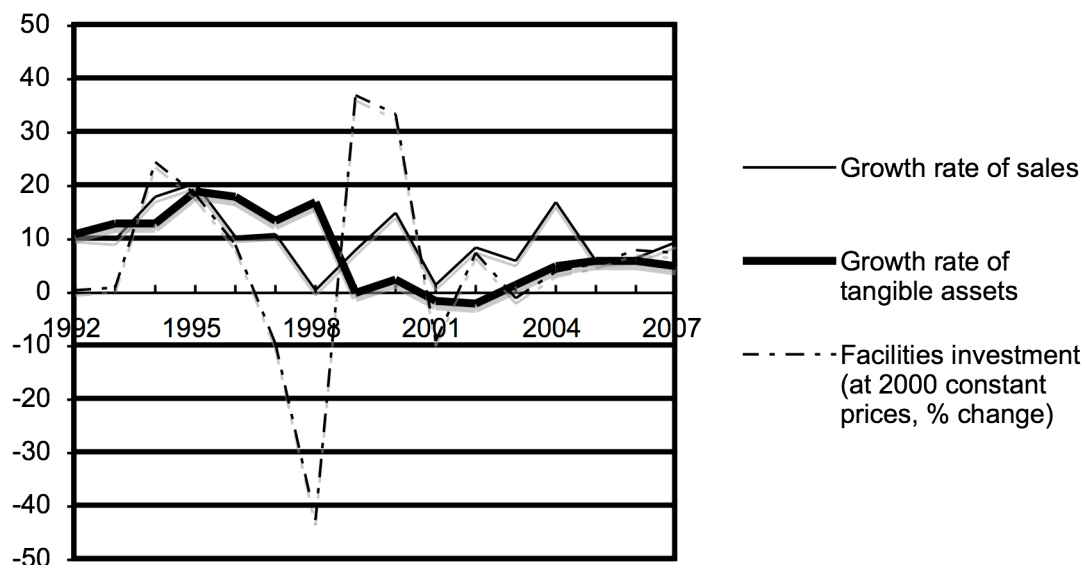
reforms when he took office in 1993.<sup>41</sup> These reforms were geared toward fulfilling requirements to secure Korea's entry into the OECD by abolishing many areas of industrial policy. These included many state controls over entry and exit, policy loans, and several restrictions on firms and banks' foreign borrowing, especially limits on short term borrowing by non bank financial institutions (NBFIs) (cf. Chang et al, 1998). Interest rates were also deregulated, and more managerial autonomy granted for the banks. This included expansion of securities and foreign exchange handling, capital market opening, abolishment of policy loans and expansion of sales of corporate bonds to foreign capital, among other liberalization measures.

The *seggyehwa* reforms led to changes that fundamentally altered the Korean political economy starting with an increase in short-term foreign borrowing that was used to facilitate intensified competition between *chaebol* groups entering similar lines of production. Most notable were Samsung's decision to enter into the auto industry and Daewoo's entry into semiconductors, product lines which the other company already had competency in. These quickly became examples of the sort of overinvestment in similar product lines that fuelled overcompetition and risky borrowing that would contribute to the 1997 economic crisis (Jeong, 2004).

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<sup>41</sup> Kim's ruling political party was forged through a merger with remnants of the old military regime.

**Figure 3.2 Growth Rates: Manufacturing (1992-2007)**



Source: Bank of Korea

The liberalization of financial resources facilitated a rapid expansion of facility investment as *chaebol* firms sought to enter into new lines of production and expand existing capacity in order to better compete with rival firms. As a result, domestic facility investment by non-financial firms regained steam from 1993 to 1997 with the figures for 1996 (60 trillion won) nearly double those of 1993 (30 trillion) (Jeong, 2004). With the exception of the oil crisis and political instability around 1980, facility growth since 1972 had increased in mostly steady increments till 1991 (43.3% p.a from 1972-9 and 20.% p.a from 1983-91) when it began to decline because of both increased international competition and the end of policy loans. Liberalization did cause facility investment to jump back briefly to higher ground in 1993 as a result of deregulation of international borrowing, before falling again during the financial crisis (Jeong 2004) and remaining largely haphazard since (see Figure 3.2, note that the large jump back in facility

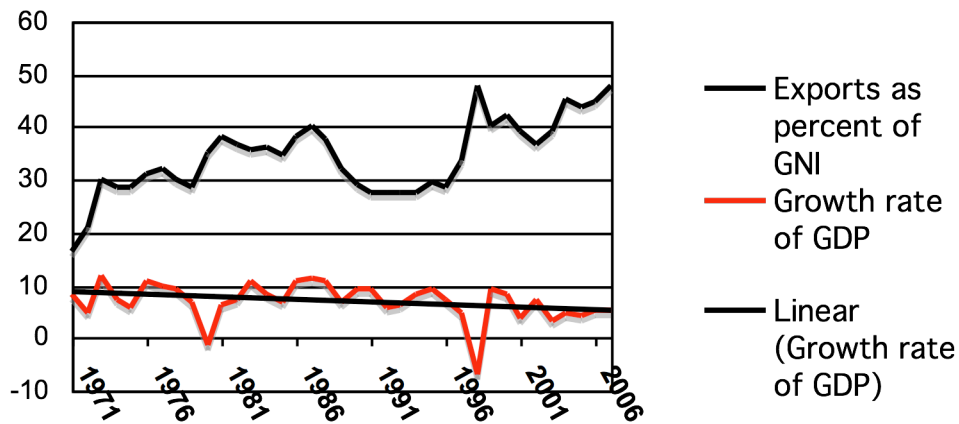
investment in 1999 is largely due to the steep decline the year before and was not indicative of a sustained pattern).<sup>42</sup> To finance this growth the *chaebol* took advantage of loans by non-bank financial institutions that were able to borrow foreign credit indirectly through the commercial banks or through direct borrowing by their overseas branches (Chang et al 1999; Jeong 2004). This borrowing was also motivated by a desire to offset the increase in worker's compensation following a summer of historic worker agitation and wage gains in 1987. However, without industrial policy to steer investment into new sectors, the increase in investment in similar product lines merely contributed to an already falling rate of profit (cf. Jeong 2007, 63).

In 1993, the 30 largest *chaebol* raised 53% of their borrowed funds from the commercial banks and 46% from Non-Bank Financial Institutions (NBFIs) for a combined total of 30 trillion won. By 1997 they were borrowing nearly 68% of their funds from NBFIs and only 32% from the commercial banks for combined total of 110 trillion won (roughly 110 billion dollars in 2007 dollars). In 1997, of Korea's 120 billion dollar external debt, 90% was from the private sector (Kim, Y.-T. 1999). This was a starkly different way of financing new investments than had been the case under the system of policy loans, in which the state coordinated new investments and secured the financing directly or through leaning on the commercial banks. Thus, liberalization of financial borrowing created a rush to lend, and total foreign currency borrowing by Korean banks more than doubled between 1992-1997 (Jeong 2004, p 59).

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<sup>42</sup> After the crisis Korea has witnessed a slower overall growth rate in facility investment than before the crisis (Jung, 2007).

**Figure 3.3: Export and GDP Growth  
(1971-2007)**



Source: Bank of Korea

The short surge in investment and sales following the Segyehwa reforms, and ending in the 1997 crisis, was short lived, especially compared to growth during the heyday of developmental planning between 1971-1979. The expansion of exports following the crisis led to a quick post-crisis surge in facility investment but one that declined sharply thereafter. Furthermore, the easing of restrictions on short term borrowing and entry into new product lines were seen by many industrial policy advocates as contributing to the financial crisis. Such investment slowed overall growth as new investments were laid into product lines of other national firms. This increased the costs of competition without sustaining overall growth or facility utilization (cf. Jeong, 2004, 159-169; Chang et al 1999; Jang and Lim, 2006a). Furthermore, short-term foreign liabilities in private firms increased as part of this process. As Figure 3.3 shows, growth rates in exports remained low before the crisis, and GDP only nominally improved during in the short period after 1992; however, since then, when compared to previous periods, GDP growth has continued to decline even as exports have recovered.

### *The Rise of Postdevelopmental Finance*

The currency panic that ensued after the collapse of the Thai real estate market in 1997 resulted in severe liquidity problems for Korean corporations as investors recalled loans and raised lending rates. Korean firms starved for capital began to collapse. However, this problem was further complicated by the IMF treatment of the crisis at the behest of its foreign lenders. The IMF tended to treat the crisis as endemic to the organization of the South Korean economy and thus demanded its overall restructuring. This was a controversial interpretation, and seemed geared to the interests of foreign investment capital rather than the stability of the Korean economy. Even the non-bank financial institutions that had many of the risky short-term loans in the period of liberalization over the previous decade had maintained a net operating surplus over financial costs until the crisis hit (Dumenil and Levy, 2005). Though in need of better regulation and reform the treatment proposed by the IMF was not to simply reform this sector but to treat the entire Korean economy as if it were suffering from a long-term inflationary crisis rather than a temporary squeeze for credit caused by risky financial liberalization and creditor panic (Park, YC 2006). Interest rates were quickly raised, resulting in the collapse of many Korean corporations and the selling of their assets at fire-sale prices. This also introduced a degree of foreign ownership in the Korean economy that did not previously exist. As restructuring proceeded, the government also began to privatize public assets and sell government shares in Korean corporations. By the end of 2004, foreign investors owned nearly 50% of the shares of Korea's largest companies (Hart-Landsberg, 2004; cf. Hart-Landsberg and Burkett, 2000). However, though foreign ownership has increased, the

families that run the largest conglomerate groups have still maintained control through circular ownership between affiliate firms and a central holding company (cf. Kim, Jin Bang, 2003; Kim H and Kim W, 2007). Furthermore, the largest of the Korean *chaebol* groups were also able to benefit from the crisis by buying distressed assets of smaller conglomerate groups.

While some observers have described the 1997 financial crisis as merely a case of the looting of the Korean economy by foreign institutions and foreign firms (Chussodovsky, 2003; cf. Lee CG, 2004), in reality the situation was more complex. Support for market reforms come from both political and civil society in South Korea. The incoming president Kim Dae Jung had partially based his campaign on counterbalancing the power of the *chaebol* and, thus, was not completely adverse to the economic reforms recommended by the IMF. Kim Dae Jung had also promoted market restructuring, equitable distribution of income, and the end of government support for the *chaebol* as part of his (1996) *Mass-participatory economy* manifesto. The Korean democracy movement and the civil society groups that emerged from it were also very critical of the large domestic conglomerates and pro-growth policies of past governments, which they saw as subordinating concerns about the environment, gender equity, labour rights, and redistribution to industrial development. They had also advocated for greater independence in national economic development (cf. Kim Soohaeng 2007) and to a degree the *chaebol* had historically been seen as obstructing this goal by propping up the dictatorships. During the mid-1990s civil society groups such as People's Solidarity for Participatory Democracy (PSPD) and Citizens Committee for Economic Justice (CCEJ) had contested the murky governance structure of the *chaebol* – citing the lack of *chaebol*



transparency as a source of political and economic corruption. These groups focused on reforming corporate governance through monitoring, policy proposals, and minority shareholder agreements, and won key cases against Samsung Electronics and other *chaebol* (Kim and Kim, 2001; Cho D-Y, 2006).<sup>43</sup> For the most part, Kim's government and even some of the economic reform NGO's that supported it were favorable to attempts to reform both capital and product markets in ways that resonated with some IMF reforms. Reformers supported the strengthening of shareholder rights and limiting government lending to the *chaebol*, even if they did tend to disagree with particular aspects of the response to the crisis such as the changes to labour law and the privatization of state enterprises. The same can be said for many of the economic bureaucrats that negotiated Korea's crisis restructuring with the IMF. Except for divided opinions over the advantages and disadvantages of a government-owned, centralized asset management company to manage and dispose of non-performing loans (Park YC, 2006), there were few major differences reported in the viewpoints and attitudes among Korean bureaucrats and IMF personnel (Kim and Byeon, 2002).<sup>44</sup>

While some reform movements supported reforms to corporate finance, other reform intellectuals were more cautious about endorsing the restrictions on lending to the *chaebol*. Most of the debates here echoed those between developmental state theorists and institutional economists. Industrial policy advocates on the left regarded the ability of the *chaebol* to allocate resources between member companies to be an effective catching up mechanism that enabled the *chaebol* to raise patient capital internally, especially under

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<sup>43</sup> Interviews, minority shareholder activists associated with PSPD, CCEJ and SER, November 2006 and March 2007.

<sup>44</sup> Interview, IMF economist, February 2007.

conditions of scarcity. Shareholder activists, however, regarded this function as distorting prices and profitability, and a symptom of a larger lack of transparency and accountability on behalf of the *chaebol*. They also saw implicit state guarantee of *chaebol* investment through policy loans as a moral hazard as corporate governance structures were opaque and there was no guarantee that financial resources would not be channelled toward unprofitable activities.<sup>45</sup> In contrast, shareholder activists argued that the ownership rights of investors should be strengthened in order to ensure firm transparency. Politically, the reform bloc could not decide on a clear strategy for retaining industrial policy and reconfiguring it on a democratic basis. This created tensions between both liberal and leftist reformers within the bloc, as policies were introduced that compromised sustained growth and full employment.

Ironically, the restructuring of the *Chaebol* facilitated greater involvement by the state in regulating the *chaebol* than had been the case following the *seguehwa* reform. This involvement, however, lacked many of the strict performance guidelines that were a part of developmental financial planning. Nonetheless, Shin and Chang (2003; cf. Hahm, 2005) point out that it was actually the “Keynesian” recapitalization of the financial sector and rescheduling of short term debt that was essential to the recovery. They argue that the Korean economy did not begin to recover until after the Korean government was able to negotiate the lowering of IMF mandated interest rates and budget cut-backs. The way in which this recapitalization was used, however, was to lessen the debt ratios of the *Chaebol*, socializing it with government debt. As Figure 3.4 shows, high debt to equity

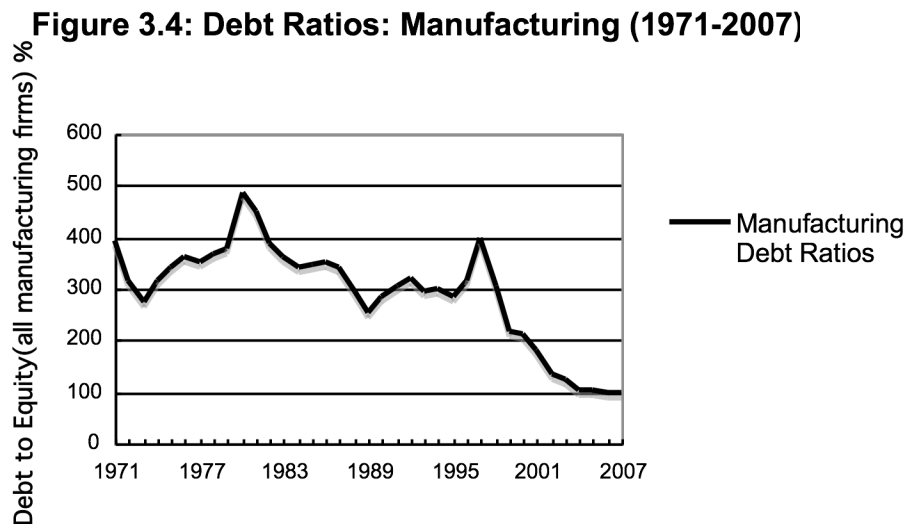
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<sup>45</sup> Interviews, PSDP, SER, CCEJ and Taean Yeondae affiliated reform activists, November- March 2006/2007. For some of the debate on the corporate structure of the *Chaebol* and methods of intra-firm resource allocation or ‘tunneling’ see Shin and Chang (2003) as well as Kim Jinbang (2004) and Baek, Kang and Lee (2006).

ratios had been a key feature of Korean firms throughout the developmental period, but this was reversed by the IMF reforms as this debt was socialized. The Kim Dae Jung government also attempted to create a 'Grand Social Compromise' between business, labour, and the government to legitimize restructuring. Although the majority of unionists rejected the agreement that was made in tripartite negotiations in early 1998, the government regarded the deal as *fait accompli* and proceeded with restructuring efforts. This "agreement" gave the state the legitimation it needed to carry out the 'big deals' of government-induced business swaps between *chaebols* that had invested in other firms' product lines (the swap of Daewoo's semiconductor business for Samsung's automotive line being the most prominent). However, as I shall discuss in chapter 5, the layoffs and unemployment initiated by this process led to the labour movement's quick disillusionment with the Kim Dae Jung administration's social cooperation agenda (Choi, 2002). This diminished the reform government's capacity to institute further economic reforms because of the lack of social support for them.

As a result of the neoliberal reform during the IMF crisis, state capacity was directed toward accumulating large foreign currency reserves in order to fend off any future runs on its currency as a result of speculative investment or investor panic. In some ways this is lamentable, because the accumulation of currency reserves under a more tightly regulated financial system could have been used to supplement welfare provision, rather than being reserved as a stop-gap measure to prevent financial panic in a liberalized financial system. Under the liberalized system of postdevelopmental finance, foreign capital has been much more characterized by short termism than was the case in the developmental period, during which foreign capital was more explicitly tied to long

term projects (cf. Shin and Chang, 2003; Jeong, 2004). In addition, domestic capital has greater freedom to seek new investment and relocate capital abroad. This compromises the state's structural capacity to guide investment, especially since the government has replaced the socialization of investment flow with the socialization of corporate debt, with little regulation on new investment.



Source: Bank of Korea

#### *Postdevelopmental Finance as 'Sovereignty Regime'*

While the Korean state has been active in both developmental finance and the restructuring of that model, it would be wrong to regard the ability to finance development in a vacuum. The same point can be made for the ability to restructure a path dependent financial system (i.e. a system of financial flow in which the role of the state and corporate sector have been reinforced each other for so long). Instead, it is important to also situate financial policy within the wider, variegated environment (cf. Peck 2008; Ong 1999) of global policy networks and uneven institutional development

which seem to inform, but not necessarily determine, the space available for heterodox financial policy. Without an understanding of the changes that have occurred to international financial policy since the end of the Cold War, it would be difficult to situate the restructuring of the Korean model and many of the forms of financial policy that have been applied in the reform process. While the purpose here is not to give a full genealogy of Cold War and post-Cold War financial policies, it is useful to situate the Korean state's financial policies within some of the larger changes in international policy. These changes intersect with Korean reform trajectories, since the end of the Cold War.

During the Cold War, developmental finance in South Korea was roughly articulated along foreign policy networks aimed towards creating a bulwark against communism in Northeast Asia. The financial policies carried out through these networks generally fell within the framework of embedded liberalism (cf. Ruggie 1982) loosely embraced by the Bretton Woods institutions. This framework allowed the national states considerable room to regulate their domestic economies through Keynesian policies, and in developing countries for more heterodox policies to be experimented with. However, beginning in the 1970s and accelerating under the Washington Consensus, new financial actors and pathways of coordination have replaced developmental circuits of finance. These have included ratings agencies that evaluate firm and sovereign debt and transnational institutions such as the Bank of International Settlements (BIS) and IMF which set requirements for liquidity reserves. Under the new transnational norms enforced by these agencies, then, the space available for developmental financial policy of the sort carried out during the Cold War has shrunk.

In a sense, the transformations described in the course of this chapter point not simply to changes at the behest of domestic policy makers but as part of a transnational sovereignty regime. John Agnew (2005) has used the term “sovereignty regimes” to describe the “effective sovereignty” of state and non-state actors in the global governance of currency. The term is also applicable to describe the linkages between domestic and transnational actors involved in the restructuring of developmental finance in South Korea. Table 3.1 attempts to schematically conceptualize how some of the changes to South Korean finance I’ve been discussing are integrated into the institutions of the global political economy. This regime of postdevelopmental finance is therefore unevenly articulated, with standards and practices at the global level but increasing variation at the regional and (sub)national levels. This variation in actors involved in configuring financial policy and speaks to the uneven and combined development of capitalism (cf. Harvey, 1982). This development, at the institutional level put constraints on efforts of domestic reformers to create a substantial alternative to the current regime of postdevelopmental finance.

**Table 3.1: The Restructuring of Korean Finance from a Transnational Perspective**

Sovereignty Regime:	<u>Developmental Finance</u>	<u>Postdevelopmental Finance</u>
Key Actors	Economic Planning Board, <i>Chaebol</i> , US foreign policy networks, Bretton Woods Institutions, Japanese product cycles	BIS, IMF, Wall Street (Investment Banks, Hedge Funds, International ratings agencies), Ministry of Finance, domestic reform movement, <i>Chaebol</i>
Key Ideologies	Anti-Communist developmentalism,	“Globalization” (seggyehwa), shareholder value, financial liberalization, minimalist welfare
Key Practices	Cold War participation, Industrial policy, strategic allocation of finance, debt financing	Financial liberalization, accumulation of reserves, regional coordination (Changmai Initiative), equity-based investment
Characterization of financial flows	Patient Capital	Short-term credit
Effects on domestic conglomerates	Low Profitability, High Interest High Growth Investment in export-oriented and family owned conglomerates, coordination of competition through industrial policy	Higher profitability, less debt and low interest but slower growth and investment, enduring familial control through ‘tunneling’ and holding company structure in largest <i>Chaebol</i> despite attempts at restructuring.

The institutions and actors involved in the sovereignty regime summarized in Table 3.1 shows that the transition towards postdevelopmental finance involves not simply ideas about the handling of economic crisis but also the way in which the elite nexus between the state and of the domestic conglomerates (*chaebol*) have been targeted for restructuring. Significantly, this nexus has been targeted by both transnational and oppositional forces in South Korea and speaks to the need to contextualize neoliberal reforms within a wide range of actors. However, this wide range of actors should not be

taken as a sign that a more progressive restructuring of the Korean model was not possible; rather it should alert the reader to the broader transnational field in which the agency of domestic reformers is located.<sup>46</sup> While the *Chaebol* have advocated greater deregulation of industrial policy and privatization of public resources, shareholder activists with ties to both the Kim Dae Jung and Roh Moo Hyun regimes have argued for the restructuring of the family-run domestic conglomerates whose legacy they see as a corrupting influence. This has completed the efforts of international investors to take over Korean firms through mergers and acquisitions. Thus postdevelopmental finance has emerged not simply with the Washington Consensus that replaced much of the Cold War foreign policy network in which more room was accorded for developmental politics, but is also embedded in processes of democratization undertaken by domestically oriented social forces who, in their own way, were critical of Cold War developmentalism. This simultaneous nature of neoliberalization and democratization have spurred scholars such as Gills and Gills (1999) as well as Gray (2008, 6-7) to speak of this process as a “double transition.” In South Korea, the restructuring of developmental finance needs to be

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<sup>46</sup> While a more detailed examination of the transnational networks in which this agency is embedded is certainly warranted, in chapters that follow I am largely focused on examining the hegemonic processes reformers have attempted to institutionalize an alternative to the developmental state. While much current political (c.f. Keck and Sikkink 1998) and geographical theory (c.f. Yeung 2007) takes transnational networks as a point of departure, there is often a tendency in this research to neglect the influence of larger social processes including the formation of hegemony. The result is that often power relations become considered ontologically situated within the network itself rather than in broader social formations. Although, a focus on networks is not necessarily antithetical to analyses of hegemony, I focus more on the production of hegemony, and my discussion of networks, and especially the nexus between civil society and the state is subordinated to this discussion. In other words, it is hegemonic process, rather than a contained network ontology that I examine here.

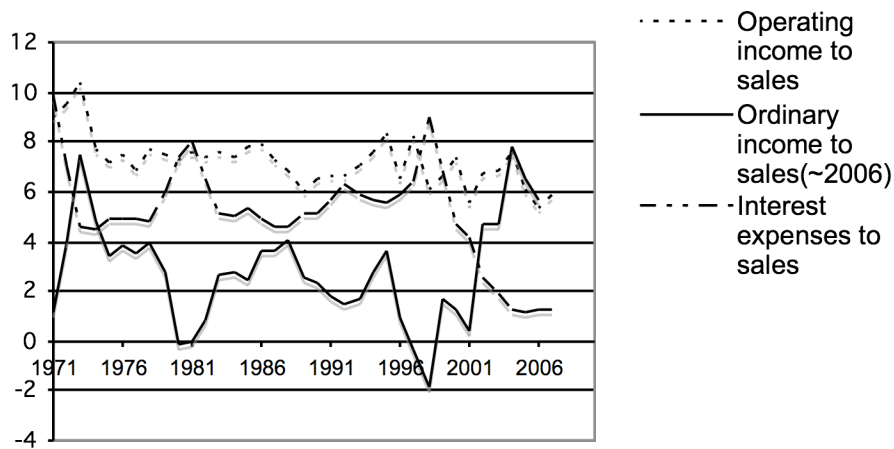


understood as part of this process, in which social forces operating at a variety of scales have gradually restructured the role of the Korean state in managing financial resources.

### *The Limits of Postdevelopmental Finance*

As I have discussed above, the forms of state regulation that have been adopted in the restructuring of the financial policies of the developmental state have directed state capacity away from overseeing long-term domestic industrial investment and control over capital flows towards a more haphazard regulation benefiting financial capital over industrial capital, and capital over labour. This trajectory of financial liberalization began under Kim Young Sam, but it was the reaction to the 1997 crisis that cemented it into place, replacing state coordination of investment within industrial firms through a debt-based system with a model in favor of a shareholder-based system of corporate governance. While this transformation has required state outlays of capital and strong austerity to reorient corporate investment, this restructuring has not led to a period of sustained growth or fairer redistribution. At the aggregate level, the overall rates of facility investment and GDP growth have declined. Neoliberalism has led, however, to a slight increase in the profit rate of manufacturing firms and a larger increase for finance since the crisis (Jeong 2007).

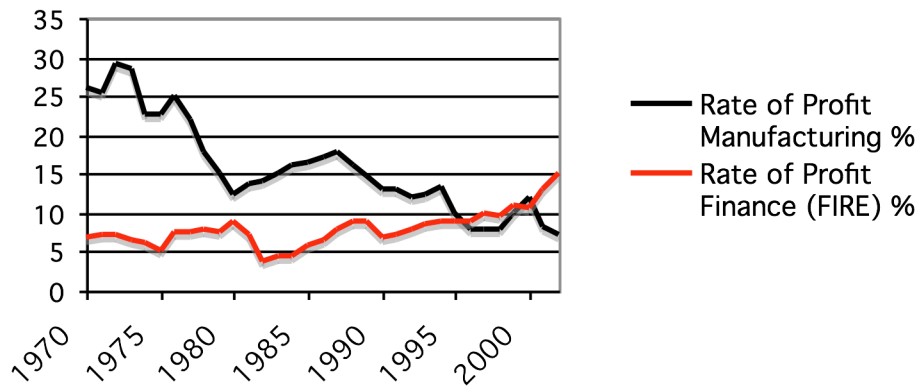
**Figure 3.5: Ratios of Profit to Sales in Korea  
Manufacturing Firms (1971-2007)**



Source: Bank of Korea

As Figure 3.5 shows, the recovery in the ratio of ordinary income (also known as ordinary profit) to sales seems inversely related to reduced interest payments of Korean firms following the socialization of corporate debt. This means that the dramatic, government absorption of firm's debt pictured in Figure 3.4 above accounts for much of the increase in the share of ordinary income to sales. This change in firm income is harder to detect using Jeong's (2007) calculations of the profit rate, as these include net interest in their calculation (i.e. profits include net profits plus net interest; cf. Brenner 2002, 285-288); in other words, they are indicators of surplus rather than income after interest. This makes it difficult to detect the influence that high debt levels had on the firm income rate during the developmental period through Jeong's calculations (see Figure 3.6 below); though Jeong's figures do show that the surplus extracted through production was very high. In addition, the low level of financial profit recorded by Jeong (2007) indicates that even though manufacturing firms had a high profit rate, lending to them was not a highly profitable enterprise under developmental finance.

**Figure 3.6 Rate of Profit in Manufacturing and Financial Sector 1970-2002**

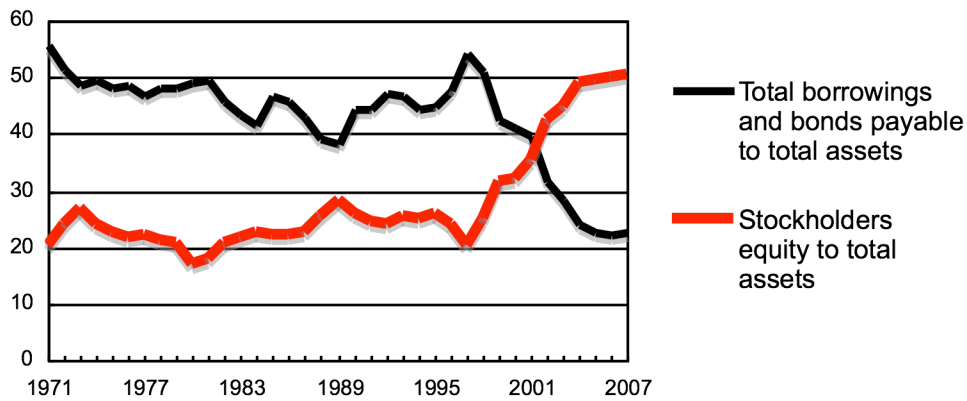


Source: based on Jeong (2007, 63).

As the supply of policy loans has dried up since the crisis, and caps put on bank lending to the *chaebol*, the increased profit share of Korean firms has not led to higher levels of industrial investment. Instead, new investment is contingent upon raising funds either internally, through retained earnings or cost cutting, or through shareholders. As Figure 3.7 shows, stockholders' equity shares of total assets have grown high relative to total borrowing in the years after the crisis, putting more power, theoretically, into the hands of shareholders than the state—bank—*chaebol* nexus of the developmental period. However, *chaebol* families continue to control their firms through circular investment and exercise more power as equity holders at present than they did under the developmental regime, where the government acted as a *de facto* majority shareholder. Furthermore, as firms tend to store more capital to avoid costly takeovers (Kim, Yong-Gi, 2005; Aglietta, 2005) and distribute earned profit in the form of dividends rather than new investment, it is unclear whether or not the shift to equity-based finance as opposed

to the system of policy loans and performance-based regulation bodes well for future investment and economic growth.

**Figure 3.7: Debt to Equity: Manufacturing (1971-2007)**



Source: Bank of Korea

In terms of investment, while exports have been strong since the crisis, domestic investment in manufacturing has been sluggish. Between 2001 and 2006 only five sectors have had robust expansions of facility investment. Manufacturing was not one of these, with significant growth only in semiconductors and audio-visual equipment, which had the highest annual output growth at 22% with 32.3% in facility investment for manufacturing (Jung 2007). Much new investment has been in risky or speculative investments such as venture capital and mortgage and consumer credit. Financial services has been one of the few growth industries in this period, with facility investment growing at 39.9 % per year (though it only posted an annual output growth of 6.5 per cent, pointing to the speculative nature of much recent financial investment). Facility investment by real estate and business service industries grew to a combined 57.7% annually from 2001 through 2006 (Sohn, 2007); however, this has not increased the

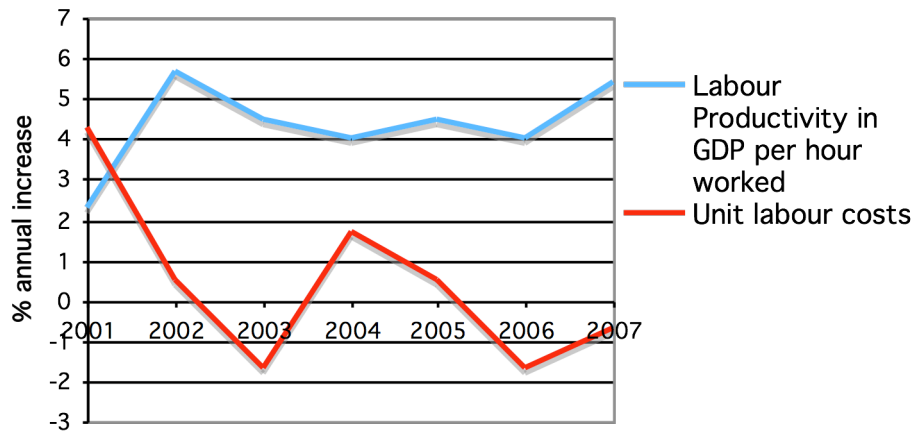
overall growth rate of GDP which continues to decline. Furthermore, the development of new real estate bubbles which has paralleled the privatization of the banking system has created structural problems – for instance, bubbles have plagued the financial sector three times (in venture capital, credit card debt and real estate) since the 1997 financial crisis – that the state has difficulty in addressing (see Chapter 4) since it is reticent to use state intervention to control financial flows.

Jeong's (2007) analysis of the profit rate is useful for understanding sources of profitability such as the intensification of labour exploitation and the organic composition of capital. While Jeong's decompositions only extend up till 2002, he argues that labour exploitation accounts for the rise in manufacturing profit rate after 1997. Further analysis by Guarini (2006, 30) as well as data from the national accounts reveal a widening gap between wages and productivity since 2001 (figure 3.8). This indicates that wage growth continues to grow slower than output within Korean firms.<sup>47</sup> This means that increases in the profit rate since 1997 have been based on an intensification of labour exploitation. Jeong argues that this was complimented by the devaluation of capital stock brought about by governments socialization of firm's debt. This slower wage growth undercuts domestic demand, worsens inequality, and undermines the efforts of the reform bloc to promote social solidarity.

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<sup>47</sup> While there are different methods of estimating profit rates, Jeong (2007) provides the most thorough decomposition available using Marxist methodology. Finding sufficient data to calculate the profit rate for the Korean economy raises strategic problems, and unfortunately Jeong's data series only extend up to 2002. Brenner (2002) and Crotty and Lee (2009) use ratios of profits to assets as an alternative method; however, it hard to further decompose these numbers. Thus for the period after 2002 I have used the profit share ratios in Figure 3.5 above and Guarini's (2006) examination of the wage and productivity gap, plus data from the national accounts to identify potential trajectories in profitability since 2002.

**Figure 3.8 Labour Costs and Productivity  
Manufacturing (2001-2007)**



Source: Bank of Korea

This raises questions to whether or not a new developmental model could perform better than neoliberalism and whether or not some return to developmental policy, though on a democratic basis, might be better for generating jobs and investment. While the cold war frameworks of developmental policy have been reformed, industrial policy advocates have argued that a institutions of social cooperation could be used to create a new framework for industrial policy through creating incentives for research and innovation, and through setting industrial standards for wages and investment. This might help generate investment in more highly value-added industries where patient capital and high debt levels are often necessary, while also satisfying democratic demands. In particular, new forms of planning might be used that can correct for the bias toward heavy industry, as well as the environmental problems, regional bias, and gender and socio-economic inequality associated with the developmental dictatorship. Industrial policy might also be used in a way that compliments the struggles for greater recognition of the inequalities

produced by the previous developmental trajectory through greater redistribution.

However, this would entail a more heterodox approach to restructuring than has so far been carried out. Certainly, there is room to do this, but it is a question that involves the ability of reform forces to coordinate between labour, the state, and business, as well as the creation of new state institutions that can regulate industrial investment in a more democratic manner than previous developmental and neoliberal policy (see Chapter 4, below, on some of the Korean debates about welfare state development).

### *Conclusions*

The purpose of this chapter has been to examine how the system of developmental finance has been restructured within an expanded field of interactions between reform movements, economic bureaucrats, business groups and international organizations, with an emphasis on the post-1997 crisis conjuncture. This reform has seen the radical transformation of the forms of financial channeling and long term industrial targeting performed by previous Korean governments. This transformation, however, has not seen a mere withering away of state capacity, but rather its reorientation towards facilitating neoliberal restructuring. In the process I have tried to show how it is possible to discuss state capacity in a relational manner without the assumption that state autonomy is necessary for the state to effectively encourage development or undertake reform. On the contrary, state capacity has been examined here in terms of extended power relations that inform how both developmentalist and neoliberal projects have been formulated. Thus far, the analysis of this conjuncture has remained at a relatively macro-level, showing specifically how developmental finance has been deployed and restructured during the

post war period. To a degree, countries such as Japan and Taiwan (also commonly regarded as developmental states, cf. Wade 1990) have experienced similar pressures for reform and my discussion of some of the international as well as internal constraints on developmental policy and sources of neoliberal reform might provide the basis for some interesting comparisons between countries; but such is beyond my purposes here.<sup>48</sup> What I would like to do now is narrow the focus to some of the relationships within the liberal-progressive bloc during the long decade in order to show in more detail how the postdevelopmental transition has complicated the reform priorities of the liberal

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<sup>48</sup> While this chapter has detailed changes to the financial policies and the state/bank/chaebol nexus described by developmental state theorists, the changes I have described also point to broader transformations in patterns of capital accumulation that further research might examine. For instance, regulation theory might add much to the study of the current conjuncture, detailing changes to Korea's accumulation regime and the various modes of regulation informing it. The rise of postdevelopmental finance described here points to a transition in the way that this regime is regulated, especially the potential of the state to manage high rates of economic growth. The degree to which change in a financial mode of regulation speaks to a transition toward a finance-based accumulation regime, however, is debatable. While financial restructuring has led to speculation in asset markets, more evidence is necessary to demonstrate to what degree financial forms of accumulation have displaced traditional manufacturing. For the moment it seems that an export-oriented accumulation regime continues to dominate the South Korean economy; however, financialization has enabled individual firms (rather than the state) to have greater control over investment decisions, thus expanding the room for speculative activity and export of capital. Examining these changes in light of Jessop and Sum's (2006) regulationist analysis of exportist regimes, for example, might provide an avenue for further research. When I first began writing this I created two schematic diagrams detailing the circulation of capital under developmental and postdevelopmental periods, and which I filled in anecdotally, to attempt to grasp areas of change and transition. These are attached as Appendixes 2 and 3, and are based on expanding the basic Marxist circulation diagram – M-C-M – in order to show different moments in the circulation of capital described and changes to the regulation of labour discussed in Chapter 5. Future work might try to examine different moments of these circuits and look for interconnections, especially between circulation of capital and changing modes of production. At the moment, however, this dissertation is concerned with the political configuration of economic reform (or, to use regulationist terms, its political mode of regulation, in terms of hegemonic politics), and the role of labour and civil society within this reform, so such a project is beyond its scope.



progressive bloc. By focusing on some of these relationships, I hope to not only examine how neoliberalism has intersected with democratization, but also examine particular policy areas where political dilemmas have arisen for reformers attempting to reorient the Korean political economy along a more egalitarian and redistributive path.

## Chapter 4:

### The Politics of Participation

*“The biggest issue is neoliberalism or I call it market fundamentalism. It has a history of about 10 years because the DJ [Kim Dae Jung] government introduced it partly by the pressure of the IMF partly on their own initiative. The DJ government deregulated so many things in the real estate market, which has put a fire on the dormant real estate market for ten years so much that a giant has woken up. So the price rise started from that period not from the Roh government, actually. So people do not know this and acknowledge this [fact], so they all think the blame is on Roh Moo Hyun but it is wrong. That movement [towards liberalization] was initiated by the top economic bureaucrats who came from the Honam government... they are the forerunners of the market fundamentalism movement at the moment.”*

Interview with former member of Presidential Policy Planning Committee under Roh government (March 2007)

*The task of framing alternative consensus cannot be left to political advisory groups or think-tanks for political parties and a few of their political leaders. In order to formulate alternative consensus in opposition to the hegemonic conservative consensus, it is necessary to have a comprehensive intellectual infrastructure formed over the long-term period, as well as the public sphere for policy discussions where various plans for alternatives can compete with each other. In the current Korean reality, asking a politician or a political party to deliver such a vision would be like looking for fish in a tree. The political elite of the opposition party came of age as politicians under the old regime. When they finally came to power, they became preoccupied with factional competition over patronage and the pursuit of their own career interests. Ultimately, the responsibility to advance alternative theories fell to the grassroots movements and to intellectuals.*

Choi Jang Jip, *Democracy after Democratization* (2005, 189)

The transition to postdevelopmental finance – the restructuring of the strategic state/bank/chaebol nexus and state control over financial resources outlined in chapter 3 – has transformed the capacity of the South Korean state to generate investment and sustain economic growth in the way it did under the developmental dictatorships of Park Chung Hee, and, to a lesser extent, Chun Doo Hwan. This is because the state-bank-*chaebol* nexus through which the state channelled finance to industrial firms, in return for the

fulfilment of performance-based requirements, has been restructured. In its place is a more equity-based form of investment, and a liberalized, de-leveraged financial system. The South Korean state no longer has the same effective capacity to encourage lending in new industrial sectors as it did during the developmental period. In the previous chapter, I discussed some of the outcomes of this transition, as well as some of the actors involved in it. In this chapter I expand this focus to examine in greater detail how developmental state reform has intersected with the reconfiguration of relations between political and civil society in the long decade.

While reformers' attempts to reorient the Korean political economy have met resistance from established corporate and elite interests, in this chapter I want to focus on the contingent character of the reform bloc, and the influence its construction has on reform strategies; i.e. how the fusion of liberal and progressive elements into a political bloc has influenced the articulation of alternatives to the developmental state and the coordination of reforms with other actors within state and civil society. The experience of dictatorship led to the political unity of the opposition forces and fused them into a cohesive bloc that has contested both the regionalism and elite power of the old, conservative regime. However, as I discussed in Chapter 1, the economic reform strategies of the reform bloc have raised questions about the politics of democratic equality and of democratic participation in developmental state reform. Because of the broad basis of support for reform governments, and the democratic promises they sought to embody, these questions have been the most acute in the "participatory government" of Roh Moo Hyun and within the "participatory economics" of the Kim Dae Jung. The reason for this is that while the reform bloc has effectively instituted procedural reforms

and pursued engagement toward the North, democratic demands for economic justice and economic equality have remained subordinated to neoliberal reform. This is largely a problem of articulation. While on the one hand procedural reform strengthens demands for economic justice by providing a legal space from which unions, social movements, and other reform forces can make demands for greater economic democracy. On the other hand, the inability of the reform governments to institute alternatives to neoliberalism erodes popular support for reform forces and risks the return of conservative hegemony, which can also serve to undermine political liberalization. Thus, the ability of democratic reformers to articulate democratic demands within a logic of equivalence, and to effectively coordinate reform between civil society and the state, is a problem that deserves analysis; if only to understand how tensions within the reform bloc informed the selection of neoliberal policy and contributed to the fragmentation of the liberal and progressive forces.

In this chapter I will argue that this problem of articulation arose largely because of two reasons. The first reason involves the transition to democracy, which was based largely on a passive revolution that benefited the established elite by accommodating exiting parliamentary opposition. This transition led to only a narrowly expanded basis of political competition in which egalitarian demands remained subordinated to economic liberalism in the dominant strategies of the oppositional parties, which were led by established political parties based in the Southwest. Instead, progressive forces had to work on strengthening their nexus within this political bloc and within civil society in order to expand their influence. The second reason is that within the progressive factions of the liberal-progressive bloc, national unification as a democratic demand has provided

the strongest basis of unity between it and liberal forces, to the detriment of economic justice. Thus, demands for egalitarian reform have failed to be articulated by reform forces within a logic of equivalence to either national reunification or procedural reform. In the absence of substantive economic reform, conservative politics and regionalism have come again to undermine the reform bloc. It has also led to poor coordination between reform forces, as the election of Lee Myung Bak has demonstrated.

What follows below is an analysis of the problems of the reform bloc from a perspective of some the tensions that informed reformers during the Roh government, and, to a lesser extent, the Kim government before it. Elected in 2002, the government of Roh Moo Hyun was the first government with a substantive internal constituency from both the grassroots democracy movements of the 1980s. These activists were joined in Roh's Uri party with longer-serving politicians from Kim Dae Jung's Millennium Democratic Party (MDP), from which Roh Moo Hyun's Uri Party emerged. In this way, the Roh regime was a more substantial merger of elements within the liberal-progressive bloc, than previous governments. Furthermore, Roh enjoyed support within a broadly bi-regional voting bloc. As Kim Dae Jung's successor, Roh enjoyed the support of the Southwest, and, Roh could also generate support from Kyeongsang province in the Southeast, from which he hailed, and which traditionally supported the Grand National Party (GNP). Roh's government came into office with large mandate for reform and a cadre of younger reform oriented politicians and advisors from a variety of backgrounds who could help reorient the Korean political economy. However, once in power, the progressives in Roh's "participatory government" suffered defeat in most of their policy proposals and reversed their course on others. While Roh's campaign stressed social

cooperation and slowing the pace of neoliberal economic reform, in practice, his tenure saw an acceleration of neoliberal reform. Roh's embrace of trade liberalization and labour law reform (cf. Armstrong, 2008) resulted in the breakdown of tripartite mechanisms of social cooperation and led to tension between the state and civil society. This raises the question of how interaction between reformers, bureaucrats and social movements influenced this turn of events. There was broad support for the Roh regime across both region and civil society, so an analysis of how his regime failed to create a broader hegemonic push for substantive democratic reform is important for understanding the larger strategic problems encountered by reform movements.

While these problems have been perhaps most visible in the Roh Moo Hyun government, the study of them should not be confined to it. What I shall do in this chapter is to examine how some of the reform problems encountered within the Roh regime can be related back to the way in which political and civil society have been reconfigured within the larger trajectory of democratization, and, in particular, to some of the conflicts and tensions encountered by the liberal-progressive bloc. While reform governments have used the participation of reform forces to legitimize their rule, I argue that they have not utilized this participation in a way that can suggest and implement substantive egalitarian alternatives to the existing power of the domestic conglomerates and state administration. Through an examination of conflicts around key issues of corporate governance and trade liberalization, I show how these reform dilemmas have been influenced by and contributed to the fragmentation of the liberal progressive bloc into competing factions. To do so, I will describe some of the tensions within the reform thought of the 1980s democracy movement and then consider how the reform priorities

of this movement have influenced the politics of participation under the reform governments.

*Reform Thought and the 'Long Decade'*

The transformation of Korean civil society after 1987 is best analysed by tracing some of the background power relations between groups that influenced the transition to free elections in 1987 and the reconfiguration of political space that resulted from these events. While provoked by a democratic uprising, this transition was accommodated by a passive revolution within the relations between the state and the elite. This led to a further fusion of liberal and progressive forces into a cohesive reform bloc; the ideological tensions within this bloc have led to problems of coordination. Prior to the democratic transition, the 1980s movements were composed of a number of disparate groups of workers, students, farmers, feminists, citizens, and liberal-left intellectuals loosely organized into a broad based movement known as the *Minjung* movement. This movement was in many ways an umbrella movement involving several sites of organization from political opposition parties to church groups, underground networks of blacklisted students-cum-workers, dissident unions, worker's night schools, and local campaigns for democratic government. Though one can say that this movement included many sites of struggle, these movements operated under a general oppositional framework. They largely articulated their claims within the three principles (*Sammin Jooui*) of the *Minjung* movement: anti-imperialist nationalism (*Minjok*), democracy (*Minju*), and populism (*Minjung*) (Hur 2006, 109-115). While there was a regional basis to mainstream opposition politics and an inclination towards market democracy in Kim

Dae Jung's political thought, it was mostly the ideas of two key tendencies within the *Minjung* movements that animated the more radical grassroots social movements. These were loosely termed NL and PD after the terms National Liberation and People's Democracy. They constituted two radical poles of the progressive movement, although between them there were many variations of these perspectives. In general, however, the development of both trajectories of radical thought came out of the debates in the early 1980s about the nature of Korean capitalism. One sect (NL) believed that the division of the peninsula by foreign powers was the main issue thwarting democratic development on the peninsula and thus pursued unification as its primary political goal, while the other (PD) put the emphasis on the domestic configuration of capitalism and the establishment of a egalitarian peoples' democracy as the priority to be addressed first, before considering re-unification. The NL line tended to look more in favour of the regime to the North, while PD remained generally much more agnostic (Park Mi, 2005). Thus, one can see here two competing solutions to problems of Korean political economy, one that put the emphasis on the territorial interests of states and of imperialism, and another that highlighted the capitalist dynamics of state power.<sup>49</sup>

Many of the young student and labour activists whose protests culminated in the transition to electoral rule in June 1987 (many of whom also participated in the 'Great Worker Struggle' in the subsequent months – Korea's own 'Hot Autumn,' if you will)

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<sup>49</sup>As Gi-Wook Shin (2002) has noted, these ideologies emerged out of and alongside the more populist *Minjung* movement and had inflections of ethnic nationalism in the way in which the Korean people were conceptualized. However, I would argue that the concept of the *Minjung* put emphasis primarily on the subaltern sufferings of popular classes and thus has a looser connotation of 'oppressed masses' than a particularly nationalist limitation. However nationalist articulations of *Minjung* subjectively are quite prevalent. See also Wells (1995) and Koo (2001). I make the argument in Chapter 6 that perhaps *Minjung* terminology may be more open than it seems (see also Doucette 2005).



were influenced in part by strains of the NL and PD. They embraced goals such as the end of the division system and the expansion of socialist democracy on the peninsula. However, the actual transfer of power brought about by the June Democratic Uprising of 1987 was mediated by constitutional amendments and the organization of free elections by the members of the established regime and the oppositional political parties; thus, a different politics from that of the radical social movements came to animate the immediate transition.

Choi (2005) described the transition as a passive revolution in that the transition was managed by the elite through accommodating, partially, some of the demands of the democracy movement. The immediate result of the transition was that the link between the political elite and the state administration was opened to political competition. However, with the election of Roh Tae Woo, the economic and political elite of the old regime, as well as the existing state administration, retained power. As Armstrong (2008) notes, the central instruments of the repressive dictatorships were retained including the National Security Law and the key agency for its enforcement, the Korean Central Intelligence Agency. For the first two regimes after 1987 (Roh Tae Woo and Kim Young Sam), economic decision making remained largely in the hands of the economic elite and state administration. As described in chapter 3, many of newer economic bureaucrats had been in favour of a transition to market democracy since at least the early 1980s and many continued to hold their posts in the state administration (Kim, Y-T 1999). The political elite remained largely in power as well, with only a slight vacillation under the government of Kim Young Sam, whose political party was formed by a compromise between former oppositional party members and members of the old regimes.

Nonetheless, even if the transition to free elections was the result of a passive revolution in response to a democratic uprising from below, the old regime could not fully recuperate itself. This expanded the political space for civil society, even if it was not able to strongly affect the field of official decision making in the immediate aftermath of the 1987 protests.

### *From Civil to Political Society*

After nearly thirty years of military rule, however, civil society groups were poorly developed at the institutional level and unable to advocate a strong alternative to the mandates of the dominant political parties. As Kim Ho-Gi (2005) points out, the transition to free elections and the collapse of the Soviet Union left progressive forces in disarray. Particularly, because many left wing forces had advocated revolutionary transformation of Korean society and the development of some variant of socialist economy, it was difficult for them reconfigure their demands in light of the changed conjuncture. Nonetheless, they soon reformulated their strategies within the political space afforded by democratization and activists began to work through several fronts at once: the labour movement, the political parties, and civic organizations. This created a split within the old *Minjung* organization between popular movements, such as the labour movement, and civil society organizations. As Seong Woo Hur (2006) remarks,

The former maintained its belief in the urgent political need to struggle against capital globalization, a highly developed form of imperialism, and the neo-liberal democratic state that delivered the full impact of globalization. The civil movement's priority was continued participation in the democratic state. For example, organizations such as Citizens' Coalition for Economic Justice (CCEJ) and the People's Solidarity for Participatory Democracy (PSPD) criticised the weakness and limitations of the *Minjung* movement, accusing it of radical politics and strategic rigidity, and claimed that focusing on class issues would not solve

the various social problems facing the post-modern Korean society (Hur 2006, 115).

Soon after the 1987 transition, activists from the democracy movement began to create and expand civil society organizations. Organized together in the Korean Council of Citizen's Movements (KCCM), groups such as the Citizen's Coalition for Economic Justice (CCEJ), Korean Federation for Environmental Movement (KFEM), Lawyers for a Democratic Society (Min-byun) and the Korean Women's Associations United (KWAU) set their sites on reforming Korean political economy and the many social, political, environmental, regional, and gendered biases of the developmental period. Progressive lawyers worked on creating a independent prosecution and judiciary, and promoting legal monitoring of human rights. Feminist groups advocated for greater gender equality under the law. Meanwhile, among economic reforms, some of these groups promoted shareholder activism and corporate governance reform to improve the transparency and accountability of Korean business. Others, including People's Solidarity for Participatory Democracy (PSPD), which was founded in 1994 to bridge the gap between NGOs and the mass movements, worked on eliminating political corruption by monitoring electoral politics. They also promoted better state regulation of industry as well as strategic investments in social welfare, arts and culture, along with reform of the education system to address past inequalities. Meanwhile, other groups advocated and pursued projects for peaceful engagement and reunification with North Korea. In this they were joined by an expansion of unification activism within the student movement.<sup>50</sup>

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<sup>50</sup> While my discussion of the civil society movement here is more concerned with economic reform it should be mentioned that in the different reforms undertaken by the wide variety of civic movement groups, in their own ways, compliment each other and

As Kim Dong Choon (2006) has pointed out, the citizen's movement (*simin undong*), in contrast to the *Minjung* movements (*Minjung undong*) of the 1980s, entailed an implicit compromise over the limits of political participation. The efforts of civil society were concerned with changing and acting within the existing field of the law. By contrast, the 1980s movements were aligned in overcoming the existing state of dictatorship through mass mobilization and collective politics rather than being explicitly concerned with the construction of new legal frameworks or advocacy networks. It would be wrong, however, to conclude that civil society organizations were not concerned with comprehensive societal transformation even if their forms of mobilization had been transformed. Even though they had switched from revolutionary action to the development of civil society, political parties and post-Marxism (c.f. Jung, Y-T 2000; Yi, 2006; Yi and Ko 2006), the priorities of the 1980s movements continued to inform progressive political practice even if their strategies and tactics have been transformed from one of broad-based mobilization to the creation of strategic advocacy groups and NGOs. One consequence of this, however, is, as Kim Dong Choon (2006) argues, that the civic movement has suffered from a tendency of students and intellectuals from the

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influence economic reform by introducing new procedures, interest groups, and state institutions into the mix. For example, under Park Chung Hee and Chun Doo Hwan, the prosecution and judiciary remained largely subordinated to presidential imperatives and degrees. Thus, changes to the legal system that introduce a greater degree of independence for lawyers and judges have a recursive effect on economic policy, mediating the politics of development by presidential degree and introducing an additional forum for oppositional forces to press for change. Though a further analysis of the role of the courts in late development and the current conjuncture is beyond the purview of this dissertation, as I am more concerned with how relations within the reform bloc have influenced the politics of economic reform, future analysis of how progressives have utilized the courts as well as an analysis of how the courts themselves provide a potential or problematic venue for egalitarian politics in (post)developmental states would be worthwhile.

democracy movement to become professionalized and centered around advocacy work instead of mass mobilization. Thus the constituency of the new civil society movements has become smaller and is less likely to adopt mass mobilization as a political tactic. Though certainly there are a number of NGOs that participate in wider social movements, civil society groups also have limited resources and receive little funding, which limits their ability to mobilize.<sup>51</sup> Thus the more limited focus on monitoring and policy advocacy speaks to the constraints of the democratic transition, and the strategic problem it raises for civil society as the mass movements of the 1980s were demobilized.

To expand their influence, progressive civil society organizations became more active in attempting to reform political society not only on the outside, through election monitoring and the creation of voter lists (Kim, SH, 2003), but also by supplying reform-oriented governments with policy advisors. Importantly, both the Kim Dae Jung and the Roh Moo Hyun governments facilitated the move of progressives from civil society to political society by promoting reformers to key advisory positions. The government of Roh Moo Hyun, in particular, was staffed with a significantly higher number of former democracy and labour activists as advisors and ministers than previous governments. It also cultivated a closer working relation with economic reform NGOs and the shareholders rights movement (Lee, Yeonho, 2005, 296; Cho DY, 2006, 75; Jang and Lim, 2006b). The positions that reformers have taken up have often been as presidential advisors, policy planners, and heads of presidential commissions. Other positions have

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<sup>51</sup> In recent years philanthropic institutions such as the Beautiful Foundation and the Hope Institute have been established to fund diverse initiatives by grassroots groups, and unions have also funded grassroots NGOs connected to the labour movement. However, these institutions still do not have the amounts of grants and state funding available to similar organizations in richer countries.

also been ministry posts, positions within government sponsored research institutes, and even the post of prime minister, as seen in the case of veteran feminist and democracy movement activist Han Myoung Sook. Fewer reformers, however, have been located in the career administration posts. Thus a key tension exists between politically appointed reform positions within the state and career public officials. This has posed certain problems in getting progressive policy enacted, especially in areas concerning distribution of the wealth and transparency in the corporate sector. Thus, while progressive reformers in the Kim and Roh regimes have made progress on engagement with the North,<sup>52</sup> they found their ability to increase social welfare muted by disagreement over how exactly to continue to restructure the Korean political economy.

### *Dilemmas of Economic Reform*

The problems of economic reform under the liberal-progressive governments of Kim Dae Jung and Roh Moo Hyun needs to be analyzed in terms of the opportunity provided by the 1997 financial crisis and the legitimacy it granted to progressive forces. As Choi Jang Jip explains,

The very establishment of the Kim Dae-jung government meant that people supported those who struggled the most fiercely against the military authoritarian regimes. It meant that the government had the mandate to carry out a full-scale democratic reform. In particular, because of the financial crisis that resulted in an IMF bailout loan, the Kim Dae-Jung administration was given an absolute mandate to carry out reform. Concurrently, the status of the all-powerful *chaebol* reached an all-time low. Under the circumstances the support for the new government, and accordingly the power entrusted to the state, was enormous (Choi, 2005, 183-4).

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<sup>52</sup> The design of pro-engagement economic policy in terms of projects like the joint Kaesong Industrial Complex, a labour-intensive export-oriented manufacturing zone, spoke to the greater ease with which engagement projects have been organized, as I will discuss in Chapter 7.

However, while it appeared that the Kim Dae Jung, and later the Roh Moo Hyun governments had a hegemonic mandate for reform, the economic reforms that they pursued, as discussed in chapter 3, remained subordinated to financial and corporate governance projects, such as shareholder value, that fit nicely into a neoliberal framework. Why then, if there was a mandate for broader reform, were reformers not able to shift the trajectory away from broad neoliberal transformations towards a trajectory with greater emphasis on redistribution and social welfare?

The answer to this problem, I would argue, involves not simply the limiting frameworks implemented by the IMF reforms but, in particular, the way in which the politics of participation has been organized under both the Kim Dae Jung and Roh Moo Hyun governments. While this problem involves the path dependent power of elite groups within the state administration and political society, it should not be reduced to them, and must be situated in relation to some of the key tensions in the reform bloc.

As discussed in Chapter 3, the Kim Dae Jung government implemented strict restrictions on the domestic *chaebol* after the 1997 crisis. However, by 2004, the decline in investment by the domestic *chaebol*, coupled with the expansion of irregular work (cf. Figures 6.1, 6.2) facilitated by post-crisis reforms, led to a growing discontent with the government's economic policies. This discontent has led to disagreements among economic reformers as to what the role of the domestic *chaebol* should be in the domestic economy. There was sustained debate over whether or not some form of compromise with the *chaebol* in return for an increase in investment might be beneficial. Thus, within the extended liberal-progressive bloc and its nexus with civil society, a line of conflict emerged between reformers who preferred to adopt a more pro-*chaebol* industrial policy

and those that promoted shareholder restructuring. In many ways, this lack of a solid alternative framework can be related back to the contingency of the democratic transition: the transition to a more radical democracy had been thwarted by passive revolution, and thus economic reform strategies had to accommodate themselves to an unanticipated conjuncture in which a clear consensus on what to do with the domestic conglomerates, and how to combine this reform with other democratic demands, was lacking.

Ironically, both attitudes towards corporate governance restructuring had emerged from economic justice NGOs such as the Citizen's Committee for Economic Justice and People's Solidarity for Participatory Democracy. Shareholder activists from these groups have gone on to occupy positions in the government and in other groups such as Solidarity for Economic Reform, the Center for Good Corporate Governance and the Korea Corporate Governance Fund (a fund that invests in firms with transparent corporate governance criteria). Meanwhile, many left-liberal pro-industrial policy advocates have been involved in the creation of a loose network of economists and reformers known as the Alternative Policy Forum (*Tae-an Yeondae*) which is generally oriented towards promoting debate on social democracy and the development of a welfare state. Reformers loosely affiliated with this network were positioned within both state and privately funded research institutes and some had the ear of important political leaders within Roh's Uri party.<sup>53</sup> Though these reformers all share a similar trajectory through civil society, they have different analyses of the *chaebol* and different priorities for economic reform. Those in favor of restructuring of the *chaebol* along the lines of shareholder value complain that the domestic *chaebol* became bloated during the

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<sup>53</sup> Interview, Tae-an Yeondae members, November, December, 2006; February, 2007.



developmental dictatorship at the expense of small and mid-sized businesses. They also argue that the opaque corporate governance structures of the *chaebol* are market distorting, and acted as a strong contributing factor in the 1997 crisis as the domestic sector was not sufficiently regulated before it was opened to international investment (Chang U.-C. 1997; Kim, J.-B., 2003). As a consequence, shareholder activists argue that “in order to prepare for external liberalization, we have to prepare the internal environment.”<sup>54</sup> On the other hand, industrial policy advocates have argued that the existence of large family run conglomerates can be considered as a response to the challenges of late-industrialization and the scarcity of financial and economic resources available for development. Thus, they argue, issues such as financial tunnelling and the high levels of diversification in the *chaebol* have to be treated, in context, as a path dependent feature of late-development (Shin and Chang, 2003) and not simply a feature that can be easily done away with. Industrial policy advocates point out that the 1997 crisis was not simply one of corporate governance but also of the liberalization of short term finance and the retreat of the state from its role as a stakeholder in industrial development. While there are certainly reformers who mediate between these positions, the differences between them should not be underestimated and are often acrimonious. Shareholder rights advocates have criticized industrial policy advocates for aiding the *chaebol*’s hold over the economy and its capital strike against the Roh government.<sup>55</sup>

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<sup>54</sup> Interview, shareholder rights activist, Solidarity for Economic Reform, PSPD member, Center for Good Corporate Governance member, November 2006.

<sup>55</sup> One reformer I talked to regarded the current situation as a capital strike by the *chaebol*, but, empirically this is difficult to document. The debate between industrial policy advocates has also led to lawsuits between the different camps and the establishment of rival corporate governance watchdogs, one with an emphasis on foreign

They also argued that pro-industrial policy advocates are in thrall to a mythology of national champions similar to the popular conservative discourse of joining the advanced countries (*sonjinhwa*). Meanwhile, industrial policy advocates have accused the shareholder movement of aiding the takeover of Korean corporations by speculative capital funds (Jang 2005), which they argue has led to firms retaining earnings to stave off hostile takeovers (Kim, Young Ki 2005). One reformer on the pro-industrial policy side told me that if he had to choose between Park Chung Hee dictatorship or a neoliberal state, he would choose Park Chung Hee. “I’m not a nationalist but some kinds of nationalism are good.” Ironically, this was from a reformer who participated in the democracy movement.<sup>56</sup> Many of the reformers I talked to who discussed these debates complained that they became too polarized and emotional, situated as they are among the factional tensions and competing democratic demands – especially between nationalism and economic justice – embraced by members of the former democracy movements. There seemed to be a tendency among these former democracy activists to think in terms of static models, to pose questions about economic reform as simple either/or questions. For instance, another reformer argued that there are only “two models” to choose from: the Anglo-American and European social corporatism: “if you remove these two models you don’t have a model.”<sup>57</sup> One of Roh’s progressive advisors on economic affairs I

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funds seeking to buy Korean firms, the other on domestic corporations with murky balance sheets.

<sup>56</sup> He also argued that in the restructuring of the Japanese model the state continued to use its control over licensing as well as bank resources (while in Korea, banks have been privatized, and sold to foreign capital) to encourage domestic growth. For him this was evidence of a stronger “national feeling.” In contrast, Korea had instituted caps on domestic ownership and removed licensing barriers to entry into different product lines. Interview, Researcher, Science and Technology Policy Institute, November 2006.

<sup>57</sup> Interview, Samsung Economic Research Institute, December 2006.

interviewed complained that activists-cum-reformers associated with the Uri had “stubborn logic,” while a shareholder activist complained that they “argued too highly.” This binary logic limited their ability to utilize elements of developmental planning in a more pragmatic fashion.<sup>58</sup>

The differences between these camps have been most apparent in terms of the creation of incentives for investment; however, both realized that economic growth has lagged and needs to be addressed by reform forces. “As of 2002, we recognized that this kind of system can’t continue strong growth; even the neoliberals feel that some other form may be necessary, that the anglo-american model may not fit.”<sup>59</sup> The policies both camps proposed, however, remained different. Pro-industrial policy advocates advised Uri members to scrap Fair Trade Commission regulations limiting cross-investment and bank lending to the *chaebol* in order to promote domestic investment, while those on the shareholder side have supported strict curbs on bank lending to the *chaebol* and an increase of taxes on profits and income.<sup>60</sup> Partially because of these tensions, the Roh

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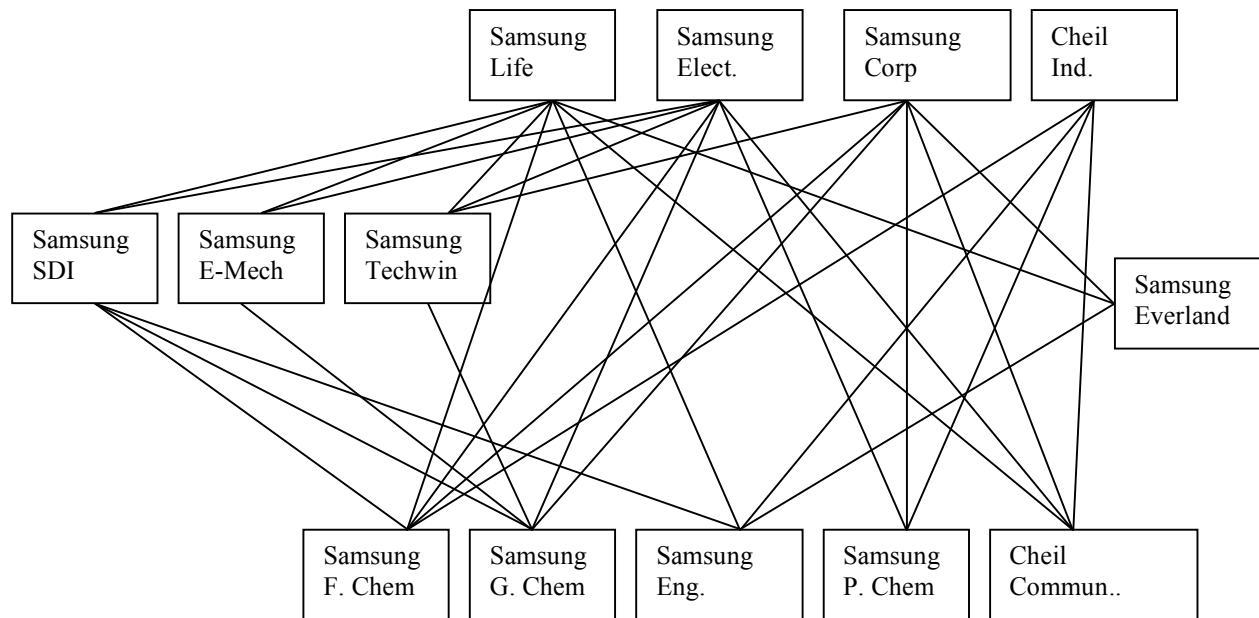
<sup>58</sup> Interviews, Former Advisor on Economic Affairs, December 2006, Shareholder Rights Activist, November 2006.

<sup>59</sup> Interview, pro-industrial policy reformer, Samsung Economic Research Institute (SERI), December 2006.

<sup>60</sup> While both the Kim and Roh government have taken steps to strengthen the rights of institutional and individual investors through adopting international standards, they have not had a consistent strategy on the how best to manage the *chaebol*. Meanwhile, the *chaebol* have been able to evade shareholder power and lending restrictions through elaborate cross-holding and murky governance structures, as depicted in Figure 4.1. In both reform governments much of the debate on the *chaebol* revolved around equity investment ceilings that ban subsidiaries of South Korean *chaebol* from making equity investments in sister or non-affiliated companies in excess of 25 per cent of their net assets. These bans were introduced by the Fair Trade Commission in the late 1980s, removed in 1998 and instituted again 2000, as were regulations aimed to prevent cross-debt guarantees within the *chaebol*. The Roh government also flirted with removing them once again. As Hwa (2003, 90) argues, the constant erection and dismantling of various regulations only adds to the public’s disillusion with government policies.

regime has vacillated in its policies toward the *chaebol*. During the late days of the participatory government, attempts were made to encourage the *chaebol* to invest more in the domestic economy in return for deregulation. However, there remains little incentive for the *chaebol* to do this, at least in response to the government's offers, as they have been successfully able to navigate or water down caps on investment and shareholding through elaborate intra-group shareholding and circular investment through which the controlling family can control the whole conglomerate via a central holding company. They can do this without necessarily needing to directly own the majority of stock in their affiliate firms, and in some cases the main holding company might only own 4 percent of the stock of an affiliate it controls but can nevertheless control its decisions through its control over the entire group. Figure 4.1 diagrams this holding structuring in the case of the Samsung, of which Samsung Everland is the informal holding company. Of course, to keep control within the family, shares do need to be passed on to other family members, and there have been high profile cases of illegal share issuances and evasions of inheritance tax. In general, however, the *chaebol* have largely been able to avoid strict penalties for this as the government has lacked a clear strategy toward tackling the power *chaebol* (cf. Kim, Jin Bang, 2006).

**Figure 4.1: Intra-group Shareholding in the Samsung Group.**



Source: Based on Kim, Jinbang (2004)

### *The Politics of Participation*

The lack of a comprehensive framework for *chaebol* reform is only one of the constitutive tensions of the reform bloc. However, it severely affected the ability of the Roh government to create a unified reform strategy against the economic elite. This confusion undermined the ability of the reform government to coordinate between other social actors in order to enhance the state's capacity to carry out social democratic reform. In this context, the relative inertia in pursuing a more progressive restructuring of the developmental regime enhanced the power of the old elite and conservative factions within the state administration. A key problem voiced by the loose set of Roh government reformers was that in the absence of clear policy mandate, economic bureaucracies tended to modify policy or call their own shots when it came to

administrative decisions affecting the *chaebol*. As one reformer put it, “Unless you have a very clear vision it is easy to get shaken.” “Progressives loose their voice in the ministries... the [ministries] say they accept a new policy then try to implement a different policy.”<sup>61</sup> If the ruling party and NGOs could not maintain firm pressure on the state administration, the finance and budget ministries would exercise an informal veto over particular progressive policies, submitting their own policies or revising government directives in such areas as corporate governance reform. Even during the regime of Roh Moo Hyun, these ministries advanced policy explicitly in the interest of domestic conglomerates. In the words of the frustrated policy advisor quoted above: “MOFE [Ministry of Finance and the Economy] governs MOFE.”<sup>62</sup>

Choi Jang Jip has argued informal elite networks still inform state policy at high levels and continued to be a problem under the Kim Young Sam and Kim Dae Jung administration. This problem has carried on into the Roh Moo Hyun administration.<sup>63</sup> These informal networks (*piseon*) among the elite and the administration “represent the rule of private power within a giant public organization, and at the highest level of the highly centralized state power structure.” Many of these elite networks are formed on a regional and educational basis (see Table 4.1). For example, the Korea University Alumni Association is a key source of affiliation for both conservative politicians and elite business people, second only to credentials from Seoul National University. These

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<sup>61</sup> Interview, former advisor on economic affairs, January, 2007.

<sup>62</sup> Interview, former advisor on economic affairs, January, 2007.

<sup>63</sup> Roh’s suicide in May 2009 during an ongoing corruption probe has shocked the Korean liberal-progressive bloc and raised introspective questions about corruption in Korean politics. Even though Roh’s administration was perhaps the most transparent to date, it seems that these informal networks have still played a part in corruption within the state administration, and, perhaps, it seems, within the ruling party itself.

elite networks extend down even to the high school level, especially in the case of the Kyunggi high school which has produced elites on all sides of the political spectrum. Choi cautions, however, against reading the problems of reformers as simply determined by the power of the elite. Rather, he argues, that the endurance of informal networks are a symptom of the lack of “procedural universality and openness” (Choi, 2005, 184-185).

**Table 4.1: South Korean Elite: Educational Backgrounds**

Position	Seoul National University	Korea University	Yonsei University	Military Academy	Other	Total
Executive	37.2	8.9	10.9	1.4	55.7	100
Minister	52.5	7.3	n/a	10.1	30.1	100
Senior Official	53.8	13.4	6.7	n/a	26.1	100
National Assembly Member	32.1	10.3	3	3.6	51	100

Source: Kim Yun Tae (2007); based on 1991/1995/1996 statistics

Choi argues against fetishizing elite power. Rather, he argues, the strength of informal networks should be seen as a problem that has been influenced by the lack of a clear strategy on behalf of democratic reformers for creating a democratic state administration.<sup>64</sup> Choi himself served as Chairman of the Presidential Commission on Policy Planning from April 1998 to April 1999 and could witness this problem first hand. As Choi discusses, the 1997 crisis provided the liberal progressive bloc with a moment of legitimacy and opportunity to reform the state administration, but while Kim Dae Jung

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<sup>64</sup> The same might be said for the role of the conservative media. While many progressive reformers have blamed the problems of reform governments partially on the conservative media, it seems that the media’s power is enabled by the lack of a coherent strategy to provide alternative forums of debate on social issues. While Roh attempted to reform the media, his party was unable, or rather unwilling, to use their majority to push through reform bills in December 2004.

announced a plan for “parallel development of democracy and market economy,” this plan was “avowed but not concretized as a general path for reform policy.”

Thus, everything became ambiguous. The scope and principle of a democratic government’s intervention in the market was not defined. Thus, the only way to overcome the IMF crisis was to passively implement the reform package outlined by the International Monetary Fund. In regard to the question of how the market must be organized in a new environment called globalization, a model was not provided where the issues of *chaebol* restructuring, privatization, labor, employment, social welfare, etc. could be discussed within a *single comprehensive framework*. In the meantime, following the authoritarian development ideology, market efficiency and market fundamentalism began to gain power as a new hegemony. Through a new dogma, a vulgar theory of the dichotomy between the state and market became dominant; the new dogma argued for the maximum reduction of the state role and the expansion of the market (Choi 2005, 190-191, emphasis added).

The failure to create a “single comprehensive framework” for state reform diminished state capacity to pursue to democratic reform by putting limits on how far the reform government of Kim Dae Jung was willing to endorse social cooperation between the state, labour, business, and social movements as a mechanism for state restructuring. Instead of an alternative framework for development, the result was the promotion of a minimalist market order (ironically termed ‘participatory economics,’ c.f., Kim D.-J. 1996) in which the state administration and *piseon* networks continued to hold considerable power.

The opportunity to create new frameworks to restructure the state administration and the market through using excluded groups such as labour and other social movements as a countervailing power was resisted, or fumbled. Thus, the problems of elite power and lack of an effective forum for reorienting the state administration continued on into the Roh regime, but there too, the “participatory government” lacked any solid strategy for participation. In the absence of a clear strategy to deal with vested interests in the



bureaucracies, reformers under both the Roh and Kim administration began to seek harmonious relationships with powerful ministries, such as the Ministry of Finance. As a consequence, elite interests in the ministry and the corporate sector had the ability to marginalize progressive reformers when policy disputes erupted, such as disputes between the separation of finance and industry and the structure of domestic conglomerates discussed above. One former presidential advisor argued that the former chairman of the Financial Supervisory Committee, Lee Dong Gyo, and the former Chairman of the Presidential Planning Commission, Lee Chong Woo, had been forced out of the administration by elite interests because they had fought for the separation of financial and industrial capital.<sup>65</sup>

As I shall discuss in greater depth in the next chapter, under both the Roh and Kim administration, formal institutions of social cooperation became forums in which the government attempted to use the participation of labour and civil society groups to legitimize a neoliberal policy trajectory (cf. Table 5.1). Part of the problem here was that reformers had focused on market reform in the hopes that economic liberalization would complement political democratization. Without a forum to suggest social democratic

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<sup>65</sup> Sources that I interviewed that were close to these advisors argue that the more conservative presidential advisors had played a large role in these purges, as had Samsung and the economic ministries. Interview, former presidential advisor on economic affairs, January 2007. A number of key economic reformers were forced out of the Roh administration in this way and such purges were not limited to economic policymakers or intra-party factions. A member of a culture sector NGO argued that the conservative press was able to marginalize the progressive culture minister, Lee Chang Dong, who opposed the government's plans to remove protections on the domestic film industry by manufacturing a false scandal. Interview, fall 2006, member of the Alliance to Preserve the Screen Quota. In general, these sorts of purges began after the more progressive leaders of the Uri Party were marginalized following the failure to pass several reform bills in December 2004. After that, a more moderate faction assumed party leadership, many of whom hold key positions within the current Democratic Party.

alternatives to market-oriented policies (for example, some form of co-determination system with greater participation by labour, or a wage earner's fund that could direct industrial investment),<sup>66</sup> democratic participation remained subordinated to neoliberal policy. This led to the limiting, crippling, and eventual collapse of social cooperation mechanisms and discord between labour and both the Roh and Kim governments. Meanwhile, state capacity over capital flow and industrial policy, became further restructured, creating problems for the state to maintain high employment and economic growth.

Without some form of grand social compromise, progressive reformers found that it was very hard to push comprehensive economic reform in other areas, particularly income redistribution. After union wage gains following the great workers struggle in 1987, income inequality has been increasing since 1992, moving from a GINI coefficient in the 0.285 range in 1992 to the .33 range in 2005 (IMF, 2006, 71).<sup>67</sup> Much of this is linked to the decline in regular employment following the 1997 crisis. The government has not been able to meliorate the increase in inequality and irregular employment with significant increases in taxation or social expenditure. As Figure 4.2 points out, social expenditure remains far below OECD average. Some presidential advisors argued that the “social tripartite structure can be a ‘win win’ game” if used to solve “problems regarding social welfare and taxation.”<sup>68</sup> However, without a central forum for dealing with these

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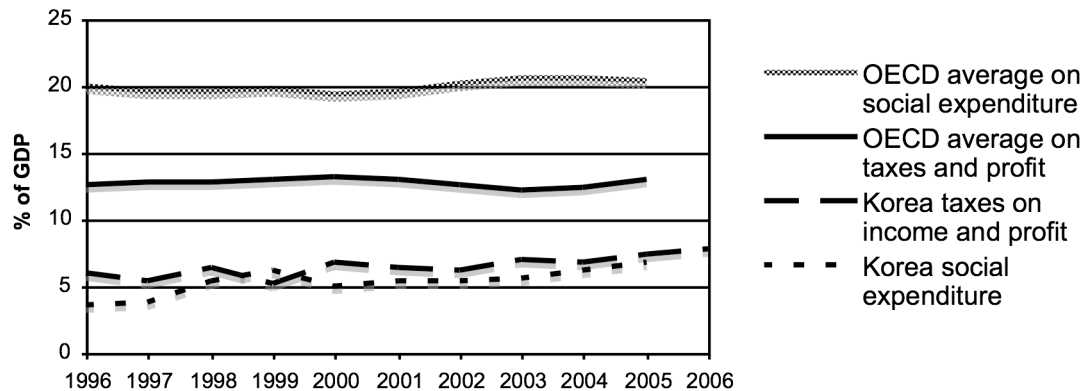
<sup>66</sup> When proposals such as these were made, such as when unionists proposed buying out GM Daewoo with a mixture of government and pension funds, there were quickly dismissed. Interview, KCTU activist, June 2006.

<sup>67</sup> As discussed in Chapter 3, it is hard to precisely fully measure inequality in wealth due to lack of statistics on the total net worth of *chaebol* families.

<sup>68</sup> Interview with former member of Presidential policy planning committee, March 2007.

issues in the form of a grand social compromise, a dilemma was created in terms of what forms of redistribution could be pursued.

**Figure 4.2 Social Expenditure and Taxes on Income and Profit (1996-2006)**



Source: OECD Country stats.

The lack of effective political coalition between labour and the Roh government led to a lack of political will in creating redistributive policy. Thus, progressive policy makers attempted to work around this constraint and pursue other forms of redistribution. As one key policy planner described,

Income redistribution is very hard to push in Korea because of the wide resistance from conservative forces and because of people's sentiment. So I tried this through asset redistribution rather than income redistribution; by addressing [inequalities in] education and real estate...<sup>69</sup>

As progressive policy makers close to the president chose to attempt to redistribute what assets they could through housing and education policies, the government then became involved in the re-developing existing apartments to increase the supply of low-income housing and attempted to reform the education system. They did this by modifying the admissions system for post-secondary education in order to benefit students from poorer

<sup>69</sup> Interview with former member of Presidential policy planning committee, March 2007.

socio-economic backgrounds who cannot afford the many cram schools and private institutes that most Korean students go to in order to get into a good university. However, these policies have been at best stop-gap measures. Furthermore, the government's real estate policy was contradicted by the restructuring of the financial system which had led to speculation in real estate through poorly regulated promotion of mortgage and consumer credit (Crotty and Lee, 2005). By the fall of 2006 the failure to halt real estate bubble was acknowledged, at least confidentially, by Roh's policy advisors on real estate policy.<sup>70</sup>

#### *Exodus, voice, and rupture*

Frustrated by the limited politics of participation, a number of progressive policy makers began to publicly criticize neoliberal interests within the ruling party. After Roh himself announced the start of negotiations for a Free Trade Agreement with the United States in 2005, a number of progressive advisors resigned or found themselves out of job. They complained that that the president was easily swayed by more conservative advisors and the economic ministries.<sup>71</sup> One advisor I interviewed argued that this contributed to the lack of clear policy ideas, and the president began to publicly doubt his ability to govern. "The president [Roh Moo Hyun] was emotionally very progressive but theoretically he didn't have many strong ideas... after two years the progressives [were forced] out and

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<sup>70</sup> Colloquium with presidential policy advisor on real estate policy at Sungkonghoe University, November 2006. This was part of series of 11 talks organized by former and current Roh government reformers in which they discussed the problems of reform under the participatory government.

<sup>71</sup> Various interviews, presidential advisors and reform politicians, December 2006-March 2007.

the other bureaucrats prepared the ways for faster decision making”<sup>72</sup> After reformers in Roh’s ruling Uri Party failed to use their 59% majority in the National Assembly to push through a package of policies abolishing the National Security Law and reforming the private education system, the Roh government began to take a more conservative course – the President himself proposed a grand coalition with the conservatives – and a majority of progressive reformers were forced out of their advisory positions and replaced with more conservative and moderate segments of the reform bloc. After their departure, these reformers became more vocal and criticized the Roh regime for accelerating trade liberalization without having first secured the development of an adequate social safety net. Not all reformers from the progressive bloc resigned, however, and to some degree Roh attempted to retain support from progressives. For example, in April 2006, Roh promoted veteran feminist and democratic movement activist Han Myoung Sook to position of Prime Minister. Instead of a simple exodus of reformers, what remained in the ruling liberal progressive bloc was a delicate dialectic of voice and exit.

Han Myoung Sook was formerly the Minister of Gender Equality (MOGE), a newer ministry that many feminist activists from the Democracy movement and after have joined. It was created in 2001 but its budget remained very small until 2005 when it grew to over 1 billion dollars as it became responsible for the administration of the government’s child care programs<sup>73</sup>. The participation of feminist reformers in the ministry was hotly debated among grassroots feminist organizations. On the one hand, feminist activists were pleased that the women’s movement had been recognized as a

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<sup>72</sup> Interview, ex-Presidential Economic Policy aide, January 2007.

<sup>73</sup> The ministry’s history and budget can be found on the old website for the MOGE.

vital partner in creating government policy. Others feared that having members of the women's movement administering state welfare and family programs – what some activists termed “state feminism” (Kim Kyoung Hee, 2002; cf. Brown, 2006) – might be used to legitimize the larger trajectory of neoliberal restructuring and undermine the feminist movement. They argued that progressive policy from government is more possible when the feminist movement is strong; at that point the government is more receptive.

The MOGE is a more peripheral ministry compared to other ministries so womens' groups may feel the need to make them powerful. When we pull back from the ministry, other ministries will pull back... But to do so means negotiating, for example getting the childcare policies is connected to womens issues, but it is not explicitly a feminist issue so there is a struggle and confusion and confrontation still going on.

One of my seniors, she was the leader of Yeo Se Yeon [an organization of women in parliament] and now she is in the Bluehouse [the home of Korea's president, similar to the Whitehouse]. It was easy to criticize when you are outside but now it is more difficult. She says there is a need for activists to engage the state. “State feminism” is necessary, because the state is the biggest patriarchal organization. We have to work on it but it is not easy...My position is that we need to know what the state is doing. Personally, I criticize the state feminist perspective but I have to work with them on a project basis.<sup>74</sup>

Han was thus sensitive that her position as Prime Minister could be used as an endorsement of policies that might roll back or privatize social services for women and expand gendered forms of irregular work. As progressives both within and outside of the government began to criticize the Roh administration for embracing trade liberalization, the Prime Minister found herself attempting to mediate between reformers from the

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<sup>74</sup> Interview, member of the Women's Cultural Theory Group, Korean Women's Development Institute, December 2006. This activist also argued that “Whoever takes the loss from neoliberalism has to walk through the valley of teardrops, it seems to be accepted that it is ‘zero-sum’ game.” Thus, for her it was important that the women's movement oppose neoliberal policy.

ruling bloc while also consulting with critics and reformers outside of it.<sup>75</sup> She eventually resigned quietly before the FTA was signed. This was a strategic move, as she later ran for the presidential candidacy of the reform forces that eventually emerged as the Democratic Party. Other reformers who had made the exodus, however, were more vocal in their criticisms of the policy changes by the Roh administration. Outside of the government, these reformers seemed to have more room to propose concrete solutions to some of the reform inertia they found within the Roh regime.

A group of these reformers began to more openly advocate a transition to a Scandinavian-style economic model. “Because we still have a strong state, regulatory power, big corporations and strong labour, perhaps a European model is much more suitable for Korea. It is also good for enhancing democracy – it is better for the trade union movement to be institutionalized – and a buttress against market forces.”<sup>76</sup> These suggestions also seemed to mediate some of the previous tensions between shareholder activists and industrial policy advocates by suggesting that corporate governance reform could be combined with industrial policy through a social compromise with the *chaebol*.

We can make it [social compromise] a weapon that we can drive the *chaebol* group to a new model. Samsung can be [like] the Wallenberg group [a Swedish family conglomerate] but have them accept the minimum set rules of the rules of the market economy. They have to know what is wrong and what is right...<sup>77</sup>

Following the announcement of plans to negotiate a Korea-US free trade agreement, justified as a “pragmatic” choice by the government, advocates of a welfare state approach quickly saw this as a wrong direction for government policy.

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<sup>75</sup> Interview, reform activist, co-founding member of PSPD, January 2007.

<sup>76</sup> Interview, pro-industrial policy reformer, SERI, December 2006.

<sup>77</sup> Interview, former Presidential economic advisor, December 2006.

Lee Jeong Woo, a progressive economic reformer and Roh's former chairman of the Presidential Policy Planning Commission, signalled the rift that had been created between Roh and his former advisors in an editorial in the national daily *Hankyoreh* newspaper. Lee himself has been highly critical of the economic inequality unleashed by the 1997 crisis (Lee JW, 2002) and wanted the government to move in the direction of a Scandinavian model. He felt that the hasty abandonment of social cooperation and the negotiation of a free trade agreement with the United States before an adequate social safety net could be put in place was the wrong direction for economic policy.

The "Participatory Government" of Roh Moo-hyun has, over the last four years, worked in its own way to overcome a culture where "growth is everything" and "the market rules above all," and I praise it for its efforts. The results have been a greater emphasis on harmony between growth, the re-distribution of wealth and the role of the public sector. Now, however, it is saying that it is suddenly going to trash that philosophy and go back to the familiar priorities of growth and the market. Put simply, it has turned to the right, and there ahead lies the cliff. Right now what is right for Korea is a greater turn towards the left. It is the Scandinavian social democratic model that has been judged the best of all the market economy experiments the human race has experienced so far. In public opinion surveys as well, it is the Scandinavian model that Koreans say they like the most. Though of course it would be difficult to move to that model right away, we should be gazing toward Scandinavia to get there. A free trade agreement with the U.S. means we are going to go in the wrong direction (Lee, 2006).

The hasty negotiation of the FTA with the United States served to deepen divisions within the reform bloc. Labour and farmer groups especially became more vocal in their protests against the FTA. The embrace of the democratic demands of these groups had earlier helped the reform bloc offer an alternative to the regionalism of former governments. Without a strong social safety net to buffer trade liberalization, or an alternative to neoliberal reform, the regional boosterism and populist economic rhetoric of the conservative bloc began to gain support.



Criticism from prominent former advisors struck an ideological chord within the liberal-progressive bloc that spoke to tensions of the long decade discussed above. In anticipation of the fall 2007 presidential election, Roh's governing party broke up in the national assembly, and reformers that remained on the pro-government side against the conservative opposition grouped together under the banner of the United New Democratic Party (UNDP). They made an effort to put forth a single candidate in the elections, but internally, they remained relatively divided into rival sets of ideas and strategies on where to go with future policy. In practice, the "pro-government" forces only remained united on the issue of continued peaceful engagement with the North, but nonetheless, attempts were made to present a cohesive alternative to Lee Myung Bak in the presidential race. To make their case, liberal forces argued that a unified front against the conservatives must be made in the election in order to avert a transition to conservative rule. They feared a conservative victory would isolate North Korea and roll back the clock on peace efforts, while also undermining progress in the six party talks. After North Korea's nuclear tests in 2005, inter-Korean relations had only recently begun to look more stable following the inter-Korean summit in October, 2007.

Politicians and intellectuals associated with the broad liberal-progressive bloc argued that the basis of unity for liberal forces here must be an advancement of a pro-engagement policy rather than an alternative economic vision, as liberal and progressive forces are more deeply divided on what such a vision should be. Thus the main call from the liberal camp was for a democratic centrism in opposition to conservative rule, rather than a nuanced and social-democratic alternative economic program. In the lead-up to elections key pro-engagement intellectuals took stabs back at those progressives who

chose not to remain in the party and support the pro-engagement priorities of the liberal reform bloc, asking if continued opposition to the FTA and the fight against neoliberalism should be the key priorities of the progressive movement.

The point, however, is whether such a configuration [opposition to neoliberalism and the KorUS FTA] augurs well for overcoming the '87 regime. The strengthening of the more radical progressive camp(s) in such an alignment will not be without its positive meanings. But there is an acute risk that an easy electoral victory for the conservative opposition, plus the existence of radical sects satisfied with mere quantitative expansion, may prolong and further embitter the downward slide of the '87 regime in its final days. Precisely at this moment when room for unprincipled 'middle of the road reformists' has shrunk due to the conclusion of the FTA negotiations, we should bring about a regrouping of forces for progressive reform with 'radical centrism' as their main tenet—without of course, necessarily holding on to the term as an electoral slogan (Paik, 2007).

These debates, in many ways, revealed that the twin priorities of the radical 1980s movement (for reunification and economic equality) had become disarticulated, and this tension was perhaps the most pronounced in the later days of the participatory government.

Some observers saw irony in the defence of Roh's neoliberalism by left nationalists. Roh had been elected after protests against the Status of Forces Agreement (SOFA) following a tragic accident involving US troops in 2002, and promised to act independently of the US government to advance reunification projects. However, his decision to send troops to Iraq created a rupture among reformers from the 386 generation, especially those affiliated with NL tendencies discussed above. These reformers were divided between those who saw Korea's participation in the Iraq war as a necessarily evil for room to pursue engagement with the North and those who could not offer their consent to such a project. Another point of compromise for former left nationalists was the Kaesong Industrial Complex in North Korea, goods from which

South Korean trade negotiators attempted to get included in the trade deal with the US.

The Suyu group, a collective of former democracy movement intellectuals critical of taking the nation as the basis for social struggle, criticized the reversal of the left nationalist position during FTA negotiations as a sign of the hypocrisy as well as a possible rupture within Korean nationalism.

[S]ome activist groups in South Korea, whose identity is characterized by “national liberation,” are not leading the anti-U.S. movement, but standing by the government’s decision with “conditional support” at a time that calls for the strongest anti-US movement. They are willing to support a decision that allows the North Korean economy to find a way out, even if it means signing the U.S.-South Korea FTA. They also hope that this could be an opportunity to reduce the tension between the two Koreas and induce arms reduction, thereby cutting down the budget of national security and turning it into a resource that could resolve social polarization. Those who took an anti-U.S. [position] in the name of the nation and unification are now standing by the U.S. for the same cause. How can we understand this strange irony?

If this is taken further, US-South Korea FTA may cause a rupture within the nationalist camps. How can we be certain that there will not be two nationalist dispositions: one, that of anti-U.S. and the other, that of a re-unification movement. In this case, U.S.-Korea FTA will also be remembered as the starting point that caused the nationalist camp to stir and split. If I take my concern one step further, this may be the threshold where the turn takes place from the typical modern assemblage of Korean nationalism into a right-wing ideology. Right-wingers in Korea were previously pro-U.S. anti-Communists with nothing to protect but their immediate interest; however, they may be replaced by typical right-wingers who are hailed by the nation. Is it so strange to imagine that these nationalists will take the place of conservatives in South Korea’s political geography? Is not the emergence of national liberation groups without an anti-U.S. sentiment a symptom that “nationalists not against the U.S.,” if not “pro-U.S. nationalists” are beginning to gain importance in South Korean politics? (Yi and Ko, 2006, 7).

While Yi and Ko use this rupture to criticize the basis of social struggles on a nationalist subject, their analysis of ruptures within the reunification bloc reveals that the tension between economic justice and reunification continues to animate the liberal progressive bloc. This problem continued into the December 2007 election. The lack of alternative

economic proposals to liberal and progressive campaigns allowed conservative forces to rob the liberal bloc of some of its fire by strategically supporting some pro-engagement policies, though not without some internal tension among hardliners in the conservative bloc. Only the Democratic Labour Party advocated a progressive stance on economic issues, though its leadership's primarily nationalist orientation and somewhat antiquated silence on North Korean human rights issues overshadowed their policy proposals and cast their opposition to existing neoliberal arrangements with a more nationalist inflection than with a comprehensive alternative economic platform. Unfortunately, in the December 2007 elections, no party of the liberal-progressive bloc effectively resolved these concerns. In the end a larger coalition remained around pro-engagement candidates, but Lee Myung Bak won the election and the participatory government dissolved back into some of the competing tensions from which it arose.

### *Conclusion*

What I have tried to do in this chapter is to show how the challenges involved in the reform of the Korean developmental state that were experienced during the participatory government speak deeply to embedded tensions that have been inherited from the democratic struggles of the 1980s. These tensions inform not only what it means to be progressive in terms of potential economic reforms that can be made to the Korean economy, but also the chance to put forward a viable alternative to the division system that does not exchange its priority as a matter of foreign policy for further neoliberal reform. As they have negotiated the democratic transition, and have moved from civil to political society and back again, reformers have carried these conflicts with them as they

have attempted to reform both the economic power of the *chaebol* and the power of informal networks between economic elites and the state administration. The inability of progressive reformers to create a cohesive reform strategy for overcoming these problems represents a crucial strategic failure; one that is informed by ideological conflict within the progressive bloc and the limited use that reformers have made of institutions of social cooperation. A consequence of this problem, to which I shall now turn in Chapter 5, is that the failure of attempts by the participatory government to create consent through institutions of social cooperation have been followed up by coercion when consent has not been obtained. This undermines reform governments' claims to democratic participation, and raises strategic problems for reformers attempting to address problems of socio-economic inequality and the expansion of irregular work.

## Chapter 5:

### The Failure of Social Cooperation

*In January of 2002, a worker at the metalworkers union affiliated to KCTU, died by self-immolation as an act of resistance against the brutality of the claims for damages and provisional seizure. Later in the same year, 2 other metalworkers at different companies also chose to take their lives because of damage claims or seizures that amounted to hundreds of thousands to millions of dollars. In 2006, new claims and seizures at 4 workplaces totalling close to 3 million dollars were demanded from unions and workers. Most are the results of strikes. The common characteristic of these firms was that they were all workplaces that employed irregular workers. The seriousness of the claims and seizures lies in the fact that they lead to not only an infringement of trade union activities, but also to the destruction of families and, ultimately, lives as well.*

KCTU (2007b, 5) *Understanding the actual situation of labour rights in South Korea*

*In Korean society there is nothing that demonstrates the salient characteristics of civil society [more] than the status of the worker in it.*

Choi Jang Jip, *Democracy after Democratization*, 268

In the previous chapters, I focused on the important changes wrought by financial liberalization and the sources of this restructuring in terms of shifting political alliances brought about by both the democratic reform movement post 1987 and the economic reforms before and after the 1997 financial crisis. I argued that the ability of reform forces to reconfigure the Korean political economy along a more egalitarian path has been obstructed through the embrace of neoliberal reform and through ideological conflict within the reform bloc. While reformers have been able to make use of the expanded nexus between civil and political society to expand procedural reforms and pursue engagement with North Korea, this conflict puts limits on the participation of the labour movements and other social movements in the reform process and has hindered the development of a comprehensive framework for economic and state restructuring. Instead, neoliberal reform became seen as a solution to the demands for transparency and

economic growth. Of course, as discussed in Chapters 3 and 4, neoliberalism has not delivered higher economic growth and the chaebol have been able to maintain tight control over their affiliated firms through circular shareholding, even in the face of strengthened shareholder rights. This chapter explores the politics of social cooperation endorsed by the reform bloc in more detail. While industrial relations scholars see the use of social cooperation mechanisms<sup>78</sup> as evidence of a potential hybrid-corporatism within Korea's fledgling industrial relations system (Kong, 2004; McNamara, 1999), I will examine how the subordination of social cooperation to neoliberal reform has had the effect of undermining substantive participation of the labour movement within reform governments.

In order to better understand this problem in light of democratization I will first trace a very general sketch of labour movement activism under the developmental dictatorship so that the mobilization of the labour movement in the post-dictatorship period can be better understood. As Andrew Herod argues,

Recognizing that workers may see their own self-reproduction as integrally tied to ensuring that the economic landscape is made in certain ways and not in others (as a landscape of employment rather than unemployment, for instance) allows them to be incorporated into analyses of the location of economic activities and the production of space in a theoretically much more active manner than heretofore has been the case (Herod, 2001, 33-34).

Therefore, understanding how labour has attempted to create its own spatial fixes will help facilitate a better understanding of what is at stake in social cooperation processes. It

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<sup>78</sup> The issue of relational comparison (cf. Hart, 2002) is important here, as attempts to pin down Korea's system of industrial relations to simple typologies of corporatism requires a historical understanding that does not define industrial relations systems as absolute types but rather attempts to trace some of the contours of different labour relations systems and situate them in the novel and changing historical contexts in which they have arisen.

will also help me to examine the democratic potential of the labour movement and how it might inform an alternative politics of state restructuring and economic growth: a potential that has been largely neglected by reform governments. Unfortunately, the failure by these governments to create a wider basis of consent for economic reform has been matched with the application of coercion. This has led to new lines of tension between the reform governments and the labour movement, largely surrounding the differential rights and benefits accorded to irregular and regular workers.

Since the labour movement has experienced a more limited set of political opportunities than reform NGOs, its participation in the processes of social cooperation has continued to involve a high degree of contestation in response to official policy. This trajectory of contestation can be traced back to attempts to maintain authoritarian strategies that animated Korea's "peripheral Fordist" or "bloody Taylorist" modes of labour control during the developmental era (Hart-Landsberg, 1993; Lipietz 1987). While the transition to democracy in 1987 opened political space for civic movements to depart from the mass-based mobilization of the *Minjung* movement, for the labour movement, the politics of participation in democratic reform has been more difficult. The economic space of wage earners has not been as easy to restructure through civic activism, though certainly this complements worker activism, and has entailed a continuing trajectory of mass-mobilization in order to construct an independent labour movement that can act effectively at both local and national levels. However, relations between labour and reform governments have been strained by conflict. This limits the ability of the reform bloc to implement economic democracy and to utilize labour in the reform process. This conflict can best be seen in the design of social cooperation mechanisms, which have so



far served to limit the agency of labour in the process, through attempting to create a “political fix” (cf. Silver 2003)<sup>79</sup> that can benefit capital by confining the political agency of labour to business-oriented unionism at the enterprise level and diminishing the structural potential for the reform bloc to suggest an alternative basis for developmental state reform.

### *Labour and the Developmental Dictatorship*

In order to better understand the constraints on labour’s bargaining power within tripartite institutions, it is first necessary to examine how labour has been a part of the transformation between civil and political society during the long decade. In this way, it will be possible to see areas of path dependency and change that shape Korean labour relations and thus inform institutions of social dialogue. Unfortunately, like other civil society groups, the labour movement has tended to be neglected in studies of developmental states unless it could be fit into the state autonomy framework. Studies of Korean labour markets in the development phase are also quite rare with the exception of Choi Jang Jip’s *Labour and the Authoritarian State* (1989) and Frederic Deyo’s (1987)

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<sup>79</sup> The concept of political fix comes from Beverley Silver’s *Forces of Labour: Worker’s Movements and Globalization since 1870* (2003), where she utilizes Harvey’s concept of the spatial fix to chart the movement of both capital and worker unrest across the economic landscape. Silver shows how capitalists attempt to counter worker unrest by increasing automation (a technological fix) or advancing into newer spatial frontiers (a spatial fix) or new product lines (a product fix). While Silver reserves the term ‘spatial fix’ for capital migration it occurs to me that ‘technological’ ‘product’ and ‘political’ fixes are all deeply spatialized and should be regarded as spatial fixes in Harvey’s sense of the term. Each fix she described requires a reorganization of the landscape of production and new spatial organization. Whether it be new machinery, product lines, or bargaining procedures, each fix changes both the space (who works on what and where, as well as organization of the workplace) and time (hours of work, speed of production, delegation of tasks) of production.

comparative study of labour in East Asian industrialization. Choi examined the development of manufacturing unions and their interactions with the state, and attempted to record what influence workers had upon the labour relations system through both official channels and disruptive strikes during the first period of authoritarian rule (1961-1980). Meanwhile, Deyo examined institutional patterns of labour organization and representation in East Asian NICs and found patterns of paternalism, demobilization, and despotic workplace relations. However, he was hesitant to offer more than a descriptive reading of these regimes as his study was more concerned with a synchronic description of comparative East Asian labour markets rather than a diachronic study of the factors influencing labour in a particular country. It was not until Chun Sunok's (2003) study of Korean women workers, *They are not machines*, and Hagen Koo's (2001) *Korean Workers: the culture and politics of class formation* that richly qualitative studies of Korean workers' movements during the authoritarian period were produced; although, Martin Hart-Landsberg (1993) and George Ogle (1990) provided important interventions into the role of the labour movement as a key source of dissent against authoritarian industrialization. Korean intellectuals, on the other hand, did produce their own theories of Korean labour under authoritarian industrialization (cf. Kim and Park, 1985); however, these texts were often written under pseudonym or banned. This intellectual production was also tied to larger debates on social formation and thus to the ideological trajectories of the *minjung* movements discussed in the previous chapter, which continue to inform labour movement practice to this day (cf. Chai 2006 for a discussion the relation between intellectuals and the labour movement).

During the developmental period, worker's activities were highly constrained and where union formation existed it was largely concentrated into enterprise level unions that were unable to coordinate effectively. There was considerable government and managerial repression that thwarted free union formation (Jeong, 2006) and a pervasive military culture in the workplace (Janelli, 1993; Koo, 2001). While labour activism was repressed or remained relatively quiet during the 1960s, the labour movement began to expand considerably in the 1970s. This activism was spearheaded by women workers and sympathetic labour activists in the textile and light manufacturing industries, and culminated in a series of famous strikes by the end of the decade. Women workers fought bitter battles for union accreditation, melioration of working conditions, and for basic human rights (Chun, 2003). They engaged in wildcat strikes, sit-ins, and work stoppages, and near the end of the decade their activism spilled over into a general oppositional organization against the military dictatorship (Koo, 2001: Lee, Namhee, 2007). That many of these workers, and the students who helped them, would be blacklisted by the government, speaks to the power and threat that their activism carried at the time.

A concrete effect of this agitation was that beginning in 1974 union density (the proportion of union membership as a proportion of employees potentially eligible to be included as members) was already higher for female workers than for male workers and began to grow even faster, peaking in 1977 at 30% for female workers in contrast to 24% for male workers.<sup>80</sup> In other words, the activism of women workers was slowly beginning to modify “bloody taylorism” – a term Alan Lipietz used to describe East Asian newly

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<sup>80</sup> However, this figure declined yearly after 1977, dropping below male worker union density in 1985 and bottoming out in early 1987 at just below 14% (Kim, HJ, 1993), as Korean capitalists moved many of the small light manufacturing firms in the textile industry overseas.

industrializing countries' reliance on deregulated labour markets (or, in this case, labour regulations that were not observed), labour repression, and a semi-skilled division of labour (Jessop and Sum, 2006, 157). The female worker-led unrest of the Park Chung Hee period culminated at the end of the 1970s with uprisings by both workers and citizens protesting military dictatorship in Busan-Masan and Kwangju. Repression and massacre followed both of these events that constricted further expansion of labour activism during the early 1980s. Throughout the 1980s and 1990s, and into the new millennium, however, many of this cohort would remain vital in the construction of the grassroots networks and activism of the labour movement<sup>81</sup> and the broad-based peoples or '*minjung*' movements (Koo, 2001; Lee, Namhee 2007). Thus, though the image of the blue-collar male worker in heavy industries often carries the day as a sign of Korean labour militancy, these workers themselves merely inherited or were inspired by the activism of the generation of labour militants that came before. One could also make the argument that the agitations of female workers in the 1970s also provoked the state to continue its heavy industry push in order to respond to labour protest by increasing the organic composition of capital and shifting capital into new product lines. The effect was to move from "bloody taylorism" to what Lipietz describes as peripheral fordism: "a method of growth with some features of metropolitan fordism (for example, mechanized mass production and/or assembly line techniques) but not all (for example, mass consumption is restricted to the urban middle class" (Jessop and Sum 2006, 157).<sup>82</sup>

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<sup>81</sup> Interviews with past and present labour activists involved in struggles between 1970 and the present, 2006 and 2007.

<sup>82</sup> Jessop and Sum (2006) discuss some of the territorial assumptions behind the terms global and peripheral fordism. In general, however, I think the term peripheral fordism, as well as "exportism" (a term proposed by Jessop and Sum 2006) are useful in that they

By the mid-1980s student and worker activism slowly intensified, culminating in the events that led to the June Uprising of 1987 and the acceptance of the opposition's demands for free elections by the Chun Doo Hwan regime, which had come to power through a *coup d'état* in 1980 after the assassination Park Chung Hee. In the period of just three short months, Korea saw more instances of recorded labour strife than for the entire period of post-war industrialization that began in 1961 (cf. Koo, 2001, 157; Kim HJ, 1993), and this period has come to be known colloquially as the Great Worker Struggle. Though much of this activism took place at private firms in mid to heavy industries, the focus was on creating a national trade union movement that could engage with the national state in order to secure workers' rights. Following the Great Worker Struggle, density rates began to grow again rapidly but this time with male workers' union density growing substantially faster, reflecting the new basis of unionism in large, heavy industries, see Table 5.1. After the summer of 1987, the militant trade union federations were still considered illegal at the national level. It took many more serious strikes to establish trade union representation at the regional level in the early 1990s (the strikes around Hyundai heavy industries in Ulsan were important moments here) and then finally at the national level by the mid-1990s in strikes against the government's attempt to reform the labour market in a 1996; ironically, many of these proposed were enacted following the 1997 crisis (cf. Kim Jin Kyoony, 2000). It was not until the IMF financial crisis that full legal recognition of the Korean Confederation of Trade Unions was

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capture the sense of regional or global integration into a geographically extended network of economic flows, but also maintain a focus on intensive (or intensifying) production relations in the domestic economy.

exchanged for the tacit cooperation of the trade union movement in post-crisis restructuring.

**Table 5.1: Union Membership by Business Size (as of 2005-end)**

	Total	Less than 50 workers	50 - 99	100-299	300-499	500-999	1000 or more
Number of Unions	5889 (100)	2966 (50)	964 (16.4)	1285 (21.8)	261 (4.4)	205 (3.5)	208 (3.5)
Membership	1559179 (100)	50360 (3.2)	69246 (4.5)	213535 (13.7)	101168 (6.5)	138812 (8.9)	986058 (63.2)

Source: adapted from KOILAF (2005)

Notes: Units are workplaces, persons, (%)

Like the civic movement, the way in which labour has made use of the expanded political space since 1987, then, has also involved changes to the patterns of mobilization it pursues. The transformation of the general mass movement against dictatorship into more sectoral social movements has involved the complex articulation of labour interests by a variety of groups as well as a shifting field of strategic alliances, coalitions and partnerships. After 1987 it was a broad alliance of pro-democracy forces that, along with the labour movement, supported reform governments, particularly since more workers and socialist parties remained outlawed and suppressed in the early 1990s. While reform governments pursued progressive political reform, they also implemented dramatic neoliberal economic reforms that made labour's participation *vis a vis* these governments problematic. By the late 1990s, the trade union movement tried again to establish a political party to represent their interests, the Korean Democratic Labour Party (DLP). Created in the late 1990s, the party has slowly been gaining more institutional power but has also faced its own set backs due to factionalism in the union movement and negative

public perceptions of the trade union movement because of high profile corruption cases involving influence-peddling and sexual harassment (Lee and Lim, 2006). While the DLP was founded by more moderate (*Jungangpa*) fragments of the trade union movement, the nationalist faction (*Kukminpa*) that formed its leadership during the Roh administration has placed more priority on national unification and autonomy rather than on the current labour situation. One labour activist argued that the problem of the left-nationalist leadership understanding of neoliberalism was that “before 1997 we somehow had this perfect system and that it was changed by outsiders.”<sup>83</sup> The DLP’s slump in 2005 byelections in the labour stronghold of Ulsan also generated criticism that its electoral failure was related to its lack of an alternative growth model.<sup>84</sup> This has led to criticism within the party that it has alienated what are perceived to be its core supporters among irregular workers, unionists, and the self-employed.<sup>85</sup> Nonetheless, the DLP has been a strategic partner of the reform forces in working to expand the national pension program and providing a public criticism of neoliberal policies, and many reformers seem to feel that the DLP can continue to play a role in articulating an alliance politics for progressive forces.<sup>86</sup>

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<sup>83</sup> Interview, labour activist, Asia Monitor Resource Center. December 2006.

<sup>84</sup> Interview, staff member, Democratic Labour Party, July 2006.

<sup>85</sup> This is a point that seems to be generally perceived on the grassroots left and interviews I conducted with various activists from the Democratic Labour Party, Power of the Working Class, Chamsesang, and Solidarity for Social Progress in 2006, 2007.

<sup>86</sup> The DLP’s diminished success in the 2007 election thus led to a split in the party the departure of the ‘equality’ faction of activists from the party who subsequently founded the New Progressive Party in March 2008. Certainly, the DLP are still quite receptive to and active in labour, environmental, and social struggles. However, the nationalist framing of their pro-reunification wing has caused embarrassment for the party among the general public and has played into the hands of the right wing media’s attempt to cast the KDLP as pro-North Korea.

The political opportunities that the reconfiguration of civil and political society during the long decade has opened up for labour has led to debate within the KCTU about the uses of social co-operation versus labour militancy. Some unionists have focused their efforts on trying to build social dialogue with the government, while others have worked on the consolidation of industrial unionism, and yet another sect on the self-organization of non-unionized workers (including migrant workers) at the shop floor and beyond. Grassroots labour organizations such as support groups and labour media have also emerged to take on diverse issues from irregular work to queer politics within the labour movement and made them a part of general labour campaigns. The results of these efforts have come from a coordination of mobilization between enterprises, sectors, and at the industrial level that have made a positive impact on wage bargaining and which speak to a positive political transformation of Korean labour relations culture over the long decade. By 2002, around 60% of unionized workers were involved in bargaining at the enterprise level while nearly 40% were involved in bargaining at a more centralized regional, industrial or national level (Jeong, J-Y 2006; KOILAF, 2008). This increase in collective bargaining began in the 1987-9 period, which saw double digit wage growth rates overall for regular workers, with nearly 10 percent increases for 90-91, and 4-7 percent between then and 2004 with the exception of 1998-9 which were years of zero or no wage growth due to the crisis (Jeong J-Y, 2006).

**Table 5.2 Labour's Spatial Fix: Developmental and Postdevelopmental Regimes**

	<b>Developmental Period 1961-1987</b>	<b>Postdevelopmental Period 1987 - present</b>
Role of unions in interest group politics	Human resource tool, workplace surveillance, militaristic mobilization, corporatist organization	Independent workplace and social organization, human resource tool, strategic governmental partner, conflict



	<b>Developmental Period 1961-1987</b>	<b>Postdevelopmental Period 1987 - present</b>
		resolution body
Main constituencies of established trade unions	Heavy industries (for state-led unions) and light manufacturing for early democratic trade union movement and female workers	Heavy industries and public sector, established industrial unions dominated by male workers. Under-representation of female and irregular workers
Scales of organization	Enterprise level unions, national federation of enterprise unions but bargaining un-coordinated between enterprises	National confederation, industrial federations and industrial unions, enterprise unions, participation in global union and international confederations
Bargaining level	Enterprise level	Enterprise level, Coordinated enterprise level, regional, industrial level, national legislation
Forms of mobilization	Popular uprising, attempted bargaining at enterprise level, extra-workplace education, cultural performance, etc	Political Unionism, workplace mobilization, general strike, interest group formation, NGOs, institutes, Political party level
Participation in government policy	Very minimal	Various forms at tripartite negotiation
Ideology/Subjectivity Symbolic practices	Juche ideology, Leninism, Minjungism, National liberation  State corporatism in conservative unions Anti-discrimination/feminist campaigns linked to larger democratic struggle	Nationalism, SMU, 'progressivism', (workerism, syndicalism, autonomism, in smaller labour groups)  Business unionism in FKTU  Anti-discrimination campaigns linked to worker's struggles
Disciplinary practices	Blacklist, imprisonment, torture, extra-judicial violence, repression on all free union formation	Damage claim, imprisonment, near-compulsory arbitration

The period since 1987, then, has seen a veritable explosion of new political and economic spaces that labour and social movements have used to try and change the orientation of the Korean developmental state (see Table 5.2 for a summary of how labour's spatial fix changed between these two periods.). Though I don't have time here to describe many of these new political spaces, the point here is to show that labour has

been active in a variety of spaces and through a variety of spatial practices. This agency is also in excess of any simple containment into production relations or singular conception of workers as unified subject, as the form of labour activism and organization embraced by workers can be quite variable.<sup>87</sup> Nonetheless, the consolidation of these new political spaces has generated calls for more pervasive labour restructuring from employers groups. These groups have called for the revision of national labour laws to limit labour's pressure on capital as well as the creation of new spatial strategies such as free economic zones. Changes to labour law have led to the expansion of irregular work since the IMF crisis, and have limited the expansion of collective bargaining outside of heavy industries and public sector companies. Union density has declined to a low of around 11 percent and wage gains have slowed (KOILAF, 2008). This raises new challenges for the labour movement regarding how to engage the government and business while also mobilizing workers at the grassroots level.

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<sup>87</sup> For example, intellectuals from the 1980s labour and student movements have formed groups such as the Multitudes Information Center (an autonomist marxist group) as well as the Suyu Institute, and the Society for the Abolishment of Irregular Work. In their own, each of these groups advocates for, or attempts to enable workers, to create a "line of flight" (to use a Deleuzian term) from becoming-irregular or becoming-workers (in the sense of pre-ordained identity or commodified subject of work). Their strategies are reminiscent here of the Italian autonomist movement's "workers struggle against work." Methodologically, I include such strategies as attempts to create spatial fix for labour; however, one can also see how keeping the concept of labourer open destabilizes any unified conception of a labouring subject. At the same time, the efforts of feminist activists to gain wages for domestic labour can be regarded as another form of labour struggle and one that involves a form of becoming-labour in opposition to the division of social from private labour (cf. Elson 1979). The labour NGO Social Program for Action Research in Korea led by labour martyr Chun Tae Il's sister and veteran labour activist Chun Sun Ok can be also be regarded as a "line of flight" or resistance to existing social divisions of labour. SPARK is concerned with training garment workers to produce small batch, high-value added, neo-traditional fashion, providing workers with extra skills and income. In many ways, this strategy promotes a worker-instigated form of post fordist production. For more on SPARK, see my account of their inaugural fashion show (Doucette 2007).

### *Crisis and cooperation*

Since 1997, there has been an attempt to involve the labour movement in government decision-making through institutions of social cooperation. While the Kim Dae Jung and Roh Moo Hyun's governments were elected along the lines of a more conciliatory attitude toward labour, these governments also faced pressure from private employers to contain rising labour costs and declining profitability (though much of this decline can be attributed to the high costs associated with fixed investment rather than a wage squeeze), especially in the export and heavy industrial sectors where union gains were quite strong in the early 1990s. These calls became more acute in the 1997 crisis, even though that crisis was largely the result of financial panic and uncoordinated investment rather than a wage squeeze. During the crisis, the government attempted to use the tripartite committee as a forum for passing controversial policy. In 1997 it offered the KCTU legal legitimacy to accede to IMF mandated reforms during the 1997 financial crisis. The Roh government then attempted to revise the tripartite commission to enact legislation on both the protection and expansion of irregular work by trying to negotiate three new bills on labour market reform with the unions. However, both times the social cooperation process resulted in an eventual breakdown of social partnership.

This attempt to forge a nexus between state and civil society for reforming labour relations can be sharply distinguished from labour relations under the period of military regimes, which strictly subordinated the labour movement to industrial policy and repressed any independent union formation. This attempt to remake labour relations within a more participatory framework, then, should be seen as important democratic

project, and one that attempts to build up civil society as a countervailing power to executive and corporate interests. The problem is that thus far, labour's participation in social cooperation has been analogous to the problem of economic restructuring described in Chapter 4. The lack of a thorough vision for remaking industrial relations has meant that labour's participation in social partnership has remained problematic. The government has limited the role of labour in social partnership to labour market reform and has, by and large, kept other issues such as privatization, trade, and industrial policy off of the negotiating table. Rather than seeing the labour movement as a source of alternative policy ideas, the reform governments have tended to look upon the labour movement as a unified actor that can lend the government the legitimacy to create neoliberal hegemony. Social cooperation politics then seems more about imposing a political fix on labour that can contain the agency of the labour movement, forcing labour to make concessions on the expansion of irregular work, and thus diminishing the ability of the labour movement to address the issues of irregular workers. Furthermore, because of the failure to use social partnership as tool for reforming the state administration, government ministries frequently neglect the labour movements' collective bargaining rights, as well as internal procedures in decision making, and have used legal measures such as limitations on public sector unions and political strikes to repress union activity. The Ministry of the Budget and Ministry of Government and Home Affairs have also been able to "rule by fiat"<sup>88</sup> on government policy such welfare expansion and other policies that might benefit labour.<sup>89</sup>

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<sup>88</sup> Interview, industrial relations researcher, Korean Labour Institute, October 2006. This researcher expressed that he had thought that a stronger commitment on freedom of association needed to be embraced by the state. A staff member of the International

The effect of this political fix is to contain labour's agency to established enterprise-level and nascent industrial-level organization. This is a political fix that attempts to expand and consolidate the late 1990s crisis restructuring of the labour market. As the other elements of developmental planning have been restructured, it is difficult to describe these effects in a single category such as bloody taylorism or peripheral fordism. But one thing is clear. As economic growth slows, and some features of post-fordism and processes of financialization develop (such as specialized batch production and real estate speculation, cf. Cho M-R, 2002), the lack of more expansive political fix benefiting labour means that a more egalitarian, or "high-road" (i.e. high-value added, c.f. Glassman, 2007) alternative will be difficult.<sup>90</sup> In the discussion that follows, I chart some of the tensions between the labour movement and the government

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Organization on Migration also argued that the Ministry of Government and Home Affairs had vetoed sections of the government's Employment Permit System for foreign workers.

<sup>89</sup> For example, by penalizing labour unions for leading political strikes or by denying efforts by more progressive ministries such as the Ministry of Gender Equality to increase its welfare budget. Interview, Society for the Abolishment of Irregular Work, March 2007.

<sup>90</sup> The search for a solution to the current global crisis adds a new dimension to restructuring of the Korean economy. Will it be possible to continue on an export-led trajectory where the rate of growth (see chapter 3) has continued to decline? In other words, are we seeing the emergence of a vague post-developmental exportism or peripheral post-fordism (I use these terms here only to provoke debate; the latter term is keeping with Cho Myoung Rae's 2002 line of inquiry)? These questions aside, for the moment it seems that South Korea's economy is based partially on extensive accumulation (growth occurring through expansion of temporary wage workers, slow or stagnant wage growth compared to productivity) within export and heavy-industrial sectors (cf. Lipietz 1987), with elements of post-fordism and even bloody taylorism (as in the case of migrant labour working in small textile and furniture industries explored in the next chapter) out of it. However, the financial networks into which this system is integrated are volatile and crisis-prone, and it seems that a more activist role for developmental policy, albeit democratic developmentalism – one that decommodifies labour from this volatile market – could ensure greater stability and to protect democratic demands.

and examine how they contributed to the collapse of social partnership under the Roh government.

The first attempt at compromise between labour and capital through social partnership occurred in the early days of Kim Dae Jung's administration, between his election and inauguration. As part of efforts to address the financial crisis, the KCTU negotiated to win its recognition as legal organization and an agreement over the expansion of social welfare in exchange for an agreement on labour flexibilization. While this agreement was negotiated by the leadership of the KCTU, it was internally rejected by the union membership, but the government accepted it as a *de facto* agreement. An example of "low intensity social corporatism" (Gray, 2008), the government continued to recognize the deal as negotiated and changed the laws accordingly, provoking protest and criticism of the tripartite process as whole, from which the KCTU subsequently withdrew. This essentially left the Korean Tripartite Commission (KTC) as an unrepresentative body (with labour represented by only the conservative union federation from the developmental period -- the FKTU); although trade unions did attempt to expand the mandate of the KTC through external mobilization (Sonn, Ho Chul 1997). As Gray (2008) notes, the expansion in social welfare was seen by many as problematic as the level of social provision was not on a scale sufficient to compensate for the ill-effects of restructuring caused by layoffs, nor the expansion of irregular work, and the shock therapy wrought upon the economy by the IMF structural adjustment program. However,

labour's participation in the structural adjustment process did successfully legitimize the neoliberal mandate of the IMF and Kim's regime.<sup>91</sup>

### *Productivist Welfare?*

Kong (2004) has described Kim Dae Jung's use of social corporatism as hybrid and incomplete, a definition that can be extended to Roh Moo Hyun's attempts at the process as well. Kong sees this process as necessarily incomplete because though social dialogue was used to initiate reforms it was not strong enough to encourage long-term social partnership. This was because business was able to gain the flexibility that it desired and there was not much in the deal for organized labour. Not only were concessions to labour avoided if they would improve its structural position over production or investment, but the government itself seemed limited in its ability to entertain alternative understandings of restructuring beyond those that conformed to neoliberal ideas about markets. As Kong explains:

If business was reluctant to make the concessions towards the inclusive form of neo-liberalism favoured by the government, labour was resistant to the neo-liberal agenda altogether. The labour unions thought that the concessions they had made under the social pact would enable just such a pathway to be avoided. For example, the KCTU (one of the original proponents of the pact) consistently advocated a 'democratic structural adjustment' alternative of job sharing through working-week reduction (but without any commensurate reduction in income), an option never seriously entertained by the government and the Korean Employers

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<sup>91</sup> That such concessions would be short lived was also seen even before the Kim Dae Jung regime left office, as increases in the welfare budget subsequently slowed in its declining days and the growth rate of welfare expenditure declined slightly in the early years of the Roh Moo Hyun administration (cf. Figure 4.2), while the number of irregular workers – such as casual, contract, and temporary workers (see next chapter for a fuller discussion) remained high. The social security budget sustained a 10.1-percent annual increase between 2003-2006, whereas the figure increased an average 19.6 percent year-on-year during the Kim administration between February 1998 to January 2002 (Hankyoreh, March 21, 2007).

Federation. For labour, the absence of genuine inclusion was reflected in their failure to achieve input into major areas of economic policy-making such as industrial restructuring. As the orthodox direction of the economic strategy became apparent in the spring of 1998, the position of the radical KCTU turned from cooperation to resistance (Kong, 2004, 34).

Nonetheless, Kong seems to interpret this form of social dialogue as representing an effective response to the 1997 crisis. It restored international confidence in South Korea and allowed employment to rebound by promoting a “productivist conception of welfare” that can contain social-welfare costs and offer “high labour flexibility and the employment-led (rather than redistribution-led) alleviation of poverty” (30). Thereby, Kong argues, Korea’s short-term or crisis corporatism can be seen as an alternative to shock therapy, and represents something of a more inclusive neoliberalism that can be pursued without the exclusion of labour. However, Kong concedes, without substituting social dialogue for social partnership, there are limited chances of institutionalizing a more coordinated direction for government policy. Instead, a more uncoordinated policy mix of government-business bilateralism and/or firm-based or sectoral “micro-corporatism” may persist.

While Kong is correct in his characterization of the social dialogue process as incomplete and only partial, I disagree with Kong’s characterization of this process as necessarily facilitating a productivist form of welfare. This is because the form of inclusive neoliberalism that Kong seems to praise contradicts many of the long term “productivist” tendencies that Kong seems to see the Korean model as a static framework, from which he infers its resilience in previous crises (Kong, 2004, 12). Instead, I would argue that while it can be agreed that certainly there are workfare elements to Korea’s welfare design that were introduced by the post-crisis reforms (cf.



Gray, 2008, 145-149), the effects of general industrial and financial restructuring brought about by neoliberal reform have undermined the forms of productive investment in industrial expansion and regular employment that were common in the period of developmental planning and coordination. Furthermore, the way in which the tripartite process has been implemented has served to undermine the bargaining power of labour and hampers a longer-term social partnership that could democratically reconfigure industrial policy in such a way that might sustain economic growth and strengthen domestic demand. As I argued in chapter 3, the period of liberalization seems to have created a more precarious environment for investment and employment, as increased competition between firms has not necessarily led to more jobs or a more stable macro-economy. In practice, it seems to have encouraged the internationalization of capital away from domestic investment and a higher degree of financialization. Kong is thus incorrect in his assessment of a productivist welfare regime even if his characterization of the tripartite process under Kim Dae Jung is correct. The actual result was workfare without productivism, but Kong is correct that partnership does not equal substantive social dialogue. This is a problem that continued to undermine the social cooperation process under the Roh Moo Hyun administration.

#### *The Failure of Social Cooperation During the Roh Administration*

While Roh Moo Hyun was elected on the promise of a more conciliatory attitude toward labour, like the Kim Dae Jung administration, his government also attempted to use the tripartite process to legitimize neoliberal restructuring rather than to create alternatives to it. In particular, Roh tried to revive the tripartite commission to draft new rules on the use

of irregular workers through the creation of three different bills on the protection and use of temporary workers, “dispatched” workers (workers hired as casual or contract workers through staffing agencies), and the mediation of labour-management conflicts. Roh had pursued this reform because, while the 1997 crisis restructuring had led to the employment of irregular workers in select sectors, there existed much grey area in the law and irregular workers were being employed across the economy. However, rather than setting strict regulations on when and where temporary and contract employment may be pursued, these policies were oriented toward facilitating the expansion of irregular work contracts rather than putting strict limits on their usage. The sudden effort to implement more labour market reform was a surprise to many in the labour community as well as among progressive reformers within the administration.<sup>92</sup> The attempt to use the tripartite process to legitimize this policy was by and large unsuccessful as the KCTU never officially rejoined the tripartite commission after 1998; although, it did join various councils and preparatory talks for a new tripartite framework that the government announced in 2004. This incomplete social cooperation process that the Roh government attempted to use to pass the bills was mired in conflict early on. The two union federations had demanded that a strict definition be drafted that clearly articulates the circumstances under which fixed and short-term contract workers can be hired, while the Korean employers’ federations advocated for a business as usual approach. “Employers benefit from the informal system that currently exists. They can pay whatever fines they

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<sup>92</sup> Interview, former Roh advisor on economic affairs, December 2006. That Labour Minister Kim Dae Hwan, who put these bills forward, was a former labour activist was perhaps even more surprising. It also illustrates that though Roh used connections to former activists to legitimize his reform government, his regime lacked an exact strategy for reforming labour relations.

might get.”<sup>93</sup> The KCTU, on the other hand, voiced its concern over the termination of staffing contracts as a punitive measure against trade union organizing – a practice that the KCTU would like to see made illegal – and pressed for the regularization of casual workers who have already been employed for a total of more than two years. Employers’ groups, however, only agreed to a tacit time limit on non-regular employment and demanded that those now on a contract for less than three years be exempt from such restrictions. They advocated that those who have worked for more than three years only be provided with protection against dismissal, rather than regularized as employees. In the spring of 2005, when a FKTU labour leader, Kim Dae Hwan was killed in a traffic accident on the picket line of an irregular worker’s strike, both unions pulled out of the tripartite process and demanded the resignation of the Labour Minister, whose name, ironically, was also Kim Dae Hwan. An ILO regional meeting that was scheduled for September 2005. A conference that stressed social cooperation was impossible for the ILO to hold in a country where tripartite negotiations had just broken down (Im, 2006).

Eventually, the government was able to lure both labour unions back into the fold after the spring 2006 general elections within the KCTU, when a more conservative faction interested in social compromise politics was elected. However, it was still not possible for the KCTU to reach an agreement with the government as the government was not willing to designate the conditions under which irregular labour could be expanded or agree to a one year term for irregular worker’s contracts. The KCTU quickly left talks with the government and management once again. Just after the August 2006 ILO regional meeting in Busan (the one that had been postponed from the year before),

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<sup>93</sup> Interview, Labour activist, Power of the Working Class (*Nodongja-ui Him*), July 2006.

the government announced a “grand social compromise” on the irregular workers bill. The agreement had been made with the participation of the conservative FKTU, in exchange for the government delaying provisions on union pluralism in the workplace and the abolishment of payment by firms to fulltime union staff. Thus, the issue of company pay for union organizers is a political cleavage between the KCTU and FKTU. The KCTU would rather set wages industrially or between workplaces, while the FKTU wants to retain its paid staff. “Enterprise unions under the FKTU are smaller so they need paid officials. They are a critical part of the enterprise-based system of collective bargaining.”<sup>94</sup> The survival of the FKTU can be regarded as a problem of social solidarity, in that the failure to institutionalize a labour relations system that creates wage solidarity across enterprises allows more corporatist, and often corrupt, arrangements to persist.

The “grand social compromise” or “labour relations road map,” made with the FKTU was quickly criticized by many as a “2.5-ite agreement” (government, management and the conservative union federation) that ridiculed the normative aspirations of tripartite processes. Nonetheless, the new law came into effect in July 2007 amidst a high number of gendered dismissals as companies fired temporary staff. Under the new law, this staff would need to be regularized if they worked for the firm for more than two years, the refusal of many firms to regularize these workers and the summary dismissal of other irregular staff nearing the two-year limit provoked a summer of heated labour protest (see Appendix 4 for an overview of the Law on Non-Regular Work’s provisions for dispatched workers).

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<sup>94</sup> Interview, industrial relations research, Korean Labour Institute. October 2006.

**Table 5.3: Tripartite Negotiations in South Korea**

<p>1<sup>st</sup> Phase Tripartite Commission Dec 1997-Feb 1998</p> <p>Representatives of labour, capital and government participation</p>	<p>Social Agreement for Overcoming the Economic Crisis (rejected by union's rank and file, but recognized by government anyways)</p>
<p>2<sup>nd</sup> Phase Tripartite June 1998-Sept 1999</p> <p>Business and labour groups repeatedly walked out of the process</p>	<p>No agreements reached</p>
<p>3<sup>rd</sup> Phase Tripartite Sept 1999-Present</p> <p>Incomplete representation of labour – i.e. including only the Federation of Korean Trade Unions (FKTU) and not the KCTU</p>	<p>2000: Agreement of Basic Principles on Reduction of Working Hours was reached</p> <p>2001: Agreement on additional five-year postponement of the introduction of the multiple trade unions at enterprise level and no payment to the full-time union officials by employers was reached</p> <p>2002 Agreement on Protection of Non-standard Workers, Employment Promotion of Young Generation and Privatization of Four Affiliated-companies of State Companies was reached</p> <p>2004: Resolution on the Break-up of Korea Electric Power Corp.'s Distribution Business and Agreement on the Revitalization of Employee Stock Ownership Scheme were reached.</p> <p>2005: Agreement on Vocational Training for SMEs and Non-regular Workers was reached.</p> <p>2006: - Agreement on promoting middle-aged and aged persons' participation in the labour market was reached.</p> <p>- Agreement related to measures to activate the childcare service for low-income workers was reached.</p> <p>September 11 2006 - Grand Tripartite Agreement on the Roadmap for Industrial Relations Reforms was reached.</p>

<p>(Other) Tripartite Representative Meetings 2004-2006</p> <p>An Attempt by the Roh government to revitalize industrial relations and the KTC, participation by each party.</p>	<p>Two meetings were held in June and July of 2004 before the KCTU quit the process over the government's position on the Non-Regular Workers Protection Bill, but it returned in July 2006 in order attempt to negotiate the NRWP bill and other items. The bill was eventually passed without KCTU participation in the 'Grand social compromise'</p>
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Sources: KTC website, <http://www.lmg.go.kr/eng/index.asp>; Im (2006)

Like the first tripartite process before it, the participation of the labour movement in later manifestations of social partnership was confined to a fairly narrow set of issues in which the labour movement could merely offer its consent rather than suggest concrete alternatives. When disagreement prevented the smooth functioning of the process, labour was shut out of the process rather than a more comprehensive framework being adopted. Among the reformers that I interviewed it seemed that it was either progressive advisors, policymakers within the Ministry of Labour, or strategists within the KCTU that saw the most potential for using expansive social partnership to transform Korean labour relations. On the other hand, it appeared that the labour minister Kim Dae Hwan as well as conservative advisors to the president, including the president himself after many of the progressive ministers had been purged, saw the social partnership process as a more instrumental process for forcing rather than negotiating consent.<sup>95</sup> Consequently, the social cooperation process became little more than a forum for policy legitimization rather than a genuine agonistic process (cf. Mouffe, 2000) where different groups could work slowly to bring forward an alternative arrangement. A parallax view existed between the government and the unions around social cooperation politics. The government viewed

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<sup>95</sup> Interviews, former KCTU strategist, Korean Labour Society Institute, April 2007; Policymaker from the Non-Regular Policy Team, Ministry of Labour; Former Chairman of Presidential Policy Planning Committee, March 2006.

the unions as unitary actors that could either support the government or remain in opposition to it, while the unions members saw the process as one in which their participation in agreements was subject to internal bargaining and modification of agreements. The government did not see the unions as long-term partners and the system would break down whenever the union movements failed to act in unison or needed time to delay legislation and discuss alternatives with their members. This contributed to the labour movement's gradual disillusionment with the process, and with the reform government efforts to create a more participatory framework for labour relations. "The ministries have a long way to go before they can be labelled as progressive. Even the labour ministry sees labour as a subject to be controlled rather than as a participant or partner in running society."<sup>96</sup> As one union activist involved in the KCTU's social reform policies puts it:

One important aspect of social cooperation is that an organization must be able to bring its members along with an agreement. What Roh wanted out of unions was an organization that at a moment's decision could act in unison. That is not possible, so when some key [labour] disputes took place the government's patience broke and said it could not trust unions. It just gave up. If an organization is capable of just doing that, turning around on its members one day [and expecting them] to accept a decision that has just been made, given the histories that organization has had, that organization would be a very undemocratic organization. A partner in such an arrangement is only a worthwhile partner because it is such a difficult partner and you have to respect that difficulty. That I don't think Roh Moo Hyun and his government was prepared to accept.<sup>97</sup>

This lack of a solid procedural commitment to the tripartite process also created difficulties for policymakers within the Labour Ministry. One policy maker that I spoke to complained that the state administration did not understand how to apply European

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<sup>96</sup> Interview, International Coordinator, Democratic Labour Party, July 2006.

<sup>97</sup> Interview, former KCTU strategist, March 2007.

style forms of social cooperation and would tend to subordinate the process to their own policy goals.<sup>98</sup>

The experience in social cooperation has left the KCTU with the task of strategizing how to engage in social cooperation without bargaining away the rights of its declining constituency of workers. On the one hand, participation in social dialogue offers them a chance to clarify the obligations and entitlements that irregular workers can receive, but on the other hand it weakens the structural position of labour by expanding irregular work. There is thus a strong incentive for the union movement to reject social cooperation politics and return to confrontational mobilization. One labour researcher in a government-funded policy institute argued that the trade union movement was still too quick to engage in “class war,”<sup>99</sup> while another reformer argued that the labour movement had “lost its theoretical legacy,” and was stuck in Leninism.<sup>100</sup> However, the labour movement activists that I talked to seemed to grasp the question of labour participation in social dialogue in more subtle terms. They were keenly aware of how their demands influence the process and were involved in trying to find an answer to the difficult question of whether or not the trade union movement should advocate the complete abolition of irregular work, or instead attempt to put forward demands that it could successfully place on the table. As one trade union strategist put it to me:

When you put forward a call for abolition you are looking at an employer that has taken a shift in employment relations and you make a call for them to hire back and you involve the people that lost their jobs. But doing that you have the possibilities of being blind to issues of discrimination and of enhancing

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<sup>98</sup> Interview, former member of NonRegular Workers Policy Team. Ministry of Labour. February 2007.

<sup>99</sup> Interview, industrial relations researcher, Korean Labour Institute, October 2006.

<sup>100</sup> Former democracy movement activist, pro-industrial policy advocate, Science and Technology Policy Institute, December 2006.



protection. On the other side there is the question of what counter-measures, what protections could be put in place, and what some of the actual benefits might be. But if all the resources [are] put on [debating whether or not participation] is good or bad, this brings with it the threat of losing the battle and missing out on intervening in creating the counter-measures, and those counter-measures may be designed in such a way to accentuate self prophesizing [tendencies in the labour movement]. Of course if you win this concern does not arise. These problems are always at the heart of trade unions.<sup>101</sup>

In many ways, these questions remained unanswered. After a number of the progressive advisors discussed in Chapter 4 were purged from their advisory positions, labour was “seen more as an obstacle to reform” and Roh was no longer considered as a balancer between labour and capital.<sup>102</sup> Advisors that I spoke to argued that this undermined reformer efforts by the Ministry of Labour, which became “a lonely place in government,”<sup>103</sup> and the Ministry of Government and Home Affairs began to take a more assertive, and repressive, approach to labour conflicts at this time as the KCTU returned to pursuing popular mobilization against neoliberal reforms.

### *From Consent to Coercion*

When the Roh government did not obtain the consent of labour to legitimize neoliberal restructuring, it met this mobilization against neoliberal reform with coercive force.

While the proliferation of conditions of precarious employment and limited social protection should in themselves be thought of as forms of coercion, police action and the imposition of steep fines on political strikes and “illegal” strikes by casual and contingent workers have been used to limit the mobilization of the labour movement. Labour arrests continued to rise under the Roh administration, with nearly 200 arrested in 2006. By

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<sup>101</sup> Interview, former KCTU strategist, Korean Labour and Society Institute, March 2007.

<sup>102</sup> Interview, former presidential advisor on economic affairs, December 2006.

<sup>103</sup> Interview, former member, Presidential Policy Planning Committee, February 2006.

January 2007, 61 KCTU trade unionists were still in jail awaiting trial and serving remaining sentences of up to three years and six months (KCTU, 2007). The most common coercive measure has been the practice of filing civil suits against workers for lost damages and imprisoning union leaders for leading illegal strikes. The suits for damages (see Table 5.4) have led to hundreds of millions of US dollars in fines and seizures of assets (though in practice not all of these claims are followed through but used as a tactic to dissuade union organization), often leading to violent conflict and the declaration of certain public assemblies and protest as illegal (KCTU, 2005).

Policymakers at the Ministry of Labour have also argued that the government relies too strongly on the penal code to regulate labour protests.<sup>104</sup> In addition, the OECD's Employment, Labour and Social Affairs Committee repeatedly expressed the view that the definition of "unlawful activities" in Korea is unusually broad and encompasses union activities that would be regarded as lawful in most OECD countries (OECD, 2000). These include the labelling of strikes against industrial restructuring, privatization, and trade liberalization as illegal political strikes, as well as labelling strikes by irregular workers as unlawful.

**Table 5.4: Monetary Amounts of Pending Damage Claims and Provisional Seizure of Assets as of January 2004**

<b>All Workplaces (including public sector)</b>	<b>Public Sector Workplaces</b>
110.09 billion won (roughly 100 million US) in 41 workplaces: Claim for Damages 43.2 billion won / Provisional seizure 66.9 billion won	33.48 billion won (30 million US) in 5 workplaces: Claim for Damages 16.1 billion won / Provisional seizure 17.4 billion won

Source: Adapted from KCTU (2005).

<sup>104</sup> Interview, former member of NonRegular Workers Policy Team, Ministry of Labour, February 2007. This point was publicly repeated by the worker's representative from the Public Services International union at the ILO-Busan conference in August 2006.

These strategies have the effect of limiting the legal public space available to unionists. As one member of a labour NGO, the Society for the Abolishment of Irregular Work, claimed, “In almost every strike the company makes [legal] claims to seize assets.”<sup>105</sup> Often, especially in the case of damage claims and provision seizures, the result of these strategies is to generate a cycle of strife that ends in stalemate, with the company using damage claims to repress a strike but causing a new one by the severity of the seizures. This cycle tends to go on until an informal agreement or amnesty is reached between businesses and their workers and the seizures allowed to expire.<sup>106</sup> Nonetheless, many of these cases, especially in irregular workers struggles have ended with the political suicides of impoverished workers or persecuted union organizers (I discuss the role of suicide protest in the next chapter). One such case was that Bal Dae Ho in 2004, which resulted in an apology by the government and promises of restraint. However, there have been multiple cases of irregular worker suicides since then and the practice of using damage claims to prevent union struggles has remained the norm. Such tactics have also contributed to the conflict within the ruling parties between neoliberal and progressive reformers, and, as discussed in Chapter 4, to the fracturing of the liberal-progressive bloc in the lead up to the December 2007 presidential elections, in which a conservative candidate, Lee Myung Bak, was able to win the election.

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<sup>105</sup> Interview, Society for the Abolishment of Irregular Work, February 2007.

<sup>106</sup> Interview, Society for the Abolishment of Irregular Work, February 2007. Interview, Policymaker from the Non-Regular Workers’ Policy Team, Ministry of Labour, March 2007.

## *Conclusion*

Like the reform movements discussed in Chapter 4, the labour movement has also been involved in the reconfiguration of political and civil society during the long decade; however, the labour movement's participation in the integral state has been problematic. This is because the state not really embraced labour as a complex partner in the process. The negative consequence of this is that the legacy of the developmental dictatorship continues to inform labour market policy in the form of a largely enterprise-based labour relations system. It also survives in the use of coercion to limit labour's political space. This recursively informs trade union strategies *vis-a-vis* the tripartite process and creates challenges for unions in how they seek to engage with social reform.

Internally, the labour and civic movements also face tensions regarding how best to address the reality of neoliberal restructuring, and this has consequences for how they respond to some of the new social cleavages that have emerged with economic restructuring. In the next chapter then, I analyse in more detail how the gendering of irregular work and the expansion of labour migration have been dealt with by labour movements and civil society to show how the politics of how labour has been included in developmental state reform extends beyond the level of trade union leadership into the grassroots level of both labour and civil society NGOs. These are also spaces of the integral state, and the way in which labour issues are presented within them needs to be addressed. The way in which new labour struggles are embraced by civil society and the labour movement continues to shape the ability of reform bloc to respond to the new cleavages created by developmental state reform.

## Chapter 6:

### **The Limits of Representation: Migrants, *Minjung*, and the Challenges of Irregular Work**

*The most brutal relations of force are always simultaneously symbolic relations.*

Pierre Bourdieu, *Rethinking the State* (1998, 53).

*We, the ETU-MB, want the collapse of the border between migrant and Korean workers, but also the borders between the workers of the different nationalities - actually we don't need nationalities. What we want is the globalization of the working class, a globalization of the grass-roots. There are no borders between peoples, just between up and down!*

ETU-MB, Press release: November 3<sup>rd</sup> 2003 (ETU-MB Website).

*How does one then grapple with the issues of minority, human rights, and collective memory as they pertain to the presence of migrant workers in South Korea? For many people the public appearance of the foreign workers is an uncanny experience because of the profound sense of irony and complex social memories it brings. For one thing, their method of demonstration is unmistakably similar to the labour movement associated with Minjung in the 1980s. However, those who were fighting for justice have become the citizens and mute onlookers of the host nation, which has become an entangled object of desire and resentment for the exploited workers...*

Young-Min Moon, *The Composition of Social Memories* (2008, 34)

In the previous chapters I examined some of the problems of ideology and coordination that have informed the restructuring of national policy, focusing mainly on the relations within ruling segments of the reform bloc and the relations between them and reform NGOs and the labour movement. I've also examined some of the difficulties faced by the reform bloc in institutionalizing social solidarity in both financial and labour market restructuring. The Roh Moo Hyun and Kim Dae Jung governments used the rhetoric of participation to make their governments appear broadly representative, however, in both cases participation remained generally subordinate to neoliberal restructuring. The goal

of expanding participation may have been to diminish some of the political antagonisms that structure Korean society by offering reform forces a chance to participate in the restructuring of the developmental state. The result, however, has been an expansion of antagonisms among reformers that has led to the fragmentation of the ruling party and to the failure of social cooperation.

The continued existence of antagonism should not be understood as a sign that democratization has necessarily failed. As Chantal Mouffe (2000) argues, antagonism “can never be eliminated and it constitutes an ever-present possibility in politics;” therefore, a “key task of democratic politics is to create the conditions that would make it less likely for this possibility to emerge “ (Mouffe 2000, 13). The legitimacy of democratic governments depends, then, not only on the political alliances that support them, but also on how emergent antagonisms are addressed by reform forces of varying sorts. In this chapter I want to move beyond examining this problem at the institutional level and show how the democratic transition has troubled the field of social struggles at a variety of scales; especially at the grassroots level of civil society itself. Addressing the demands of emergent struggles requires more than a rhetoric of participation; rather, it also involves a politics of articulation and coordination.

My examination of irregular and migrant worker protests here, then, should be thought of as an attempt to identify an area of emergent antagonism, a lacunae within the reform process, and show how it fits within the general trajectory of developmental state reform so far outlined. What follows is a discussion of how the protests of both migrant and irregular workers represents a problematic space for the reform bloc. This space can be grasped at a grassroots level in the form of an impasse between efforts of migrant and

irregular workers to represent themselves, in ways that speak to militant struggles of the past, and the efforts of different factions of labour and civil society groups to represent these workers through strategic dialogue with the state and other forms of interest group negotiation. This impasse speaks to the way in which past understandings of democratic struggle continue to inform contemporary antagonisms and are used to critique the democratic claims of participation made by reform governments. My hope is that by showing how migrant and irregular workers have played a powerful role in articulating new demands for equality, greater recognition might be accorded to them in reform strategies of a variety of different reform groups, from strategically placed reformers to grassroots NGOs. Furthermore, according a greater political space for the political agency of irregular and migrant workers, an agency these workers have struggled against great odds to represent, would help the reform movement to articulate egalitarian demands in a more substantive manner, and make it appear more broadly representative among those affected by the expansion of neoliberal reform and irregular work.

### *Democracy and the Discursive Transformation of the Minjung*

As Hagen Koo (2001) describes, in the 1980s, the *minjung* cultural movement – a movement aimed at articulating the struggles of farmers, workers, and other oppressed people through popular forms of protest and performance in literature, music, and art – spread widely through the middle and working classes and was a major source of anti-hegemonic consciousness in both the growing working-class movement and the intensive opposition movement against the authoritarian regime. The movement was largely articulated around three principles (*Sammin Jooui*): anti-imperialist nationalism (*Minjok*),

democracy (*Minju*), and populism (*Minjung*) (Hur 2006, 109-115). While the concept of the *minjung* found itself under the banners of nationalism, anti-imperialism, and anticapitalism,<sup>107</sup> the meaning of the term *minjung* is literally translated as ‘masses’ or ‘the people,’ and encapsulates notions of a “suppressed people, striving to rise above their condition characterized by economic hardship and a lack of personal freedom” (Kim, Hyung A 1995, 58-9). This movement provided a cultural repertoire that was used to raise “the consciousness of the subordinate people” (Koo 2001, 145) through communal practices of protest and performance characterized by “participation, spontaneity, naturalness, and a communal feeling of solidarity.” According to Koo, these were “all features that clearly distinguished *minjung* culture from that of the upper class” (145), and that were used to unite several sites of organization from political opposition parties to church groups, underground networks of blacklisted students-cum-workers, dissident unions, worker’s night schools, and local campaigns for democratic government.

Prior to 1987 uprising, oppositional movements, including the labour movement, were concerned with mass mobilization for democracy. The establishment of independent unions and mass organizations was seen as a crucial part of the wider democracy movements; however, the consolidation of democracy facilitated a transition from mass movements to civil society and to new forms of democratic participation, including the new political opportunities for participation in the integral state that I have described thus

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<sup>107</sup> For instance, intellectuals from the democracy movement claimed major historical events as examples of *minjung* narratives. For example, Sang-taek Lee (1996) and Nam-dong Suh (1981) claim the Tonghak peasants rebellion in the late 19th century as *minjung* narrative and argue that these narratives contain a much longer pre-history, stretching back as far as the three kingdoms period.



far. As discussed briefly in Chapter 4, this transition has also involved different understandings of who the subject of democratic mobilization is. As civic organizations' proposals began to gain prominence beginning with Kim Young Sam's government, the populist conception of the people as a broadly oppressed mass, as *minjung*,<sup>108</sup> needing to be mobilized under broad banner of democratization began to be replaced by more sectoral notions of workers (*nodongja*) and citizens (*simin*) whose issues can be addressed through the political opportunities afforded by democratization. As Kevin Gray remarks, this reflected a

marked transition in the constitution of civil society: the *minjung* organizations that had dominated the 1980s became disconcerted and underwent an identity crisis. The moderate civic organizations became highly influential, rejecting class-based and confrontational strategies in favour of 'a nonviolent, peaceful and lawful movement style and specific policy alternatives.' So Kyongsok, leader of the influential Citizens' Committee for Economic Justice (CCEJ) argued that the role of civic organization was to assist and reinforce the Kim Young-Sam governments (Gray 2008, 76).

This is a dilemma that other trade unions have faced in negotiating democratic transitions (cf. Jauch and Bergene, forthcoming) and has informed internal debates in the Korean labour movement around how to approach issues of irregular work, as the trade union movement has not always been able to adequately respond to the struggles of irregular workers. For the Korean trade union movements, finding ways to address this issue has involved balancing opportunities for strategic dialogue with support of, and often the need for, confrontational mobilizations. This is a question that the trade union movement has not been able to adequately resolve, and in this reformulated symbolic space, strategic tension exists between unionists that pursue grassroots mobilization and those

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<sup>108</sup> Minjung literally translates as "the people" or "masses;" the first syllable also forms the "Min" for democracy or "Minju."

that focus on consolidating the bargaining power of their established constituencies in strategic workplaces through social cooperation agreements and collective bargaining.

Namhee Lee (2002) observes that this discursive shift away from *minjung* subjectivity has paralleled a change in the operation of social movements away from mass models of protest such as the *undongkwan* mentality — literally, “those who are in the movement sphere” — of the student movement to a form of subjectivity that is more bound up within the discursive parameters of the state. Lee states that here we see the emergence of Foucault’s problematic of an “intimate relation and reciprocal tension between subjectivity and subjection in the context of the modern state (156).” For Lee (2002), however, the concept of citizen lacks the larger social and historical mandate of the *minjung*.

The shift from *minjung* to *simin* displaced the poor and the marginalized in the social and political discourse. The true *minjung* who could not revert back to their non-*minjung* identity in the changed sociopolitical reality of South Korea would have to construct their emancipatory narrative on a different terrain, that of articulating the issues largely on the basis of interest (156).<sup>109</sup>

On the other hand, Kim Dong Choon argues that while the term citizen does not imply a subject of revolution pitted against the state, the term citizen (*simin*) is used in a way that continues to resonate with the priorities of the *minjung* movement, even if it does critique some of its objectives. Discussing Korean citizens movements such as the Citizens Coalition for Economic Justice and People’s Solidarity for Participatory Democracy, Kim Dong Choon (2006) argues that:

The term “citizen” has, above all, been used in contrast to the *minjung*, a concept appropriated by Korean social movement activists since the 1970s. “Citizen” in

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<sup>109</sup> Lee later modified this passage for the second edition of the book in which this article appeared in order to show how *minjung* priorities still influence this transition, see below.

Korea thus articulates the ideological orientation and objectives of the movement, which were different not only from those of the revolutionary political movement but also from radical political activism. Furthermore, the concept of citizen can also mark an attempt to consolidate the democratization movement into the level of institutional reforms, and to expand democratization to the social and economic realms.

Although the main citizen's organizations used the term "citizen" as rhetoric, their main interest was in changing the socio-political system at a macro-level. A considerable number of leaders came from the student movement, and they were active in producing the discourse on the term "citizen." As such, the Korean citizen's movement reflects the history and ongoing state of Korean civil society, which itself was a result of the 1987 struggle for democratization (Kim, Dong Choon 2006, 102-104).

It would be wrong, then, to assume that the poetics and practices of *minjung* protest have simply disappeared with the transition to democracy. Rather, certain practices of *minjung* movements have been retained in the culture and politics of social protest. These complicate the way in which social struggles are carried out, and democratic demands presented. This sensibility, connected as it is to broader struggle for democracy, continues to appeal to social movement groups, who still claim the *minjung* movement as part of their heritage. The grassroots labour movement, pro-unification student movement, *chongsindae* movement (survivors of militarized sexual labour), street vendors' movement, and some religious groups<sup>110</sup> continue to mobilize around notions of collective emancipation. They frame their issues along the lines of *minjung* subjectivity, framing an oppressed or subaltern class subject to injustice and marginalization from an anti-*minjung* external force such as the military dictatorship, conglomerates, and foreign powers. These forces were conceived as anti-national and anti-democratic by previous *minjung* movements (c.f. Lee, 2002, 136; Moon, 1999).

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<sup>110</sup> This refers to groups who follow variants of *minjung* theology: a messianic Korean theology based on identification with victims of social suffering similar to liberation theology (cf. Yim Taesoo 2006).

While the labour movement has witnessed an internal critique of militancy or *minjung* unionism – a critique that has been used to support a more strategic social dialogue between civil society and the state – it would be wrong to assume that the militant notion of the *minjung* has fully been replaced. Rather, it remains a residual “structure of feeling”<sup>111</sup> (the term is from Williams, 1973a; 1977) through which democratic politics have been continually reworked. As Mabel Berezin argues,

political identities tread a difficult line as they require that individuals feel that something exists outside the private self—the party, the state—that is worth dying for. ‘Feeling’ political identity requires a reordering of the ‘hierarchies’ of identity—as such, political identities must be part of ongoing national, or identity, projects (2001, 83-4).

Berezin argues that nation-states attempt to move “the epistemological — citizenship as category — towards the ontological — citizen as felt identity” (2001, 86). In this way, modern nation-states serve as vehicles of political emotion involved in a process of “making inhabitants of a bounded geographical space feel attachment to, or ‘fall in love’ with, a larger territorial entity is a significant dimension of successful state-making” (Berezin 1999, 357). The political emotions of the *minjung* movement were part of the establishment of the democratic state and reform governments. As such, the emotions associated with this movement continue to provide a basis for the legitimacy of democratic governments. They are also used to critique these governments’ lack of fidelity to the goals of the *minjung* movement. As Namhee Lee argues, “many who had fought for democracy and reunification in the 1980s are still confined to the categories, problematics, and practices of the 1980s” and use them to critique other members of the

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<sup>111</sup> Williams uses this term to describe how social structures and relations are lived and felt in way that terms such as ideology or worldview do not fully encompass (cf. Williams 1977, 128-141).

386 generation in the Uri party that have “not internalized the notion of ‘economic democracy’” (Lee 2007, 302).

What follows is an examination how the trade union movements and grassroots NGOs have addressed the proliferation of irregular and migrant work, first discussing some of the issues around the definition of irregular work in South Korea and then analyzing some of the strategic difficulties these movements have faced in addressing irregular and migrant labour. In the latter part of this chapter I will then examine how migrant workers fit into this strategic landscape and how their own articulation of democratic demands speaks to the limits of simple interest group representation of migrant issues by NGOs and other actors. Instead, the migrant trade union movement has attempted to trouble the symbolic field under which NGOs and the leadership of the labour movement have approached migrant and irregular work by appropriating conventions of *minjung*-style protest they have learned from militant trade union members and other grassroots social struggles. I argue that migrant workers use these tactics to create solidarity with Korean social movements as well as popularize migrant issues. Ironically, by politically mobilizing political emotions that were once vehicles for the establishment of the democratic state – and that constitute in the present a *residual* structure of feeling in the present<sup>112</sup> – undocumented migrants have been able to break down some of the political barriers between citizens and migrants that have prevented them from expressing their political agency. Using *minjung* repertoires, migrants become

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<sup>112</sup> Williams generally classifies cultural forms according to dominant, emergent and residual features (cf. Williams 1973; 1977). While mobilization by South Korea’s *minjung* movement peaked in the 1980s, as I argue below, *minjung* narratives continue to inform contemporary politics and social movements, but within a discursive space that has been transformed by the transition to democracy.

seen as embodying similar emotions as the political identities espoused by and seen as establishing the modern nation-state, or at least the democratic movements that established the reform governments. That migrant workers have been able to do this under a constant state of crackdown by immigration control authorities speaks, then, both to the resilience of *minjung* themes in contemporary Korean social movements and to the capacity to mobilize emotions associated with historical events as a practice of social movement mobilization. It also speaks to an area of strategic antagonism and new social conflicts that reform governments, to date, have not been able to sufficiently address.

### *Defining Irregular Work*

Since 1997 Korea has expanded the use of irregular work to the point that it now has the second highest share of non-regular workers in the OECD, second only to Spain; however Korea also has the lowest budget for active labour market measures (jobs programs, etc) in the OECD (Grubb 2007, 18, 47). As discussed in chapter 5, the initial post-crisis expansion of irregular work was the product of the first grand tripartite agreement between the government, unions, and business. While the unions regarded this as a temporary expansion, the government and business have attempted to expand the use of casual workers. Broad-based social protections to meliorate such flexibilization have not been established, with social expenditure<sup>113</sup> remaining slight at near 6% of GDP (cf. Figure 4.2). While social security remains limited, efforts were made by the Roh government to create more liberalized labour markets. Progressive reformers in both the

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<sup>113</sup> The OECD statistical database (<http://webnet.oecd.org/wbos/>) calculates social expenditure from several areas of social policy: old age, survivor, and incapacity-related benefits, as well as health, family, active labor market programmes, unemployment, housing, and other social policy areas.

Roh regime and civil society have argued that this is wrong policy choice, and that the development of an adequate social safety net needs to be a first priority before expanding labour market liberalization, if at all. Even reformers-cum-critics from the Roh regime felt that a more substantial reversal of irregularization should have been a larger priority for that regime. The incidence of irregular work remains high and the rights of irregular workers precarious (cf. Figure 6.1). Furthermore, it is also difficult to concretely estimate the total number of irregular workers due to competing methods of estimation as well the fact that migrant workers – whose numbers increased dramatically after the creation of the Employment Permit System in 2003 – are not recorded in the irregular worker statistics. The statistics presented here, then should be regarded as general approximations.<sup>114</sup>

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<sup>114</sup> By moderate estimates, the proportion of irregular workers in South Korea by the end of 2005 stood at around 48% (Grubb, 2007). These numbers have been the object of some contention as there are at least four commonly used definitions of irregular work used by the institutional actors such as the OECD, the Korean government, and the trade union movement. These range from a definition based on (1) the number of temporary, casual, and day labourers as a percentage of total wage and salary earners (which are the numbers that I have used in Figures 6.1 and 6.2); (2) workers employed under a year and not paid bonus and overtime; (3) a hybrid tally combining the number of temporary, casual, and day labourers as a percentage of total wage and salary earners used in definition 1 and the number of regular workers without pension or benefits; (4) employment survey data based on contract duration and self reporting. I use definition (1) here because of the availability of statistics; however, trade unions prefer to calculate the number using definition (3). However, using survey data from OECD reports collected in Grubb (2007, 76), the total numbers of non-regular workers by status plus the number of regular workers without pension bonuses and overtime total 57 percent of workers at surveyed firms for 2005. This reveals that the incidence of irregular employment is quite high, but also hard to fully measure.

A further drawback of these numbers is there it is difficult to accurately measure the incidence of informal self-employment (as a whole, self employment increased after the 1997 crisis) or disguised employment. In addition, undocumented foreign labour is also not accurately recorded in these figures. Therefore, Figures 6.1 and 6.2 should be considered more of a rough assessment of the numbers of non-regular or irregular workers. In reality the number of precarious jobs operating under fuzzy juridical

**Figure 6.1 Non-Regular Workers as Percentage of Total Wage and Salary Workers (1995-2007)**



Source: Korean National Statistical Office

Figure 6.2 shows that the incidence of irregular work is distinctly gendered, with a higher share of the female workforce working in irregular jobs than men. In addition to these, there are many “seemingly discriminated workers” – regular workers without bonuses or overtime<sup>115</sup> – employed at small firms. Veteran garment worker activists argue that the subcontracting-out system to thousands of small basement and attic garment shops in and around Dongdaemun Market, Seoul should be regarded as a form of irregular work. Many of these shops are run by women workers who used to work in the market sweatshops during the 1970s and 1980s; though now they may technically

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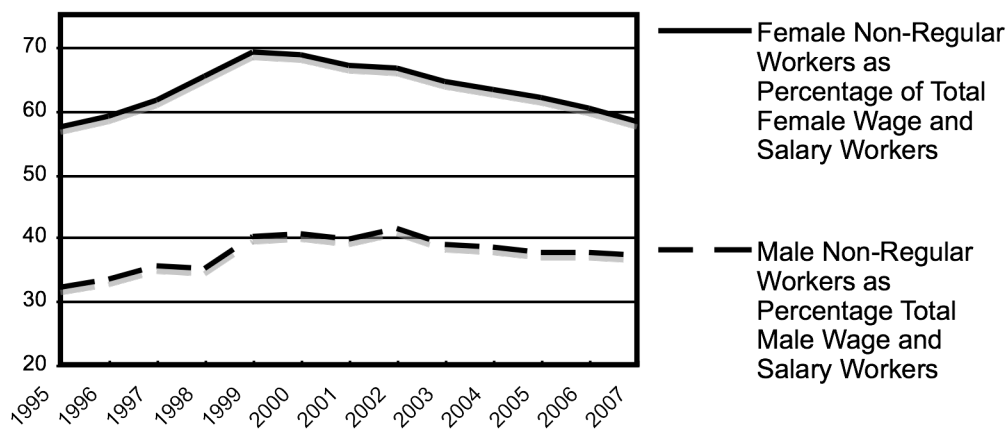
conditions – such as the cases of ‘disguised,’ ‘self-employed,’ and migrant labour – if accurately measured, might significantly alter the figures, which are already relatively high compared to the OECD average.

<sup>115</sup> These workers would be recorded under definition (3) above and are not recorded in Figure 6.2. (Cf. Grubb 2007)



own their own small shops, their working situations are still very precarious and strongly affected by market forces.<sup>116</sup>

**Figure 6.2 The Gendering of Non-Regular Work (1995-2007)**



Source: Korean National Statistical Office

A further class of workers not considered here are unpaid family workers working primarily in agriculture and small businesses. The degree of precariousness and exploitation in the working conditions of these workers is difficult to assess statistically as it calls into question family dynamics and the limitations of statistical inference. The pressures imposed on small farmers due to agricultural liberalization and a growing trend in transnational marriage by Korean farmers has introduced new dynamics into the agricultural work environment that shape the degree of precariousness that unpaid family workers face. Quite often foreign spouses do not pursue Korean citizenship (Korea does not have dual citizenship), and even maintaining residency can be difficult in cases of

<sup>116</sup> Interview, veteran unionist in early democratic trade union movement, director of Social Programme for Action and Research in Korea (SPARK), an advocacy and training program for sewers in the Changsin Dong neighbourhood near Dongdaemum Market.

divorce and domestic violence (UN, 2007). Issues such as differential access to the law and social benefits between men and women, native and migrant, also influence the rise of precarious work and the responses of social movements and civil society.

As a form of irregular work, the incidence of migrant work has expanded rapidly since 1988, shortly after the Seoul Olympics, to the point that there are now close to a million foreign workers living in South Korea. In 2007, the registered foreign population accounted for 1.8 percent of the entire population, and it is estimated that there are 150 000 - 200 000 undocumented migrants (Hankyoreh February 21, 2009). Much of the labour migration in the 1990s was managed by the Korean Federation of Small and Mid-sized Businesses under what was called, euphemistically, the Industrial Trainee System (ITS). The ITS system, however, did not regard migrants as workers and paid extremely low honorariums as wages. These often amounted to less than half of the minimum wage. Employment relations were dramatically imbalanced between employers and employees. Many of the migrants who entered under the ITS (many of whom came from China, Bangladesh, Philippines and Nepal) quickly became undocumented as they fled inhospitable workplaces. There were also many cases of employers withholding wages and passports. By going undocumented, migrants could make better wages at other small businesses that were not regulated by the ITS. The ITS quickly came under criticism from grassroots NGOs for its lack of labour standards and quasi-legal use of trainees as disguised employees (cf. Lim, 2003). By the mid 1990s, the church and NGO-based Joint Committee for Migrants in Korea (JCMK) was organizing protests in support of migrants and promoting migration policy reform. Reflecting the transformed nexus between political and civil society, by the late 1990s the Korean government was in talks with

business and NGOs to reform labour migration policies. The goal here was to confine the ITS to actual industrial trainees and supplement it with an Employment Permit System (EPS, see Appendix 5). The government was receptive to some of the demands from migrant groups, including the protection of migrants under the country's Labor Standards Act, as well as the extension of the minimum wage, industrial accident insurance, and unemployment benefits to migrant workers (though few have taken advantage of the later; cf. Hankyoreh 5 February 2009). While the government does have the right to inspect workplaces each year (Ministry of Labour 2006), Korean NGOs continue to document abuses of the labour standards act and argue that it has not been thoroughly enforced (“Dialogue...” 2007). An official with the International Organization for Migration that argued that priority of the EPS was immigration control issues and that it lacked capacity to deal with labour issues.

The first priority of the Ministry of Justice is control. Control is their main issue. Therefore they are more prone to regulating rather than promoting the rights of migrants... The Ministry of Labor wants to change the system so that more rights are extended to migrant workers but they lack international capacity. Few labour attaches are sent to sending countries, so other ministries [the Ministry of Justice and Ministry of Foreign Affairs and Trade] end up acting in this capacity and very rarely go to sending countries. So it is not easy to fine-tune the labour migration program.<sup>117</sup>

The government negotiated migration agreements with eight countries under the EPS; however, the EPS did not offer amnesty to migrants that had resided in Korea more than five years, and thus a large percentage of migrants remained undocumented. Most of the undocumented migrants entered under the older ITS and came from Bangladesh, Nepal, and China; however, the new EPS has attempted to forge links with new sending countries such as Cambodia, Mongolia, and Uzbekistan.

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<sup>117</sup> Interview, official, International Organization on Migration, January 2007.

*Social Movement Unionism and Trade Union Responses to Irregular Work*

The industrial restructuring process itself has influenced the type of work that irregular workers are subjected to as well as trade union and civil society responds to struggles by these workers. As discussed briefly in Chapter 5, union density for female workers declined during the late 1980s, as light manufacturing was increasingly internationalized. The type of work that these women workers have since taken up has been increasingly in service industries where unionization has proved more difficult than in larger workplaces. Furthermore, other changes in the Korean economic landscape, such as the decline of traditional markets and the expansion of retail development has led to new forms of feminized service sector employment. This employment is defined by what Jennifer Chun (2009) has described as “legal liminality:” a state in which “workers are neither fully protected by nor denied the rights of formal employment” (Chun 2009, 535). Accordingly, for many Korean workers, the landscape on which irregular labour struggle takes place has shifted dramatically, from small garment shops and textile factories to chain stores, golf courses, and tutoring services.<sup>118</sup> The trade union movement has tried to address this transition, though not always successfully, and both feminist and irregular worker’s groups have criticized members of the KCTU for concentrating on the interests of male, blue collar workers at heavy industries rather than on the struggles of irregular and female workers (cf. Gray 2008; Chun 2009).

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<sup>118</sup> Of course, this is not a complete transition, and labour struggles at small and mid-sized enterprises are still significant, and often involve migrant workers who work largely in this sector.

As discussed in the previous chapter, while labour restructuring expanded during the 1990s, an internal critique of labour movement tactics developed that advocated social dialogue with the government instead of “militant” organization based on continuous strikes and agitations (Gray, 2008; Park Mi 2007). It was agreed that there were an increasing number of issues facing all workers, such as lack of social welfare, and trade union activists felt that it would be prudent to attempt to address these broad social issues through social dialogue. This process was seen by some as a legitimate way to earn support among the general public, as the unions felt that it was hard to organize irregular workers through traditional shop floor organization. This debate also emerged at time when the KCTU was losing support from female trade unionists who, feeling constrained by the male dominated union structure with a basis primarily in heavy industry, had formed their own workers associations and grassroots labour support groups. They used these groups to protest firings of women workers during the IMF crisis and were the first to prioritize organizing work among of irregular workers, which was something the union federations had not done previous to the campaigns of the Korean Women’s Trade Union. Thus, the KCTU was facing something of a legitimacy crisis among workers and the ideas of social movement unionism seemed to offer a potential change in direction.

As authors writing about this internal dialogue among Korean unionists have written (Gray 2008 71-92), a doctrine of social unionism, emerging out of Northern debates about social movement unionism (SMU), was applied in a conservative fashion by mainstream factions within KCTU who were calling for a change of direction. As Gray (2008) describes,

It [was] therefore argued that the future for the labour movement lies in solidarity with new civic organization rather than the traditional *minjung* movement. Indeed, it was allegedly the ‘empty vacant militant *minjung* solidarity’ that contributed to the alienation of the labour movement from the working class and the public in general. Thus only through achieving a dialectical unity of the points of view of both labour and the public will the labour movement be able to overcome its present crisis. In particular, labour’s solidarity with the increasingly important middle class was clearly viewed as crucial for the long-term development of the labour movement (Gray 2008, 78).

The embrace of social movement unionism did not translate into the embrace of grassroots mobilization, which was a prescription of the original theories of SMU (cf. Moody, 1997; Lambert and Webster, 2001) and the strategies of the “militant” Korean unionists that they described in their writings. Instead it was used to promote participation in public policy, rather than a more dialectical fusion with other grassroots social movements such as the expanding women’s workers movements. There is a certain irony here. SMU was developed by Northern labour activists based on observations of Southern union movements, especially Korean and South African trade unions in order to critique corporatist unionism; however, when SMU was reintegrated in Korean labour discourse, it was interpreted as a critique of the very grassroots forms of mobilization used by the “militant” factions of the labour movement that Northern theorists were describing. The term social unionism itself was translated using the term for social corporatism (*sahoejeok johapju’ui*), and used to endorse a transition away from militant organization and promote engagement with the government. This was seen by more militant factions as legitimizing the workfare-based system of social welfare the Kim Dae Jung government was trying to promote at that time (Gray, 2008).

The awkward embrace of SMU led to tensions within the labour movement about how to ally with ongoing social struggles, resulting in an uncoordinated response to the

mobilizations of irregular and migrant workers. This represented “a repetition of the issue of leadership experienced during the IMF crisis.”<sup>119</sup> During the crisis, forces advocating for more cooperation with the state and business helped put the issue of labour restructuring in the public sphere. However, during the historic general strike that accompanied the crisis, the leadership negotiated an agreement that went against rank and file interests, and the leadership was forced to resign. This problem has been repeated in situations where migrant and irregular workers’ struggles were rhetorically acknowledged by the union leadership but received little practical and financial support from the national confederation. As a consequence, internal union democracy began to breakdown.<sup>120</sup> Meanwhile, with the lack of strong national policy on the role of irregular workers within the union confederation, enterprise-based unions within the KCTU have excluded irregular employees from regular workers’ unions, making labour solidarity work difficult. Even the union militants in the national confederation who provide most of the support to the irregular workers movements have most of their organizing background based in the heavier industries. They have a hard time addressing the new landscape of the service sector and small enterprises. They find themselves in a position of trying to respond in a timely way to relatively autonomous struggles of irregular workers rather than playing a more strategic role.<sup>121</sup> The struggles of irregular workers are often more militant and grassroots oriented, and resonate strongly with the confrontational activist or *undongkwon* (see below) tactics of the 1980s *minjung* movements.

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<sup>119</sup> Interview, Labour activist, Power of the Working Class, July 2006.

<sup>120</sup> In 2003/2004, violent skirmishes began to mar KCTU elections.

<sup>121</sup> Interview KCTU activist June 2006

The first conscious effort to target irregular workers for unionization emerged outside of the KCTU with the creation of the Korean Women's Trade Union (KWTU) in 1999. With the help of funding from different NGOs it has been expanding regional centers through which it supports the mobilization of irregular workers (Kim and Voos, 2007). These organizers work to connect the struggles of women workers with other social issues such as welfare rights, the struggles of the self-employed, and migrant workers. The umbrella Equality Trade Union, affiliated with progressive factions of the KCTU, was originally founded in 2001 by women workers seeking to unite these struggles under a banner of democratic equality that resonated much with the *minjung* struggles of the 1980s. While organized in a variety of activities, from job training to media activism, the irregular workers movement does often find itself fighting difficult, confrontational struggles, especially in struggles for union accreditation. More recently, irregular workers have tried to form their own KCTU-affiliated unions; the strike by POSCO construction workers in the summer of 2006 is one example that revealed the severity of irregular workers struggle. The union's occupation of POSCO headquarters ended in severe police repression, causing permanent injury and death in the case of unionist Ha Joon Gun. Unfortunately, many irregular worker struggles have ended this way.

Until around 2004, when the struggles of the irregular worker's movement did flare up, the response of the KCTU and the trade union movement was mostly tactical and reactive, providing moral and some financial support as well as media coverage. Efforts to make a more prominent space for irregular and migrant workers within the trade union federation by reforming internal voting practices to make a greater role for



non-regular and migrant workers in determining union policy met with little success at the level of the national confederation. At the industrial level, however, some progress has been made on the issues of the pay and working conditions of irregular and migrant workers at larger enterprises through industrial bargaining, particularly in the metal industries and medical sector.<sup>122</sup> However, irregular workers without benefits continue to work alongside regular workers within large industrial firms such as Hyundai Heavy Industries, which employs 10,000 irregular workers within its massive Ulsan complex (KCTU, 2007b). This juridical distinction between workers creates a political cleavage that presents a challenge for unions.<sup>123</sup> As the new law on irregular work took effect on July 2, 2007, strikes proliferated and most were led by women workers in service industries. These strikes largely remained confined to these industries, although militants within the KCTU attempted to create solidarity by promoting general strikes against the bill. These met with little success, and the turnout of workers steadily declined.<sup>124</sup> This has been the same trend seen in strikes against trade liberalization during the same period. Large, heavy industrial unions have abstained from strike activity and some within the KCTU have complained that the KCTU is slowly losing its ability to mobilize its core constituencies in larger workplaces with the struggles of irregular workers (Goldner 2008).

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<sup>122</sup> Korean labour law does not technically discriminate between workers on the basis of nationality; thus migrant workers, even undocumented ones, can in theory join unions. Negotiations by metal workers have included some stipulations on the pay of irregular and migrant workers in the metal workers unions; however, it is hard to say whether or not these have been enforced. Furthermore, while activists from the migrant labour movement support efforts to address migrant worker through industrial level bargaining, they worry that their organization might be sidelined through this course of action. Personal communication, MTU organizers, fall 2008.

<sup>123</sup> Interview KCTU activist/independent media activist March 2007

<sup>124</sup> Personal communications, labour solidarity activists, Summer/fall 2007.

The ability of the trade union movement to respond to irregular work, then, seems negatively affected by both its own internal constraints and the changes that have been created through neoliberal restructuring. As the time between the upsurge of worker activism at the end of the 1980s and the present has gone by and the pace of progressive gains slowed, a creeping conservatism has set in at some of the larger enterprise unions, whereby job security can come to trump mobilization. In particular, local struggles by non-regular workers, such as custodians and cooking staff, in union strongholds like Ulsan, have come to lack strong solidarity from unionized workers. Militants in the national confederation and its affiliated grassroots organizations in Seoul express frustration over the fact that solidarity between local union members and irregular workers has often been lacking, and that the task of organizing solidarity with non-regular workers in different localities had been left up to militants within the national office as well as the small grassroots labour support groups.

It is a symptom of a terrible problem within an organization if the struggles of women workers in Ulsan become such that they take up a certain amount of [attention] by the national KCTU leadership but not at the same time at the local community level. It is like a president of a country who does a tour of a country and meets someone in a bad situation. I mean they can do this in a symbolic way but it is not their duty to just travel around and adopt causes like this. The questions that I am posing to you are questions that are not being taken up by the KCTU. How do you want to picture the national trade union organization? There has to be a very self-reflective deliberation on these issues. For example, whether you want to be the KCTU to be the fire-relief agency that goes to every single thing. And what I've been describing is entirely a geographical thing. I mean what kinds of spaces do you go into [to address this issue]? Is it the street or an organization or an institution?<sup>125</sup>

Some unions have tried to create a dialogue around creating community strategies for local trade unions (c.f., Kim Hyunwoo et al, 2006) as a way out of this impasse, but so far

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<sup>125</sup> Interview, KCTU strategist, Korean Labour and Society Institute, March 2007

this strategy has been difficult and tensions remain in the KCTU about how best to pursue mobilization since social cooperation has broken down. Regional and community-based strategies have also been difficult because municipal government remains poorly developed in South Korea: provincial elections only began 15 years ago and the budgetary power of local governments remains weak. This problem speaks to the uneven institutional development of the Korean state, where political power is still concentrated at the national level and limited at the regional and local level of government. While pressing for regional frameworks complements demands for democratic decentralization, the KCTU still remains concerned with enhancing its national capacity, precisely because the national state proceeds to enact strong neoliberal labour market reforms.

### *Migrant Trade Unionism and Labour Struggle*

While the KCTU has tried to respond to irregular and migrant worker struggles through social dialogue and industrial unionism, much of the everyday organizing of these movements has taken place at a more grassroots level and has been led by the workers themselves and involves similar questions of how best to mobilize irregular and migrant workers while also interacting with the state and other social organizations. The migrant rights movement began in the 1990s as migrant workers became mobilized through civil society groups concerned with migrant's rights. These groups included progressive groups such as Lawyers for a Democratic Society (*Minbyun*) as well as church and charity-based groups located in the communities where migrants live and work. Together, these groups formed an umbrella advocacy group called the Joint Committee for Migrants in Korea (JCMK). As the majority of migrant workers were undocumented at

this time, these groups considered the migrant issue to be primarily a human rights issue. They mobilized workers to protest the ITS and, after the election of Roh Moo Hyun, represented migrant workers in negotiations with employers and the government. On the other hand, the migrant labour movement, which emerged from the Joint Committee for Migrants in Korea, argued that the organization of migrant workers should not be confined to issues of human rights and immigration policy, but should also be regarded as a labour issue and connected to larger issues of social justice. They connected their struggles to that of other militant labour struggles from the grassroots of the KCTU, and adapted tactics of *minjung* solidarity that they learned from these movements. They also drew upon their connections with existing international migrant organizations like the Migrante Sectoral Party and trade unions in their home countries, like Nepal's GEFONT, to mobilize solidarity. The movement, led largely at this time by undocumented Bangladeshi and Nepalese workers working in small industries (mostly furniture) in Maseok, a satellite city near Seoul, combined these solidarity tactics with attempts to influence negotiations between the JCMK, the Korean Federation of Small and Mid-Sized Businesses (who at that time oversaw most of the recruitment and implementation of the ITS) and the government. The following is an excerpt from an interview with one of the founders of the migrant trade union movement which documents how it was founded and some of the tensions it has with the NGOs such as the JCMK.

K: I had been working for eleven months since October 1996 under the Trainee system when my friends and I ran away from our factories because of low wages and long work hours. We then moved to Masok, a large, furniture producing industrial area. Every once and a while we had to run away to hide in the mountains for a few hours because of an immigration crackdown. More than 1700 migrant workers from many different countries lived in our area but only a few officers would come to check identification permits so we would run and hide. In the evening, when we came back we'd check who got caught. If only a few people

were caught the rest of us would feel lucky. Actually, we didn't understand what was our fault. We work here peacefully. Yet, we have to live like this and at any time we can be deported, laid off, violated, or be made to work for two or three months without pay, or have our salary delayed by our employers who use us because we are illegal. If somebody beats me I have to hush up because I'm illegal.

Later we met some people from a Korean counseling centre, which formed in 1995-96. Some priests from a church started a NGO to work on different problems like unpaid salary, labor violations, and to help develop some cultural programs for workers from different countries. These organizations were small and had only one or two staff members with part time volunteers. My fellow Bangladeshi friends and I met there a few times and I worked there part time every Saturday and Sunday to help with translation and counseling for other migrants. But there is a limit to NGO organizing, so sometimes we joined protests with other Korean workers and attended May Day and other festivals, protests, etc. My childhood friends and I were inspired by the radical atmosphere of these protests and met many committed activists and curious students who wanted to know about the situation of migrant workers. In 1999, my childhood friend Bidduth (Bidu) and I, with others friends also went on an educational television channel for a live program about the problems of illegality and the ITS. They ignored us and mainly kept the discussions to the Joint Committee for Migrant Workers in Korea's (JCMK) president and with businessmen from the KFSB. That was the first and last time we did any broadcasting like that. On the other hand it did generate some media attention but our situation didn't change. After that the JCMK, Ministry Of Labor, and Ministry Of Justice, held a meeting to discuss introducing a new Employment Permit System, which is very similar to the ITS. But they only discussed the matter among themselves; there were not any migrant representatives.

J: So what happened then?

K: Well, we asked ourselves: Where were the migrant workers' representatives? Why weren't they consulted? Why don't they want to listen to us? Because of this, legislation never reduced illegality and the problems we deal with. So, some more progressive people from the JCMK created a new organization that was really active. Around September of 2000 we got organized with both Korean workers and migrant workers and named it SN for MRF. [Struggle Network for Migrants' Rights and Freedom of migration]. At first, there were only 2 migrants, a Pilipino activist and myself. In total there were 13 members. I was then fired from the JCMK's Migrants' center in Masok (Shalom House). The priest there threatened me several times not to come back but we didn't have any offices or money and hadn't begun to build support from other migrant workers. So, we started a newsletter in 4 languages: Bangla, Nepalese, English and Korean. We joined every big protest of Korean workers we could and distributed pamphlets to them. After a lot of hard work we started getting support, and I'd get threatened from the

local police. My friends told me to be careful. All of us were illegal and scared to do real actions.

J: Did things start growing from then on?

K: We had a lot of students supporting us with their solidarity. We did sit-ins in front of Myoungdong Cathedral even though our numbers were small. We were even joined by a group of English teachers from the US and Canada. Our activities increased and so did our members. I started learning more about labor activities and radical politics and also Korean, English, and Pakistani. After 8 months a women's workers union suggested that we organize and make branch union with them. So we discussed more and more about labor union activity, and why it was important. Technically, there were no legal problems with starting a union in itself, but according to Immigration law we are illegal. That's why we have a mother union. The Equality Trade Union (ETU) and we have other branches. We are the first migrant workers' union in South Korea. From the beginning of SN for MRF we got a lot of support from the KCTU and others unions, especially the irregular worker's unions from Korea telecom.

On May 19, 2001 we launched our union with a ceremony at Yonsei University with more than one hundred participants and some KCTU and others civil society leaders. Our message was that we must fight together with Korean workers. Our Slogans were: Stop the Crack-down. Achieve labor rights. Achieve migrants' rights. Abolish the Trainee System. For the last two years we've fought for every issue concerning migrant workers, from public protest to withheld pay to workplace accidents and wildcat strikes, and for very first time we demanded legalization in 2002 on April 7th by organizing more than one thousand migrant workers to march on a highway in downtown Seoul. We've united migrants from many different countries. That was the first time in Korea that migrants have gotten together in large numbers like that. We've also fought specific factories and have won against employers this year and last year in some cases, even though we are illegal migrants we have negotiated disputes for other workers (Doucette 2004b).

The ETU-MB felt that because of the exclusion of migrant workers from the negotiation of the EPS the final policy remained flawed, as did other migrant's groups. The final agreement between the government and the NGOs did not take into account their recommendations to extend the program from three to five years and offer amnesty

to workers who had resided in Korea for more than 5 years.<sup>126</sup> Members of the ETU-MB a complained that the new EPS did not take into account the fact that migrant workers continue incur high debts to come to Korea – where the recruitment process still involves a lucrative set of fees despite efforts to abolish illegal brokerage – and three years would not be enough time to pay back these illegal debts.<sup>127</sup> The EPS also put strict limits on workers freely changing workplaces, making them dependant on yearly sponsorship from their employers and limiting the extent to which migrant workers can exercise their rights for fear they will be deported. The EPS seemed to encourage overstaying because it was too narrowly conceived and excluded the older population of migrants who had become undocumented through the ITS. As Baruch, a priest involved with the migrant's rights movement, argued at the time,

This group of approximately 100,000 migrant workers have contributed the most to the Korean economy... Expelling them means attaching no recognition or value to their past efforts and contribution, regarding them, rather, as nothing more than old equipment to be discarded and replaced. And that is exactly what is already happening. New migrant workers are invited to join the regrettable trainee program and to work as substitutes for all those who have been deported. From an economic perspective that makes sense, because the undocumented migrant workers earn double or three times what the new trainees receive for the same work. From an ethical perspective, it is fatal. Korea is putting itself on the same level with the brokers and becomes their henchman (Baruch 2003, 2).

Finally, because of the participation of members of the JCMK in formulating the EPS, the government could claim the process as a legitimate and democratic one. The government

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<sup>126</sup> Personal communication, ETU-MB/MTU activists.

<sup>127</sup> The government began to expand its role in the recruitment of labor migrants in order to cut down on illegal brokerage fees and to better coordinate labour migration with diplomatic efforts in Northeast and Southeast Asia. The government has also tried to censure migrant sending countries where illegal recruitment still persists, however, the practice of illegal brokerage still continues, though it is hard to detect. Interview, International Organization on Migration office Seoul, January 2007.

also provided money to fund services organized by migrant's centers that were part of the JCMK. Much of this funding was aimed providing services for transnational brides and children of migrant workers.<sup>128</sup>

After the EPS was passed, a large portion of migrants continued to become undocumented as overstayers. While the EPS was passed in 2003, after a sharp but brief decline in the number of undocumented workers (as workers who had been undocumented for less than 3 years were granted amnesty), the number of undocumented overstayers began to increase again (Liem 2008). As discussed above, the foreign population in South Korea reached nearly 1 million people in 2008; however, the government continued to rely on the politics of immigration crackdown instead of addressing the problems of policy design of the EPS and the lack of a route to permanent residence or citizenship for most migrants. The immigration crackdowns have largely targeted migrants in public spaces, from soccer stadiums to public baths, markets, and subway stations, confining migrants to the factories in which they work. The effect of such a strategy has been to exclude migrants *de facto* from *spaces of representation* (cf. Lefebvre, 1991; Mitchell, 2003) in which migrants can assert their rights. These include public spaces in which migrants are free to carry out protests, celebrate their culture, or access public facilities such as law courts or public institutions in which they lobby for

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<sup>128</sup> Interview, staff member Ansan Migrants Center, Borderless Village Institute, April 2007. A number of grassroots organizations including the migrant trade union movement have been critical of the ways in which these services have been designed and delivered (which they charge has been confined to more trivial concerns such as education around traditional Confucian manners). They claim that anti-discrimination policy will remain stalled unless it can deal with the issues of migration policy design and the violation of migrant's rights in the workplace and by immigration officers. Migrant rights advocates also criticized the use of the term 'Kosians' — a now derogatory term used to describe children of Koreans and other Asians — by service providers.



the enforcement of their rights.<sup>129</sup> This creates situations in which migrant workers are exposed to police force almost routinely, and sometimes proves fatal. South Korea's National Human Rights Commission (NHRC) (Seoul, 2005) has argued that immigration officials routinely ignore legal procedures for dealing with migrant workers, such as arranging prior warrants and disclosing their identification. And immigration detention centers are often ill-equipped to deal with the large number of migrants they arrest in terms of safety, space, and medical care. This became clear in February 2007 when a fire at the Yeosu detention center left nine migrants dead and more injured (Prey and Lee, 2007). The way migrants who survived were treated — deported with slight compensation and before their injuries had fully healed — generated significant media attention, and spurred a further investigation by the NHRC.<sup>130</sup>

### *From Migrants to Minjung*

As discussed above, the labour movement and civil society groups that have participated in the reform struggles that led to the transition to democracy were part of what was known as the *minjung* movement. The migrant labour movement in South Korea also articulates itself within a frame of reference that resonates strongly with notions of

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<sup>129</sup> The submissions by Amnesty International, the Migrant Trade Union and a number of other Korean migrant groups to the UN Special Rapporteur on Human Rights of Migrants (United Nations, 2007) documents a number of the juridical forms through which migrants are made exception of in Korea's labour law as well as in legal procedures of detention and arrest.

<sup>130</sup> The Roh government has also been criticized for intervening in the affairs of the MTU by denying their representatives access to the International Labour Organization's Busan meetings in 2006. It refused to accredit the sponsored representatives from the Migrant Trade Union causing a swift criticism of the Korean government from the credentials committee of the ILO (ILO CC, 2006, 4-5). I was invited to join the MTU along with some other KCTU affiliated unions at these meetings and was impressed by the efforts of the ILO worker's committee's fight to accredit the MTU delegates.

subalternity and suppression within *minjung* discourse. They do this through incorporating everyday *minjung* practices of worker militancy and social movement culture learned through contact with the worker's movement, which provide migrant unionists with a sense of agency that is denied to them as non-citizens. While some regard the concept of *minjung* as an ethnic nationalist articulation, others insist that it is a more open formulation (Koo, 2001; Shin GW, 2006; cf. Abelman 1996; 1993). In my open opinion, the degree to which *minjung* identity is regarded as open is a contingent question that needs to be examined in terms of how different articulations of it are received. The use of *minjung*-style protest by migrant workers opens up the category of *minjung* to some catachrestic interpretations, and provides a working example of the modification of *minjung* discourse. When migrants represent themselves as workers (*nodongja*) or as implicitly *minjung* through radical labour protest, their agency as undocumented workers takes on a wider collective connotation. This recognition enables the migrant's union to have access to public space to get their message heard; to speak about their resentment at being excluded, and to associate with workers who have similar grievances. However, this has not always been easy, and there are limits to the recognition of migrant as *minjung*, but these limits are impermeable. Irregular workers have also argued that migrant workers should not be employed in Korea;<sup>131</sup> therefore the creation of a culture of solidarity between irregular and migrant worker struggles was recognized by migrant trade unionists as an important task necessary for popularizing migrant worker's issues as issues that affects all workers. As a founder of the ETU-MB claims,

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<sup>131</sup> Interviews, MTU activist, September 2006.

We wanted to be recognized by the national people, so we chose their own way... We wanted to embrace their movements. Even before the NGOs kicked us out, we wanted to show the NGOs [and other social struggles] that we can be Korean... Any NGO or union, if they don't recognize you, they don't do too much. Korean NGOs, unions, media need to know that we are part of society.<sup>132</sup>

As the early migrant trade union movement became a fixture at weekly protests by irregular workers and other grassroots social movements based in Seoul – these included protests of organized trade unions, organizations of casual and contingent workers, and urban dwellers displaced by Seoul's latest urban redevelopment schemes – they adopted much of the strategy and tactics of these movements and incorporated them into their political practice as they worked to mobilize migrants in the communities where they live and work.

Learning from the grassroots struggles of labour unions, the migrant trade union movement began to employ *minjung*-like practices of protest and labour unionism at a variety of sites: labour movement culture festivals (these include militant dances and songs), sit-ins, solidarity with the irregular workers movements, and large street demonstrations of their own. Migrants created their own speeches and even dance performances that they presented at these events. In turn, it is not uncommon to see student organized *pungmulnori* troupes (a *minjung* style farmer's band) accompanying migrant workers on their marches. They even adopted many of the corporeal habits surrounding dress and bodily comportment used in the everyday performance of *minjung* protest. These included the adoption of labour movement uniforms and styles of protest, the shaving of heads in protest, or adoption of patterns of speech and public presentation from a general lexicon of popular performance within Korean social movements such as

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<sup>132</sup> Personal Communication, ETU-MB co-founder, July 2009.

mime dance, street theatre, sit-ins and hunger strikes. Illustrations 6.1 and 6.2 below show members of the ETU-MB wearing the traditional trade union vests, while 6.2 depicts one MTU member wearing the style of headband used by other Korean social movements (although this one is used to call for working visas) after shaving his head as an act of protest, a tactic commonly used by Korean social movements, against government immigration crackdowns. As such, the culture of the labour movement became part of their everyday life of their organization.<sup>133</sup> This was a deliberate tactic by the ETU-MB to appeal to Korean society through mobilizing domestic understandings of democratic protest. “We wanted to do something to show we are part of their culture,” explained a former leader of the Equality Trade Union –Migrant Branch.

They had an inspiring history. I saw lots of cultural events, social movements, and protests that touch[ed] each person in their society... You can say that we followed them, our slogans, our rally style, we tried to follow their struggles so that people that would say: ‘They are our people, theirs is our struggle too.’<sup>134</sup>

Using this repertoire, the migrant trade union movement felt that they were able to participate in political space in a way that cannot be facilitated in more established civil society that they felt excluded them because of their citizenship. *Minjung*-style protest provided migrants with a structure of feeling (Williams 1973) and a repertoire of tactics

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<sup>133</sup> The MTI office is operated out of regional office shared with other grassroots labour unions in Seoul. The MTU office and two paid organizers are also funded by this branch of the KCTU. The initiative was initially supported by a more grassroots faction of the labour movement and the MTU has had some tension with the nationalist leadership of the KCTU; however, that leadership has continued to fund the organization, though it has not made the MTU as significant a part of the overall organization as more grassroots labour activists would like. MTU members that I interviewed would like to play a larger role, especially in cases where industrial agreements including migrant workers are being negotiated.

<sup>134</sup> Personal communication, former ETU-MB founder, July, 2009.

through which they can participate politically in Korean society in ways that are often denied to them in some of the migrant NGOs.



**Illustration 6.1: ETU-MB Members Attending a Labor Rally, 2003 (ETU-MB website)**



**Illustration 6.2. ETU-MB Members After Head Shaving Ceremony, 2004 (ETU-MB Website)**

Following Butler's (1990, 1993) lead, these acts can be seen as performative enunciations of *minjung* identity in a transnational frame. They point to the potential of *minjung* discourse itself to interpret migrant experience in everyday life, beyond, simply, the conscious strategies of migrant organizers. According to Butler, performance must also be thought in terms of the potential of acts to be interpreted within a discourse. Therefore, the potential for citation, or citationality, of migrant experience (beyond simply those acts of mimesis chosen by migrant organizers) finds resonance in the discursive structure of *minjung* narratives. Following Butler, the subject of *minjung* performance doesn't necessarily need to be a pre-constituted being who identifies him or herself as a subaltern subject, rather, his or her acts have the potential to be cited and hence interpreted in a *minjung* frame of reference; in this way the act "derives its power

from the citations that it compels” (1990, 15). The fact that migrant experience is citable within the *minjung* frame points, then, to a discursive structure which is not simply operated on as a tool for migrant articulation, but, rather, provides an “iterable model” (13) from which migrant experience can be made intelligible to multiple social actors.

### *Migrant Protest and Spaces of Exception*

The place of performance also influences the symbolic potential of *minjung* protest. Migrant worker protest strategies are performed spatially, often at key sites of *minjung* social protest such as the Myeongdong Cathedral, Yonsei University gates, or Youido Island: central historical places for the movements against military dictatorship in the 1980s and sites of mobilization for contemporary social movements. For example, during the immigration crackdown that started in late 2003, the ETU-MB was contained at Seoul’s Myeongdong Cathedral, site of key struggles against military dictatorship. This is a space from which reform governments have symbolically emerged. This is perhaps why it was also the last prominent public space of representation to which undocumented migrants had access. “We picked Myeongdong Cathedral because it was a place where the biggest movements started from, and because it was a place where nobody got busted.”<sup>135</sup> As a symbolic center of South Korea’s *minjung* movements during the democracy movement, it is perhaps the best space from which to see the potentiality of *minjung* identity. A political space is produced here as migrants occupy the symbolic space from which the reform governments have drawn their own sovereignty. In this space, the separation between democratic citizen and the body of the migrant becomes indistinct in

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<sup>135</sup> Personal communication, ETU-MB co-founder, July 2009.

the category of the *minjung*, to which the state cannot take exception *in this place* because the boundaries of it are too real. Here the bodies of migrants enter into a cultural continuum of *minjung* bodies occupying this place as a site of refuge from political oppression, symbolically linking themselves with the bodies of the last two presidents, who have a personal relationships to this place. In other words, a state of exception enacted in this space would constitute a form of political suicide in which founding myth of the state would make an exception of itself (cf. Agamben, 1998) through the arrest of a *minjung* subject – the subject that led to democracy.

The term state of exception is appropriate here, both in terms of a description of the exceptions around detention procedures frequently used to police migrants, and in the loose sense of locating migrants with an extra-territorial space of the law. A space which they come to contest by occupying spaces that are symbolic for the founding of democratic governments, spaces which were also extra-territorial, but from which sovereign power of the reform governments were achieved. As Goh Byeong Kweon, an intellectual from the democracy movement, and member of the Suyu Collective (a loose community of activists and intellectuals that have supported migrant workers) describes:

In referring to a ‘state of exception’, I am of course alluding to Carl Schmitt’s well-known understanding of ‘sovereignty’ as the ‘power of proclaiming a state of exception’... Thus, [the sovereign] is ‘at the same time, outside and inside the juridical order’... One can safely say that the sovereign power of the state legitimately exists in [an] extraterritorial area. In the name of sovereign, any brutal violence may be legally sanctioned. The sovereign is not the only one standing in the extraterritorial area. Sometimes, the masses expelled to the margin also stand in the extraterritorial area, but in a completely different sense. The sovereign enjoys legitimate status, whereas the lot of the masses is to bear their illegitimate status. The former exists beyond legal control, whereas the latter is unable to receive any legal protection. The illegal migrant workers among the people we [have] met are the most extreme case of the latter... These workers are always vulnerable to expulsion in the name of the law. (Goh 2008, 92-93).



By occupying historic spaces where Korean democracy movements protested the sovereign power of authoritarian governments, and as such established the sovereignty of the democratic regimes, migrants are doing more than merely advocating for sectoral rights. Rather, they are pointing to the effects of continued lacunae within the democratization process. Or, as Young-Min Moon puts it, migrant's appropriation of *minjung* protest shows that it is "only after the establishment of Minjung as People do we now recognize that there remain people, the wretched, poor, foreign, or bare life" (2008, 35); these subjects remain excluded from the accomplishments of democratization, relegated to the extra-territorial space of the law and subject to states of exception.

One of the reasons why *minjung* protest provides migrants with a framework of action is that it resists the extra-territorial configuration of sovereign law by attempting to collapse the distinction between documented and undocumented; instead it asserts a generic, suppressed identity struggling against oppressive force. The materiality or sedimentation of migrants bodies in *minjung* discourse resists, in this way, a citing of the marginalized as merely individual citizens. Rather, *minjung* identity comes to exist in the sense of a generalized victimization that reaches beyond a single historical instance or normative discourse of rights and citizenship. In this way, through metaphor, the category of *minjung* maintains a messianic quality, which is a theme that figures prominently in *minjung* literature, theology, and social movements, especially through the rhetorical themes of death and eternal return (Kim, Young-bok 1981a, 1981b; Pihl 1995). As Marshall Pihl describes, in Choe Se Hui's *A Dwarf Launches a Little Ball* [Nanjungiga ssoa oolin chagun kong] (1976), which is a key work of *minjung* literature about poor urban dwellers during the military dictatorship, the death of the dwarf — who

kills himself by falling into a smokestack as he tries to launch himself on an iron ball that he believes will propel him to the moon — takes on a rhetorical force here as an allegory for the human toll of industrialization. In this sense his death comes to speak of a generalized condition of social suffering that strips the magic from the future by, following Benjamin (1969), introducing a “messianic cessation” of time, “blasting a specific life out of the era or a specific work out of the lifework. As a result of this method the lifework is preserved in this work and at the same time cancelled; in the lifework, the era; and in the era, the entire course of history” (263).

### *The Minjung/Migrant as Subject of History*

This understanding of *minjung* as subject of history influenced the way in which particular acts of protest became understood. For instance, personal sacrifice to the movement and even suicide as a form of social protest came to be seen as examples of a general will to change history. Various *minjung* martyrs were central to social movement mythology, with each sacrifice and suicide taking on a performative manifestation of suppressed feelings (*han*) that erupt as the energy for social transformation (Lee, Jae-Hoon, 142). For *minjung* theorists and theologians, to be of the *minjung* was to wear a mark of exclusion. At times, the *minjung* would experience a culmination of feelings of *han* or resentment at their situation that would explode in varying forms of protest, or *hanpuli*. These ranged from individual acts such as the self-immolation of Chun un Tae-II in 1971 that kicked off the democratic trade union movement, to collective events such as the democracy protests in June 1987 that brought down the dictatorship. Chun immolated himself in the Peace Market where many of the garment sweatshops of the industrial

take-off period are located, holding up a sign reading “Obey the Labour Standards Law” (cf. Cho Y-R 2003). The theology of the 1980s *minjung* movement was in many ways based on the notions of self-sacrifice represented by Chun Tae Il. As Jae Hoon Lee describes,

Minjung theologians find in the death of Tae-il Chun the most sacred aspect of *han* because, they believe, it is death of self-sacrifice. Nam-dong Suh depicts the death of Chun as a replica of the sacrificial death of Jesus that is reincarnated in Korean history. A record of Chun’s diary written three months before he committed suicide, during the labour movement protest shows his wish to sacrifice himself for those he loved.

“At this moment I have made an almost absolute decision. I must return. I must return without failure. To the home of my heart where my poor brothers and sisters are... To the young hearts of the Peace Market which is my ideal place. I have sworn to my life in the long hours of fantasy to go to you who are weak beings and in need of care. I will desert myself and kill myself to go to you. Endure a little longer. I will sacrifice my weak self to stay with you, you are the home of my soul... today is Saturday. The second Saturday of August. The day I made up my mind. Dear God, have compassion and mercy on me as I strive to become a drop of dew “(Diary of Chun Tae-il).”

Nam-dong Suh interprets Chun’s death as a noble death. He claims that ‘the life of Tae-il Chun was to liberate the life of the weaker being from their pains and exploitations, by absorbing their pains and unjust exploitations in himself’ (143).

Protests such as Chun Tae Il’s as well as other collective and commemorative demonstrations were called *hanpuli*, outpourings of *han*, which still structure contemporary protests. For example, the following picture sequence (illustration 6.3) documents a protest performance following the suicide of an irregular worker during an irregular workers struggle in 2003. The performance documented by these photos shows how the feelings of *han* represented by the suicide of this worker becomes transformative energy; in this case, these feeling are represented by the black and red cloth that engulfs the worker, and which, as the worker disappears from sight, is transformed into the flags that the dancers hold up as signs of continuing the struggle.

Labour performances like these are common at labour rallies, especially during difficult and often violent labour struggles where the emotional costs of labour organizing are intense. These performances bring together union militants, support NGOs, and the workers themselves in attempts to encourage union members to continue their struggles and to provide solidarity and support during times of crisis.



**Illustration 6.3: Protest Performance at KCTU-Affiliated Irregular Workers Rally, Ulsan 2004 (ETU-MB Website).**

While this generalized notion of social suffering and transformative sacrifice continues to be used by popular movement to call attention to broad based social struggles, it would be wrong to conclude that there is not some resonance between these themes and those

embraced by the migrant labour movement. However, these themes undergo an important catachresis when applied by migrant workers, who accommodate *minjung* themes not in a struggle against dictatorship but, rather, against the racialized structures and working conditions that shape their everyday lives. Nonetheless, the emotional themes of resentment, self sacrifice in the struggle against an oppressive force resonate with those of *minjung* martyrs. One can detect similar sentiments in the letters written by migrant trade union leaders who have been arrested and deported during some of the migrant trade union movement's campaigns.

For example, the following is an excerpt from a letter written by Kabir Uddin, a founder of the ETU-MB, to supporters of the migrant trade union movement in 2002.

As you already knew, the Korean government took a decision that all migrant workers are forced to go back to their own countries. But, the Korean government doesn't know that those who are struggling can't be prevented in world history... If you love us and our struggle, then you must remain in ETU-MB and struggle. We must and can get victory. Remember if you want to get something, then you have to sacrifice something. When you all unite, struggle and organize other migrant workers very hard, then we will always be with you. We get a lot of pain because we can't shout any slogan with you, with same voice. But we will get more pain if you don't struggle. You know that 90% of labourers in the world, if they have much weakness when they demand their rights, don't stop their struggle until they get labour rights... No struggle will be in vain. Someday we will get victory (Uddin 2002).

Another migrant organizer Mohamed Biduth, wrote a similar letter after he was deported back to Bangladesh in December 2003. A similar, perhaps messianic, affinity exists here between these migrant letters and the diary of *minjung* martyr Chun Tae Il discussed above. Both texts emphasize a similar script of self-sacrifice and solidarity, and demonstrate some of the different ways that the iterative conventions of *minjung* discourse can be opened to other experiences. Bidu's letter reveals an important sign of

the transformation of *minjung*-style protest after 1987. Themes of collective suffering are connected to claims for rights and recognition from the government. The rights claims of migrants are carefully articulated within the collective struggle of the labour movement and do not stand out as removable from them.

Whether I am in Korea or in Bangladesh, I am always with you comrades, until all of our labor right is achieved please continue your movement. We have to pay a price for our rights; it may cost our job[s], maybe even our lives. I know my migrant & Korean comrades are great enough to even sacrifice their life for our great movement.

My dear comrades in Korea, today we have created an opportunity to achieve something for labor from [the] government. Don't miss this opportunity if even [sic] it cost blood, you will pay it. You will pay it for a better future of your children & to present a classless society for our next generations. Maybe we will not able to enjoy the result of our movement but our future generation will get those rights that we didn't get. At least they will not need to fight like us, they will enjoy every thing as we will in future. (ETU-MB Website, 2004).

Biduth was arrested at a rally in support of irregular workers in which an irregular worker committed self-immolation.<sup>136</sup> Thus, there is an emotional relation here between Biduth's letter and this specific act of *minjung* protest.

In the migrant trade movement, the commemorative recognition of martyrdom and suicide plays a similar role in social protest as in other *minjung* inspired movements. In the case of the migrant trade union movement, this is done in order to publicly shame the Korean government's policies and to draw attention to migrant's human rights. The ETU-MB and MTU participate actively in the day of protest surrounding the *minjung* martyr Chun Tae-il's death, which has become the largest day of worker's protest outside of May Day. Pictures of labor martyrs have become key visual icons in protest events and performances, as well as in trade union offices and other spaces of the labour movement.

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<sup>136</sup> This arrest was captured and became part of the 2004 movie *It Goes On: the undocumented are documented*.

Migrant trade unionists use this tradition to commemorate migrant deaths and suicides that occur during immigration crackdowns, and in industrial accidents, as well as the in the case of the Yeosu Immigration Detention Center fire. Members of the MTU also display the funeral pictures of migrant workers and migrant activists in the office they share with other worker's unions, alongside pictures of labour martyrs.<sup>137</sup>

During the immigration crackdown that began in November 2003 following the negotiation of the EPS, 12 migrants died in the first two weeks (by killing themselves or dying while fleeing police and immigration officials). The ETU-MB held commemoration protests, publicly displaying the photos of the migrants that died and marching them through the streets in ways that evoked similar protests by other *minjung* and trade union movements. A dialectical tension can be seen between the two images below: the first a commemorative funeral march on the anniversary of Lee Han Yeol's death (he was hit by a tear gas canister and his funeral march became a major act of dissent during the June 1987 uprising); the second is a march with pictures of migrants who died during the first two weeks of the November 2003 crackdown. In both cases, activists use the symbol of the martyr to shame their oppressors, to speak to the lack of democracy, to assert a subject of struggle in the face of regime that would deny their agency. Through these commemorative acts, the migrant thus becomes a subject who shares the fate of subaltern Koreans, and potentially refuses the hegemonic separation between citizens and non-citizens.

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<sup>137</sup> Visits to MTU office, 2006/2007.





**Illustration 6.4: Lee Han Yeol Commemoration March, June 2008 (Chamsesang News)<sup>138</sup>**

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<sup>138</sup> This protest was part of a larger protests by Korean social movements against the new conservative government of Lee Myung Bak, who, at the time, was undoing many of the progressive reforms of the reform governments of Roh Moo Hyun and Kim Dae Jung.



**Illustration 6.5 ETU-MB Commemoration Protest Against Immigration Crackdown, November 2003 (ETU-MB Website).**

The correspondence between these different ceremonies reveals a displacement in terms the subject of democratic struggle that is being presented. In the first ceremony, the martyr is a subject that succumbed in the fight against dictatorship, in the second, the martyrs are subjects oppressed by the labour policies of the democratic state. This dialectical tension creates a unique experience where the present has the potential to be interpreted in light of past suffering. Protest performances such as these establish a direct continuity between the *minjung* movement and contemporary struggles of migrant workers. By appropriating conventions of *minjung* protests and articulating *minjung* emotions such as resentment, sacrifice, empathy, and commemoration, migrant trade unionists do more than merely protest for greater recognition. They are also, in their own way, practitioners of historical geography in a Benjaminian sense. They grasp the “past

as an image,” a “memory as it flashes up at a moment of danger” (Benjamin 1969, 255). While this may be a fragile connection, and, so far, the migrant movement has not been able to put a stop to continual immigration crackdowns, it does provide migrant workers with a political space of empowered participation among grassroots labour movements that has otherwise been neglected among the reform NGOs from which the movement emerged.

What I have tried to show here is that *minjung* tactics have allowed undocumented migrant workers to successfully occupy political space and to create networks with grassroots social movements. This, in itself, is an impressive accomplishment, though one that has recently come under threat from the new conservative regime (see chapter 8). The production of a larger political space for undocumented migrant workers, as well as irregular workers, will largely depend on how their political agency is recognized by other social movements and reform forces in and inside of government. For the moment, the appropriation of *minjung* protest conventions seems to work, but this strategy will only continue to be effective as long as members of the reform movements continue to recognize the claims of undocumented migrants as important democratic demands, and as long as migrant trade movement can continue to generate solidarity from other social movements.

### *Conclusion*

In this chapter I have presented a somewhat differential analysis of the problem of labour’s role in the politics of neoliberal reform by taking not the exclusion of the labour movement from more expansive participation in the extended state as my starting point,

but rather by showing how irregular and migrant workers themselves have been active at a more grassroots level within the labour movements and grassroots NGO movement of the reform bloc itself. This has helped me to show that tensions between reform strategies as well as between different factions among reformers also inform the articulation of democratic demands at a more grassroots scale, and that, in many ways, the ability of the labour movement to put forward substantive strategies for economic reform is dependent on how well it addresses the emergent struggles of irregular and migrant workers. While the democratic transition has troubled the discursive and performative field of labour conflict, the continued existence of militant political identities and conventions of *minjung* protest points to the incomplete nature of democratization. These new cleavages are a continued challenge for reform forces in their attempted reform of the developmental state. My discussion of the continued relevance of *minjung* protest also shows that while various structural forces may come together in a political bloc, it is not simply enough for reform governments to attempt to represent them through expanded participation in the integral state. Reform governments are affected not only simply through electoral alliances and interest groups negotiation (as they are often described within comparative sociology, cf. Esping-Anderson 1985) but also through the discourses and performances in which democratic demands are made and which emotionally resonate with different social subjects. My discussion of the cultural politics of the migrant trade union movement showed that, if anything, the articulation of democratic demands by migrant workers resonates strongly with other social struggles in Korean society and points to the need for a more critical recognition of the political subjectivity of migrant workers.

Viewed from the perspective of grassroots labour movements, the task of articulating a substantive alternative to the developmental state now seems to demand not simply a better inclusion of civil society within the state, but also a rethinking of how neoliberalism has reconfigured demands for democratic equality and produced new subjects of struggle that also need to be included in the reform process. In the case of the migrant trade union movement, however, the articulation of these new struggles exposes problems of participation at even the grassroots level. For example, the embrace of nationalist or strictly citizen-based articulations of social struggle within the labour movement and civil society creates distinctions between citizens and migrants that inhibit solidarity. As my next chapter will show, this problem is not simply limited to migrant workers. It also informs the way in which Korean reformers have designed new forms of industrial cooperation between North and South Korea. In new forms of capitalist development endorsed by these reformers, North Korean workers are often perceived in ways that gloss over their potential exploitation, as well as participation, in unification projects. This problem thus signifies a broader transnational dimension to the predicament of the postdevelopmental state and the politics of reform to which I now turn.

## Chapter 7:

### Zone of Confusion: The Kaesong Industrial Complex and the Politics of Postdevelopmental Zoning

*The Kaesong Industrial Complex is developing everyday. Across the Demilitarized Zone, the embodiment of 60 years of division, roads have been built, electricity wires laid and communication links connected. And every single day, commuter buses make the trip to Kaesong from Seoul. Today, Kaesong Industrial Complex produces not just goods, [but] the basis for peace on the Korean peninsula.*

Kaesong Industrial District Management Committee (2007a, 30), *Welcome to Kaesong Industrial Complex*

*Now is the time to think who the subject of struggle should be and what rights we should demand during this struggle. Concerning the subject of struggle, the U.S.-South Korea FTA raises an important question for us. Our struggle should not be limited by the faded national liberation struggle, because it is not desirable to interpellate the nation as a subject of struggle. As it has been pointed out before, the ambiguous position that some nationalist groups are taking can be a potential threat to the struggling front. If the reasons we are protesting the FTA with the U.S. focuses on national pride or national independence, our protest will undoubtedly lose its course when issues such as the North-South Korea summit meetings, North-South Korean economic negotiations, or the six-party talks come up.*

Ko Byeong Kweon and Yi Jinkyung, *Twilight of Empire*, (2007, 7).

#### *Labour and Postdevelopmental Zoning*

In the last chapter I discussed how at even the grassroots level of civil society there is a politics of participation that informs the ability of the liberal-progressive bloc to represent labour in an inclusive way. What I would like to do in this chapter is to continue this discussion to show how the politics of labour's participation is a problem within new forms of economic interaction between North and South Korea. The type of economic interaction that I will describe here is a new form of transnational zoning that resonates with other forms of "postdevelopmental strategies" (Ong, 2006) that have been utilized in China and Southeast Asia. While zonal strategies such as export processing zones are

nothing new to South Korea, under the reform governments of the last decade, new forms of zoning favoring foreign investment have expanded. While most of these zones have been unsuccessful in attracting substantial foreign investment or significant exemptions from national labour laws, the Kaesong Industrial Complex (KIC) has been highlighted as a success. The KIC has been a successful project not only because it makes profitable use of a highly disciplined and low-cost North Korean labour force, but also because it has been heralded as integral aspect of the peace process and provides a forum for interaction between North and South Korea, and, potentially, North Korea and the world. However, I would argue that like the redesign of South Korea's economic strategies discussed so far, the rights of workers and their place of participation within KIC and thus the reconfiguration peninsular relations remains problematic. Certainly the lack of democracy in North Korea is one reason for this problem, but it is also present because the zoning policies governing the zone, as well as the ideological role it plays within reunification discourse, obscure the rights of North Korean workers in the KIC, or at least defers questions about them in the name of unification. Instead, the rights of these workers exists within a zone of confusion enabled not only by the interests of the firms operating there and the governments involved, but also by the special role assigned to the zone among pro-unification activists within the liberal-progressive bloc. This zone of confusion largely constitutes a methodological problem involving the question of how to verify labour conditions in zonal projects like the KIC. While the publications of the Kaesong Industrial Management Committee and the popular press, as well as a strategic visit to the zone discussed here provides some details on the labour conditions there, the inability of researchers or social movements to monitor labour conditions in the zone

make it problematic to conclude much about how the everyday life and labour rights of workers in the zone are configured. Instead, what I do here is explore how the question of labour rights for the workers is obscured, in scholarly perspectives on the zone, in reunification discourse, and in the design of the complex itself.

Before examining the KIC in more detail, however, I discuss how it fits within the literature on postdevelopmental strategies in East Asia, including some of the limits within this literature for approaching the rights and participation of workers in projects like the KIC. I then examine some of the other strategies of postdevelopmental zoning in South Korea in order to show how they are contingent on wider projects of restructuring in the national economy as well as the support accorded to them by both foreign capital and the liberal-progressive bloc. I then move on to the special role of the KIC within the liberal-progressive bloc and some of the internal tensions surrounding this issue. Finally, I then discuss some observations from my own brief trip to the zone in March 2007 as part of a promotional tour undertaken for foreign investors, journalists, and diplomats.

### *Spaces of Postdevelopment*

Recent literature on economic strategies within East Asia has focused on new urban-industrial enclosures such as free economic zones, special administrative zones, technology hubs and clusters, and forms of enclave urbanism such as enclave factory and residential zones (Ong, 2004; 2006; Sidaway, 2007, 2007b; Yeung, 2007). These new urban forms are often linked in this literature to the abandonment of developmentalism and to the proliferation, transnationally, of new forms of enclosure resembling primitive accumulation. Enclosure is often seen here as an alternative to developmentalist attempts



to target national space for strategic industrial investment. For example, both Ong (2006) and Sidaway (2007) argue that these zones and enclaves facilitate the regulation of populations on an uneven and experimental basis that facilitates a sort of trial and error experimentation with neoliberal forms of governmentality as well as exceptions to it. This is seen as constituting a new spatial strategy with which Asian states regulate populations in a variegated manner, targeting certain subjects for entrepreneurial self management with generous state investments, while subjecting others to harsher market and workplace regulation. A key theme in this literature is the graduated and variegated constitution of sovereignty. This is an idea developed by Aihwa Ong (1999, 2006) in the formulation of her concept of graduated sovereignty and in the emphasis she places on an assemblage ontology of nodes, subjects and networks which she sees as constituting state strategies in East Asia and in the diffusion of skills and sensibilities across them.

This focus on subnational or variegated spaces can also be read as a reaction to methodologically territorialist and euro-centrist analyses that assume that state territoriality and sovereignty strictly coincide (Agnew, 1995) and are primarily oriented toward bounded national populations (Glassman 1999). Instead Ong and other scholars loosely associated with postdevelopmental themes (Ong, 2006; Sidaway, 2007; Escobar, 1995) place emphasis on the differential deployment of sovereignty within a transnational space. They posit that sovereignty is not strictly uniform over national space, but that it is an effect of multiple regulatory practices that target space unevenly, in different locales other than strictly the nation (in the homogenized states-as-containers sense of it). Thus, by extension, the sets of interests that work on state power take on a much different and expanded geography and include a complicated set of social forces, interests, and

institutions. To study this complex ensemble, Ong advocates a transversal reading of projects of postdevelopment to highlight those multiple dimensions of power relations that inform these phenomenon and which provide an entry-point into the complex interactions that make different post-developmental strategies viable. In other words, she advocates examining state strategies from unique lines of flight that bring new aspects of power relations into focus rather than starting from assumptions about the boundedness of nation-states or the withering away of the state under globalization.

While recognizing that such state strategies as urban enclaves are unique constructions often involving transnational flows and forms of governance, what I want to do here is discuss the formation of a few different zonal strategies, especially the Kaesong Industrial Complex (KIC) in North Korea. In particular, like Ong and other scholars interested in urban-industrial experiments in postdevelopmental contexts, I would like to argue that it is important to read such projects through multiple dimensions of sociospatial relations. However, in contrast to the literature on spaces on postdevelopment, which is largely oriented to transnational nodes and enclaves in Southeast Asia, I argue that in the case of the KIC, the creation of “postdevelopmental strategies” of transnational governance is also highly contingent on politics with a nationalist articulation, as well as geopolitical support for such projects. This complicates a reading of postdevelopmental strategies that places emphasis on transnational and cosmopolitan corporate actors, and encourages an examination of the way in which new forms of zoning fit into efforts to create hegemonic projects within the state and civil society. In the case of the KIC, I argue, support for the project seems to be contingent on the way in which the reconfiguration of civil and political society has created room for

political projects organized around national strategies of reunification. However, it is also contingent on the support among other forces such as domestic capital and other states active in strategic negotiation on the peninsula through 6-party talks or other means. The interaction of these forces has created what appears to be a zone of confusion over issues of work and labour in the complex. This confusion helps facilitate experimentation with the regulation of North Korean workers, and enables new investments that might facilitate new cycles of capital accumulation. At the same time, the confusion raised over the rights of North Korean workers does not bode well for the larger politics of equality raised by reformers within South Korea. Therefore, the way in which this imagination of engagement has been pursued speaks to a problematic politics of participation and poses limits to the creation of alternative economic policies that are not based on highly unequal power relations. In many ways, then, the literature on postdevelopmental state strategies (Ong, 2005) is compatible with what I seek to describe here, but I want to work a more relational sensitivity into the study of these strategies so that the influence of hegemonic processes and the interaction between civil and political society involved in the construction of postdevelopmental state strategies can be better grasped.

The strength of the postdevelopment literature (Ong, 1999, 2006; Mitchell 1999) is to have helped grasp the transversal aspects of state strategies that enable us to talk about state strategies as an assemblage or regime. This is useful for describing a field of strategic and relational interaction that informs state policy but that has no assumed *a priori* territoriality. The “state” is not merely a simple technical entity but a grouping together of practices, relations, and material institutions that form something of a

cohesive but necessarily fuzzy whole that changes historically and geographically in time and space – what I have done in this dissertation is examine the influence that the reform bloc, as a region of this assemblage, has had on reconfiguring the Korean state. This is the reason why regarding the state as a regime or assemblage of strategies is perhaps a more efficacious enterprise, as these terms better capture the sense of the multiple relations occurring simultaneously at local, national, or transnational and other scales, as well as other socio-spatial dimensions that constitute the material world of the state in an extended field. Though, for reasons of periodization, engagement with and critique of developmental state theory, and the desire to signal a very definite historical shift, I have used the term post-developmental state instead of post-developmental “regime,” “strategies,” or “assemblage” to denote the reconfiguration of state strategies in this dissertation. However, readers should regard these terms as interchangeable as both can be used to connote the flexible sense of the state to which I referred to above.

Where I depart from the postdevelopment literature discussed above is in terms of how social struggles are involved in the configuration of these regimes of state strategies, which, I argue, posits an interesting problem for analysis when it comes to analysing projects like the KIC. I hope this will become clearer after my discussion of the zone of confusion that has been build around it. This zone of confusion, I would argue, involves not only the everyday disciplining of workers, but also important political processes around state investments and reunification that come to influence how such projects are conceptualized. In this way, I am wary of what seems to be a tendency to approach zonal experiments like the KIC as potentially progressive experiments based solely on their juridical and networked configuration rather than a concrete understanding of the

situation of work and labour that goes on in such sites. This situation, I argue, is obscured, unfortunately, by the zone of juridical and empirical confusion surrounding it.

For example, in her discussion of postdevelopmental zoning and the potential for development and political-economic experimentation offered by special administrative and free economic zones, Aihwa Ong (2006) argues that the KIC might offer North Korea the chance to pursue a similar route to global integration. She points out that:

The North Korean regime seems to represent a deviant sovereignty that is based on the power to take away life rather than the securitization of the health and well-being of the population... Here [in the KIC], North Koreans can interact with South Koreans and other foreigners to develop access to external sources of capital, skills, and knowledge. These zones are places where notions of an eventual national reunification can be practically broached and tested, thus eventually creating an alternative imagining of biopolitical governing for the rest of North Korea, as well as suggesting a way to the eventual reunification of the two Koreas.

Because these privileged zones are established outside the archipelago of labor camps, the North Korean use of the political exception is a reversal of the Agamben opposition between civilization as normativity, and the death camp as a zone of exception. In theoretical discussions, the logic of the exception has been associated with the suspension of rights and the reduction to bare life, but in contemporary Asian situations, the sovereign exception has created conditions for giving life, freedom, and new political openings (117).

The problem with the above assertion is that it is based on a juridical description, rather than an analysis of the everyday practices that might constitute spaces like the KIC as genuine exceptions to North Korean social space. Without an examination of the KIC as a social space, I am cautious in considering the KIC as a particularly positive form of exception to the normal functioning of the North Korean state; though I admit, compared to a geography of camps, the geography of the KIC might certainly seem to North Korean workers to be potentially more hospitable. However, this assertion needs better documentation. I also feel that is too simple to argue either that the North Korean regime

simply operates on the power to take away life. It seems that there are a variety of formal and informal relations between social subjects in North Korea that imply some give and take between subjects. While difficult to investigate, there are hegemonic processes in North Korea that help the regime maintain power, even if this is backed up by the periodic exercise of violence or radical neglect. For instance, Cumings (2004) and Lankov (2002) have documented how the cult of personality built around Kim Il Sung and Kim Jong Il serves particular factions within the North Korean regime.

It is also not certain that the exceptions made by the North Korean state to both domestic and international norms and rights are entirely absent from the functioning of the KIC, or that these sovereign exception might necessarily give life, and more freedom to North Korean workers. This is because the rights of workers do not figure strongly in the configuration of the zone, in lieu of independent workplace organization. Workers in the KIC are formally represented by the North Korean state and do not, of themselves, exercise formal independence in the workplace. According to Human Rights Watch:

Under North Korean law there is no concept of an employment contract, as workers are assigned to their jobs by state labor administrative agencies under the control of the Workers' Party. Article 33 of the North Korean Labor Law reads, "The state shall strictly enforce the principle of eight hours of labor, eight hours of rest and eight hours of study in workers' daily labor structure. The authorities, management and social collectives should regularize workers' labor, normalize their study and guarantee their rest by properly combining labor, rest and study" (Human Rights Watch 2006b, 4).

In lieu of independent unions, it is hard to verify whether or not workers are subject to exploitation. The KIC is governed under a Labor Law drafted by the North Korean government after consulting with the Hyundai Asan Corporation (which developed the infrastructure for the zone and plays a key role in managing it) and was then adopted by

the Standing Committee of the (North Korean) Supreme People's Assembly (Human Rights Watch 2006b, 7). Human Rights Watch reports that

It has not been publicly disclosed whether the North Korean government consulted with workers in drafting the law. The KIC Management Committee, a North Korean organization with technical staff from South Korea, is in charge of operational support at the KIC, including enforcing the KIC law, monitoring compliance, and punishing violators, under the supervision of North Korea's Central Special District General Bureau for Kaesong Industrial Complex (the General Bureau). According to the South Korean Ministry of Unification, North Korea's labor laws apply to employment conditions in the KIC in the event that the KIC Labor Law is silent on a particular matter.

The KIC Labor Law stipulates that North Korean workers must be paid a minimum of U.S.\$50 per month. Their hourly rate is \$0.25. North Korean workers at the KIC reportedly worked an average of 54.9 hours per week and received an average of \$67.40 per month in 2005. North Korea takes 30 percent of the workers' wages as a contribution to a fund designed to provide free housing, healthcare and education. The Ministry of Unification told Human Rights Watch that South Korean companies ensure that their KIC workers are aware of how much they are supposed to be paid by having the workers sign payroll forms that show their work hours and wages. Article 32 of the KIC Labor Law stipulates that South Korean companies shall pay wages to North Korean workers directly in cash. However, on North Korea's demand, South Korean companies remit worker salaries to the North Korean government, which in 2005 reportedly paid the workers an average of 6,300 North Korean won per month, or \$42 using the official exchange rate of 150 North Korean won for one U.S. dollar (Human Rights Watch, 2007b, 7-8).<sup>139</sup>

The fact this grey area around North Korean workers agency may be the result of a project associated with Korean democratization is problematic. Given that a key demand of the Korean democracy movement was for more expansive democratic participation and economic equality, the low wages and limited participation of North Korean workers

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<sup>139</sup> While there is a hospital on site at the KIC in the case of industrial accidents, the KIC Labor Law does not provide for workers' compensation, and Human Rights Watch reports that "it is not clear whether North Korean workers receive monetary compensation for injuries or salaries during a sick leave. The number and rate of industrial accidents at the KIC are not publicly disclosed, though South Korean companies investing in the KIC are reportedly discussing with the North Korean government the possibility of publicizing such information" (2006b, 8).

in the KIC suggests a more depoliticized participation without substantive rights or easily verifiable benefits and labour conditions. While the KIC does provide a forum for engagement, the labour politics of the zone undermines egalitarian goals of the democracy movements. It defers them in time and space in the hope that the present configuration leads to eventual reunification. However, by deferring these questions in this way, there is a distinct possibility that meaning and design of reunification projects will remain confined to strategic investment opportunities rather than more expansive collaboration between Korean citizens from North and South.

On the theoretical level, I think this problem speaks to the need for a discussion of transnational zones that entails a more critical examination of the agency of the subjects who work in such zones as well as the wider hegemonic processes that go into the formulation of the politics that inform such zones. This is not to say that postdevelopment scholars like Ong do not attempt to situate their studies within a changing neoliberal hegemony, just that a fuller examination of everyday social and political spaces informing cases of postdevelopmental zoning like the KIC has not been fully undertaken, as this scholarship has been more concerned with the description of juridical exception than with its situated contexts. As a result questions of agency in this literature are often collapsed into the diffuse geography of state strategies themselves. Power appears immanent to a juridical relation that makes exception of national space and carves out new enclaves of primitive accumulation (Sidaway, 2007). Important processes that inform state strategies, such as political sequences of reform and reunification politics or the everyday spaces of the zone, are neglected in favour of geography of diffusion and



fragmentation.<sup>140</sup> This juridical focus seems to regard sovereignty as primarily a diagram, rather than a contested process, and thus neglects the role of social movements and of processes of hegemonic articulation, not to mention capital accumulation, in the politics of such zones. It is possible that social movements might, in their own way, help make un-political – falling outside of sovereign law within a state of exception – the agency of workers in such zones, by, for example, promoting North Korean workers as objects of inter-Korean strategies instead of subjects with a political agency of their own. But I think this speaks to the need for a more conclusive examination of how social movements shape postdevelopmental strategies rather than ignoring questions of agency because none seems apparent.<sup>141</sup> In this way, it seems that a more relational and interactive analysis of social space is needed that can examine how zoning practices are informed by larger hegemonic relations, and how these relations both shape the everyday lives of workers in the zone, and obscure the study of it. This analysis calls not simply for institutional and disciplinary description of zonal strategies but also for an analysis of

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<sup>140</sup> The same might be said for the neglect of political economy by neo-Foucauldian scholars. Ironically, many of the neo-Foucauldian approaches to the state claim that the modus operandi of state strategies is not simply to discipline bodies in space but to generate accumulation, however, at the same time a larger conceptualization of the dynamics and constraints that particular accumulation strategies might create for the reconfiguration of state strategies, both for their legitimization and for their utility as strategic moments, is left unexamined.

<sup>141</sup> While this section represents an engagement with tendencies that I see in both Ong 's (2006) more recent work — because I think it raises particular challenges for understanding projects like the KIC — this is not to say that the discussion of postdevelopmental state strategies by both Ong and Sidaway are not situated in the changing field of post-colonial, imperial, and developmental projects, but that, because of the synthetic nature of their work on postdevelopmental zoning, the political consequences of development in any one particular zone, and the political agency of subjects in that zone remains only minimally explored. On the other hand, I feel that Ong's work (Ong, 1997) on factory women struck a happy medium in which the active and even political agency of workers could be seen alongside disciplinary strategies more fully.

how social forces create the frameworks in which discipline is applied; or, rather, how postdevelopmental projects like the KIC might be regarded as a partial effect of a particular political sequence – in this case one based on the reworking of democratic demands for development and reunification within a framework conducive to transnational capital accumulation.<sup>142</sup>

### *Some Zones are Better Than Others*

In response to the deep seated regionalism that informed the Korean state during the developmental era of state-led industrialization during the Park Chung Hee dictatorship (Woo, 1993; Wade, 1990; Lee B-C, 2006), reformers during the postdevelopmental era have attempted to create a more balanced regional distribution of economic activity through decentralization. This has included the creation of agencies to facilitate balanced national development and other spatially targeted policies. These policies have accompanied a larger neoliberal reform of the state that has transformed state capacity from the active channeling of financial resources to strategic industries to the liberalization of financial policy and the creation of new spatial strategies to lure foreign direct investment, such as the creation of particular zones for deregulated foreign

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<sup>142</sup> In other words, I think it is important to investigate how subjects are able to intervene not only in the diffuse power relations which shape the personal, but rather, are able to constitute, as political, sets of relations that expand much farther beyond their bodies or the singularity of their experience. Peter Hallward's (2003) notion of prescriptive agency might be useful here. Sylvain Lazarus (2007) and Giorgio Agamben (2005) have also been active here in trying to account for how social movements help construct divisions between the political and the un-political in ways that resonate with modern biopolitical discourses and techniques of state power; however I find that their work still sticks closely to a diagrammatic view of state power, focusing very closely on juridical forms rather than on more process-based political sequences, structural changes, and forms of hegemonic articulation.

investments (Park, BG 2005). To date, Korea's attempt to create new capitalist enclaves has been limited mostly to the construction of free economic zones around several major cities, and a "free international city" anchored mostly around tourism on the island of Jeju. However, as Park (2005) describes, the original plans for a more comprehensive industrial policy vision for these projects are contingent on both inherited tensions between economic bureaucrats and social movements. As the Korean state has gone more neoliberal, the industrial policy components for zonal development projects as existed quickly were removed by key economic bureaucrats and replaced with a more laissez-faire vision in which local government were able to choose which industries to support.<sup>143</sup> This led to overlapping initiatives and the lack of investment in strategic industries.

This problem speaks to some of constraints in the way decentralization has been embraced in the reform of the state. While there has been a greater devolution of power to the regional municipal levels compared to the dictatorship era, this decentralization has relational limits in terms of exactly how participation at these levels, and coordination between municipalities and the national state, have been conceived. While the creation of special zones was originally suggested as a new form of industrial policy by policy makers in the national state, the economic ministries that endorsed them removed many of the strategic incentives for technological transfer and the development of new product lines that were originally proposed. In addition, these policy makers allowed zone proposals to circulate amongst local governments and at the regional level, however, these were often promoted by local real-estate interests and did not encompass a comprehensive approach to coordination between proposals, effectively watering down

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<sup>143</sup> Interview, policy researcher, Korean Science and Technology Policy Institute (STEPHI), November 2006.

the original zonal proposals to an uncoordinated mechanism for local boosterism. This lack of coordination and explicit focus in zonal policy left many to wonder if there is any significance to the project, as investment has been sluggish (*Korea Times*, “Skepticism growing over Free Economic Zones,” 21 December 2007). Another part of the problem is that foreign direct investment was on the decline over the last couple of years of the Roh administration (and even more since the global economic crisis began in 2008) with outward investment by Korean corporations increasing in significance over foreign capital inflows. Furthermore, though offering tax breaks and regulatory exceptions for foreign companies, attempts to create major exceptions in labour laws surrounding wages and benefits have not been successful due to strong and effective union protest. Full worker’s rights had only been extended to workers in Export Processing Zones in the mid-1990s (Kim DO and Kim SS, 2003) and labour unions quickly recognized the government’s FEZ plan might represent a threat to established rights. Thus, the position of labor in the regulatory configuration of these zones differs significantly from similar projects in China and Southeast Asia where larger exceptions exist on workers rights and nationally organized benefits and labour regulations.

**Table 7.1: Experiments in Postdevelopmental Zoning**

<b>Location</b>	<b>Targeted Industries</b>
Incheon-Songdo	International business center, knowledge-based industries, bio-tech industries
Gwangyang Bay	Logistics, warehousing, manufacturing
Busan-Jinhae	Manufacturing and logistics
Jeju Free International City	Tourism, medicine, IT industries
Kaesong Industrial Complex	Manufacturing and tourism

Location	Targeted Industries
(NK)	
Kumgangsan (NK)	Tourism
Yellow Sea (Pyeongtaek-Dangjin)	International business hub
Seamangeum-Gunsan	Tourism and leisure
Daegu-Gyeongbuk	Knowledge-based industries

Sources: Free Economic Zone Planning Office website, [www.fez.go.kr](http://www.fez.go.kr); Kaesong Industrial Management Committee website, [www.kidmac.com](http://www.kidmac.com)

Capital has not migrated to these zones as the government hoped. Instead, the proliferation of zones has created more regulatory hurdles due to poor coordination between different levels of government. For the most part, foreign capital seems content to buy existing assets within the Korean economy at large rather than starting new product cycles in the area of these zones. Furthermore, most multinational corporations prefer to be located in Seoul where they are close to established business networks.<sup>144</sup> Because of the lack of success in generating investment in these zones, the Korean government has recently renewed efforts to encourage foreign investors to build educational and medical institutes in these zones, a step which some see as an attempt to create privatized educational and medical system; however, even these efforts have met with little success because of lack of interest as well as resistance from regional authorities (Hankyoreh, 28, July 2008). The only zone within South Korea that appears to have considerable investment is the Songdo Intelligent City, but much of the capital for this development has been supplied domestically, and worries of corruption have clouded the development (Hankyoreh, 03 July 2007). Though the FEZ projects within South

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<sup>144</sup> Interview, STEPPI policy researcher cited above.

Korea have tended to have difficulty being realized, the Kaesong Industrial Complex that South Korea has been jointly building with North Korea has been more successful and conforms more tightly to the examples of zoning strategy described by postdevelopmental theorists in their exploration of zonal projects in China and Southeast Asia.

#### *A 'Capitalist-Led' Peace Process*

The Kaesong Industrial Complex can be directly related back to the Sunshine Policy of Nobel prizewinner and former South Korean President Kim Dae Jung. Kim was himself an opposition democracy movement activist during South Korea's long years under dictatorship. As discussed in previous chapters, reunification was a determined goal of the social movements that contested military rule and which have gone on to inform the reconfiguration of civil and political society during the long decade of economic and political reform. Especially after the Kwangju Uprising of 1980, the politics of national independence, peaceful coexistence and eventual unification became amplified in counter-hegemonic discourse (Koo, 2001; Lee, Namhee, 2007; Shin, 2002). As Paik Nak Chung has noted (1993; 2007) the transition to democracy in 1987 did not bring sudden reunification and the division system was maintained. For Paik, who has theorized an ethnic basis for the unification, this has been a set back for the democracy movement.<sup>145</sup> Furthermore, while there were strong student movements for reunification in the early 1990s, public support for re-unification issue began to waver due to fears about the

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<sup>145</sup> The Paik (1996)—Habermas debate (1996) is an instructive place to examine some of the contemporary debates around reunification based on the German experience as well as the tension between ethnic versus democratic-civic nationalism. While Paik advocates the former he articulates reunification in tension with democratic-civic nationalism.

enormous costs that sudden reunification might bring, as witnessed by the travails of German reunification. Out of this context, the opening up of experimental zones of engagement as part of a project of eventual reunification was proposed as an alternative to sudden reunification. The development of the Mt. Keumgang tourist resort and the Kaesong Industrial Complex are two flagship components of this program in addition to a flurry of other initiatives designed to increase cooperation at multiple ministerial levels and through exchanges, family reunions and the hosting of joint cultural events.

The KIC must thus also be seen alongside a number of restructurings and transnational projects that the South Korean state has been undertaking as of late: these include liberalizations targeting labour, trade, and finance, as well more spatially selective projects like the setting up of Free Economic Zones, and the acceleration of international recruitment and management of migrant labour (Park, B-G. 2005). Among these, the Kaesong Industrial Complex has been seen as an alternative to keep business from relocating to other low cost destinations overseas. The cost of labour in the zone is only US\$57 a month (although with other incentives North Korean workers can make up to US\$100 a month, in 2007 prices, and the wage raise rate is set at 5% a year) working 6 day, 48 hour work weeks. Land rent and infrastructure are very cheap with corporate income tax at 10-14% with a 5-8 year exemption (KIDMAC, 2007b).<sup>146</sup> Industrial

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<sup>146</sup> The publication *Welcome to the Kaesong Industrial Complex* (KIDMAC 2007a) outlines the general agreements on working conditions established between North and South Korea through various ministries and the joint management committee. North Korean workers do not receive their wages in US dollars, however, and though representatives from KIDMAC and scholars involved in the KIC that I asked claim that workers are paid well, they seemed unsure on the exact amount. Human Rights Watch (2006a; 2006b) reports that North Korean workers are paid a cash equivalent in North Korean won, but that this has not been independently verified, nor is it clear what other comparable rewards they receive might be. These agreements, particularly the sections on

technology such as lasers and heavy chemicals are forbidden under the proliferation security initiative that South Korea has signed with the United States. The project also involves large investments from big business. Hyundai Asan is the construction firm in charge of both the tourist and industrial infrastructure in both the Kaesong and Kumgang zones. Thus, in many ways, both small businesses and large conglomerates have been enlisted in a project that offers a strategic geographical advantage for Korean firms while enhancing the peace process at the same time.

Though the KIC managers hope to attract international firms to the zone, the government only insures the sunk costs of domestic firms and their joint partners from revenue loss due to geopolitical instability. Thus, if foreign firms want to produce in the KIC and not face a large risk on their invested capital they must form a joint partnership with South Korean firms.<sup>147</sup>

While in the wake of the 1997 financial crisis the South Korean state has been looking for a new spatial fix for the country's small and mid sized enterprises that have been suffering from some of the wider effects of economic globalization, the project should not simply be reduced to the imperatives of any one single group such as transnational capital or the small and mid-sized enterprise (SMEs) sector but rather a combination of interests. While the KIC seems to benefit Korean domestic capital and

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land leases, are currently under renegotiation. In April 2008, North Korea announced that it was annulling the current agreements.

<sup>147</sup> This topic was the subject of some discussion during the question and answer session with the KIC's joint management committee during the tour of the zone that I made in March 2007. I was fortunate enough to visit the area on a tour organized for foreign government and business groups. During most of 2007, the Korean Ministry of Unification and Hyundai Asan scheduled various tours to the KIC for both domestic and international politicians and business groups; however, many of these have been suspended since the election of President Lee Myung Bak and the worsening of relations between North and South Korea.



politicians, the support given to the Kaesong project by South Korean reformers and activists from the democracy movement should not be underestimated. These activists, including much of the peace and reunification movement that supported Kim Dae Jung's Sunshine Policy of engagement with North Korea, has promoted the zone as a form of engagement and has advocated for goods made in Kaesong to be designated as made in Korea under the free trade agreement negotiated, but still to be ratified, between South Korea and the US in 2007. These activists come in many stripes, but it is sufficient here to point out that engagement with the North is supported by a wide variety of progressive movements and not simply those movements with an explicitly left-nationalist orientation such as those activists that participated in the National Liberation movement.<sup>148</sup> Even those with what are described as fairly non-nationalistic tendencies within the labour movement seem to endorse the project or are at least very muted in their concerns about it. The support given amongst progressive groups for exit from the division system and thus Cold War foreign policy configurations that inform it explain, in many ways, the reticence that many in the South Korean progressive bloc have about publicly criticizing human rights violations in North Korea, the discourse around which has been used by conservative forces to criticize peace and reconciliation efforts. Thus, the KIC represents something of a political strategy through which South Korean reform forces attempt to

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<sup>148</sup> The term *Jusapa* – signifying followers of Kim Il Sung's Juche tendency – was a term used, often pejoratively, by the conservative bloc, but also among some activist factions, to refer to these activists who placed national liberation at the forefront of their struggles in the 1980s and early 1990s, although very few followers of national liberation looked admiringly on the North as a model to emulate. Nowadays the term *Kukminpa* – simply meaning nationalist tendency – is used within social movements to internally critique left nationalists who privilege national re-unification and foreign policy issues in their movements. For a more detailed analysis of ideological tendencies in the 1980s social movements see Park Mi (2005).

differentiate themselves from conservative interests that favor a more aggressive foreign policy stance. However, this stance creates a contradiction for progressive forces, because, while the conservative opposition may dislike the KIC for political reasons, members of the economic elite and business community support the project as a way for South Korean capital to remain competitive against Chinese efforts to develop North Korea. As Kim Ha Yeong remarks,

This is a contradiction for left nationalists. They say that North Korea, especially the Kaesong industrial complex, is the answer to the problems of the ‘national economy’ of the two Koreas combined—but an article in the *Financial Times* calls it ‘a haven for the capitalists, not the workers’, not the nation either (Choi and Kim, 2006).

Thus, though reticence to criticize the development of the KIC marks a strategic choice, it can also obscure criticism over the potential conflicts around labour issues in the KIC, where workers lack any independent workplace organization, or transparent means of redress except through North Korea’s state controlled worker’s organization.

When doing interviews with activists and officials involved in South Korean labour relations about their thoughts on the Kaesong project, it was difficult to solicit criticism of the project. To date, labour leaders from the KCTU and DLP have made few statements about the KIC, though they publicly defend the zone against criticism from the conservative parties. For example, preparing for diplomatic visit to North Korea in 2006, DLP chairperson Roh Hoe Chan defended the zone against conservative criticism stressing the necessity of engagement.

We aren’t visiting North Korea from a political calculation. We are visiting the North for the people’s safety and for the future of the Korean peninsula. Thoughts of the main opposition Grand National Party (GNP) that dialogue with North Korea is no longer necessary neither reflects the public view nor is a solution to the problem. Even during the Park Chung-hee, Chun Doo-hwan, and Roh Tae-woo presidential regimes, the South and the North held dialogue. Only the

Syngman Rhee regime rejected dialogue with Pyongyang. The GNP is not entitled to take power. To stop the Mt. Geumgang (Kumgang) tourism and Gaeseong (Kaesong) industrial complex projects is merely an emotional response. Will this response be able to make the North's nuclear weapons disappear? Our position is different from that of the U.S. and Japan. When a war breaks out, we will directly be victimized. Only South-North exchange can stop extreme clashes (Hankyoreh October 26, 2006).

While certainly the KIC is an important engagement project, the silence on work conditions there, as well as the inability to verify the work situations inhibits the creation more of more substantive engagement between North and South Korean workers and instead tends to value the role of workers in the engagement process as merely confined to the production process.



**Illustration 7.1: A Portrait at the Hyundai Asan KIC Office Pictures Kim Jong Il with Hyundai Founder Chung Ju Yeong and Son**

During my research, I found that only members of more dissident factions within the labour movement and grassroots organizations criticized the zone directly as, at best, a “capitalist-led” peace initiative.<sup>149</sup> Like the discourse over North Korean human rights, few progressives had sufficiently engaged with the KIC in their critique of the policies of the participatory government. This is largely because the goal of reunification has been long embraced by labour activists. However, the lack of a clear position on what more egalitarian or labour friendly development strategy for inter-Korean projects might be, opens labour up to the criticism that it is quietly supporting the violation of North Korean workers labour rights. While some labour activists expressed reservations about the expansion of the zone and the potential loss of manufacturing employment, most were reticent to directly criticize the project. This is understandable, as there is a lot of sympathy for the project among reform movements. In addition, the reluctance to provide a critical approach to the KIC had the indirect effect of undermining a broader critique of liberalization efforts like the Korea-US FTA (see Chapter 4), which attempted to include goods made in Kaesong in the agreement. The irony of this was not easily disguised, and intellectuals from the Suyu group (Yi JinKyoung and Ko Byeon Kwon, who are quoted at the beginning of this chapter), a collective of former democracy movement intellectuals involved in the anti-FTA campaign, were quick to point this out. They openly criticized what seemed to be the fundamental problem of taking the nation as the starting point for politics and leaving out questions of equality and workers rights. They saw the strategic compromises made by both the reunification activists and the pro-Roh reformers as problematic for oppositional politics. Nonetheless, although differences and antagonisms

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<sup>149</sup> Interview, Korean labour activist, April 2007.

exist between left nationalist and radical left positions on the KIC, the success of the zone has been contingent on the support of Korean civil society, at least while liberal-progressive reform forces have been in power. Under the new conservative government of Lee Myung Bak, on the other hand, there are constant threats to close down the project, from both sides of the border, as inter-Korean relations have become icy. North Korea has threatened to close down the zone, using it as a bargaining chip in its relations with the South.

It would be wrong to state that support for the project is directly contingent on South Korean civil society, but the support of civil society is crucial. Beyond the inclusion of Kaesong made goods in the Korea-US FTA, efforts have been made to win the approval of US and Japanese policymakers, as well as those involved in the 6 party talks on North Korean denuclearization, for the KIC as an internationally sanctioned form of engagement. Under Roh, the South Korean Ministry of Unification was anxious to expand interest in the zone by opening it up, cautiously, to investment from a variety of international sources, inviting investors, educators, and foreign diplomats to visit the zone on specially organized tours led by the North-South joint management committee. As part of my research, I was able to join one of these tours of the KIC in March 2007 with a foreign chamber of commerce. What follows is an account of this short tour and some of the interactions I witnessed, discussed from the point of view of some of the multiple interests involved in the formulation of postdevelopmental strategies.

### *Zone of Confusion*

What was particularly striking and uncomfortable about the bus tour across the border was the ease with which it passed through the carceral geography of the military checkpoints and the newly created land crossing through the demilitarized zone. This was an uncommon trajectory of mobility, and one that speaks to the uneven agency involved in the KIC project, in which South Korean managers, workers, and technicians are free to travel back and forth across the border, but North Koreans are not. Before the bus crossed the border, the creation of North Korean female workers as ‘appealing women’ for industrial investments was made clear within a language of gender stereotyping that has been documented in runaway factory zones in Southeast Asia (cf. Caraway, 2007; Ong, 1987). Conversing with a few visitors on the tour from a foreign chamber of commerce about the foreign interest in the project one of them said to me: “You see, the North Koreans, they possess very special finger skills, much better than the Chinese or Malaysians or Filipinos.” “Yes, and they only cost US\$57 a month,” chimed in his colleague. This cliché, a kind of gendered ethnic nationalism, is also repeated in a different way by a left-liberal South Korean daily newspaper, the *Hankyoreh* (One Nation), which runs flash ads in support of the project on both its English and Korean internet pages. The text running over the images of female factory workers in their ads (pictured below) reads: “At their diligent fingertips a hopeful future is being molded.” Here, women workers, by their labour, are seen “nurturing the economy” for peace and re-unification. So, a particular scenario is set up here that gives these workers an epic task without inquiring into why they have been assigned it. Further, by focusing on the bodies of feminized factory labourers as the site of eventual reunification, the South Korean

media participate in a script that places the agency of KIC workers within the confines of factory discipline instead of in civil society and political life.



**Illustration 7.2 Screen shot of Flash Advertisement for the KIC from the Hankyoreh's English Edition<sup>150</sup>**

Of course, the KIC is not simply being advertised as a site of national reunification but is also framed under the language of globalization and economic competition, which also provided a larger representational framework under which the project was promoted during the tour. Efforts were made to promote the KIC as a site of joint ventures and investment by foreign companies, and a great deal of the trip was organized to explain some the procedures around this. During a presentation by the KIC Joint Management Committee, foreign business members were very interested in learning what the regulatory hurdles were to opening up shop. Many were dismayed about restrictions on higher technology machine goods. There were also a number of lawyers on the tour from multinational law firms who were there to ask about infrastructure contracts and intellectual property regulations. The same attention, however, was not paid to conditions under which North Korean labour was performed, or to whether or not the

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<sup>150</sup> A Korean Version with the same text ran on their Korean-language site.

North Korean workers were fully compensated for their labour under the existing agreements governing the KIC. When one journalist asked about how much workers are paid and whether it is verifiable that the workers receive this pay, one businessman scoffed out loud: “that is the sort of question that only a journalist would ask!” Thus, there seems to be an active creation of confusion over what rights and agency North Korean factory workers might have, not just in the wider discursive framing of the KIC within Korean political and civil society, but also within the complex itself. This raises the question of how a fuller understanding of the conditions under which labour is performed in the KIC might be grasped. Unfortunately, within the confines of the chamber of commerce tour and joint presentations by the bi-national KIC management committee, no clear questions about worker’s rights could be answered. The joint management committee could not even offer a satisfactory answer as to whether the workers were being paid the stated wages, or wage-equivalent in North Korean rations, nor could scholars engaged in the design of inter-Korean projects.<sup>151</sup> The committee asserted that though the North Korean government kept the cash for foreign exchange, workers were paid in NK won and extra rations. While it seems that productive workers are compensated well, as the North Korean government is very interested in the production process, it is difficult to verify this, because research in North Korea is very hard to undertake.<sup>152</sup>

The workers that I saw were between 20-45, and this seems backed up by the official KIC statistics prepared by the joint committee and Hyundai Asan and supplied to

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<sup>151</sup> Interview, April 2007. Former advisor on joint South-North projects. Centre for International Cooperation for North Korean Development, Kyungnam University, Seoul.

<sup>152</sup> Interview, April 2007. Former advisor on joint South-North projects. Centre for International Cooperation for North Korean Development, Kyungnam University, Seoul.



trip participants. In addition, one scholar who worked on the KIC project argued that working at the KIC is considered a form of privilege and is only offered to loyal, urban workers from Pyongyang or Kaesong (2/3 of the workers are from Pyongyang and the others are from Kaesong). Thus, it is possible that the workers who get to work in the KIC are not the most marginal within the North Korean social structure. That said, workers in the factories we visited were thoroughly regimented and did not talk to anyone. This is in contrast to the North Korean managers who helped organize the tour and whom guests were invited to speak with, in both English and Korean. Promotional materials and media reports from the KIC do portray workers from the North and South interacting and a few South Korean workers who chatted with participants on tour mentioned that both North and South Korean workers take their breaks together or eat lunch together periodically. However, it does not seem that this engagement expands much further than meals or official celebrations. Interaction outside of these moments seems highly regulated.

There have also been small reported labour conflicts in the complex, but these take place between the body that regulates North Korean workers and representatives from the South; however, there is not much room here for external monitoring of what happens in labour conflicts or indeed in industrial accidents. Little is known of actual individual cases rather than just general complaints, though the Korea liberal daily the *Hankyoreh* (itself founded by democracy activists opposed to the division system) reports closely on events in the complex when they do occur. As Human Rights Watch reports,

The KIC Labor Law stipulates that labor-management disputes shall be resolved through consultation between the workers and employers, though it fails to clarify whether the requirement bars workers from exercising their right to strike. Under the KIC Labor Law, if a matter cannot be resolved through consultations, workers

and employers can ask the KIC Management Committee to mediate. According to the Ministry of Unification, if the KIC Management Committee is unable to resolve a dispute to the satisfaction of both parties, either party can lodge a complaint with the General Bureau, although there is no such provision in the KIC Labor Law. The KIC Labor Law provides, however, that in cases in which an employer or employee has an “opinion” regarding a penalty imposed against the employer or employee, either can raise the issue with the Management Committee or the General Bureau, which must resolve the issue of concern within 30 days after the complaint is filed. Although there is no law that bans retribution against workers for requesting mediation, the Ministry of Unification told Human Rights Watch that such retribution is impossible because the KIC Management Committee and the General Bureau monitor working conditions constantly (Human Rights Watch 2006b, 8).

According to Human Rights Watch (2006b, 9), the KIC Management Committee has the power to visit work sites without advance notice in order to monitor the labor conditions. If North Korean workers have concerns, they are able to raise them with either the KIC Management Committee or the General Bureau. If complaints are made, the General Bureau and Management Committee can visit the work site with advance notice, and later share their results with the company. However, their findings are not made public. And, when questioned by Human Rights Watch, South Korea’s Ministry of Unification did not say whether findings are shared with the workers and that South Korean companies operating at the KIC do not provide workers with written information on their rights (Human Rights Watch 2006b, 9-10). Thus, the regulation of workers seems to be left up to voluntary monitoring by the companies and the district management committees, with little formal protection for workers who do make complaints. Workers are left without an independent countervailing power of their own. This did not have to be the case.

Although North Korean workers do enjoy independent workplace organization, perhaps a greater role could have been played by the South Korean trade union movement in monitoring the labour conditions in the zone. As the district management committee

includes South Korean employees, it is not a stretch of the imagination to argue that advisors from the South Korean labour movement could have been involved in the creation of labour policies and workplace monitoring in the zone, or that ILO conventions of which South Korea is a part as well as South Korean labour standards could be enforced on South Korean companies operating in the zone.

Because of the ambiguities surrounding the labour conditions within the KIC, there is certainly the need for detailed ethnographic work that can examine the labour politics of this zone, but due to its status as a zone of exception and confusion, it seems nearly impossible to organize, as even South Korean officials involved in creating this and other projects have extremely regulated interaction with North Korea workers and officials.<sup>153</sup> This is not to say, however, that gross violations of workers' dignity have occurred or will frequently emerge in the complex, but the potential is there for a repressive labour politics in this zone.

As discussed above, Human Right's Watch (2006a; 2006b) has expressed similar misgivings about the lack of formal clarification of worker's rights, including the reporting procedures for industrial accidents and workers self-knowledge of their rights. They found that South Korean companies had already violated the KIC labor law, which stipulates that employers should pay workers directly in cash. South Korean companies have been asked instead to pay workers' wages in U.S. dollars directly to the North

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<sup>153</sup> Interview, April 2007, Centre for International Cooperation for North Korean Development. Obviously, detailed research, both ethnographic and otherwise, within North Korea would be an excellent way to verify how the daily lives of these workers are organized. However, even officials with extensive experience in inter-Korean affairs have a lack of intimate contact with their North Korean counterparts. More extensive interviews with South Korean Kaesong workers in the KIC might be an alternative way to also get at these questions in future research.

Korean government. “The fact that North Korea has already managed to get South Korean companies to violate worker’s rights on wage payments is not only an embarrassment, but also raises concerns about other violations at Kaesong” (Human Rights Watch 2006a).<sup>154</sup> Furthermore, the process by which workers’ representatives at the KIC are selected has raised concerns about workers’ rights. The North Korean government, and not the workers themselves, selects workers’ representatives, subject to the approval of the South Korean companies operating at the KIC. According to Human Rights Watch, this violates international norms on state interference in the organization, operation, and functioning of workers’ organizations (Human Rights Watch 2006b, 12-13).

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<sup>154</sup> This is not to say that international organizations do not see the KIC as a potentially progressive experiment. It is just that, in lieu of strong labour laws, they are apprehensive and only extend minimal support. “Human Rights Watch believes that the KIC is a small step forward, in that it opens a window onto and from an otherwise hermetically sealed nation, one that consistently denies access to international human rights organizations. But for the KIC to represent real progress in North Korea’s human rights conditions, basic workers’ rights must be protected and promoted. Although the KIC Labor Law addresses certain workers’ rights, many of the most fundamental rights are missing, including the right to freedom of association and collective bargaining, the right to strike, the prohibition on sex discrimination and sexual harassment, and the ban on harmful child labour. Absent legal protections requiring that these rights be respected, Human Rights Watch is concerned that they may be violated with impunity” (Human Rights Watch 2006b, 3).



Illustration 7.3 Inside one of the garment factories visited on the tour.

Ironically, because the KIC is something of a show-project for the Sunshine Policy, the factories and infrastructure are quite clean and modern compared to older light manufacturing in South Korea, especially the many attic and basement garment shops owned and run by subcontractors around Dongdaemun market in Seoul.<sup>155</sup> There are also plans to expand the complex up to and including Kaesong city, encompassing eventually up to 350,000 workers. Whether or not this will happen is debatable and depends on whether or not the North Korean regime is interested in using the zone to facilitate capitalist development or as political strategy it can use for geopolitical leverage. For example, with the election of the conservative candidate, Lee Myung Bak, as president, the North has been restricting South Korean access to the KIC in protest of South Korea signing on to US Proliferation Security Initiative and South Korea's continued

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<sup>155</sup> One interesting aesthetic detail was that each factory seems to have plastic flowers at different workstations which suggests something not only about attempts to gender the female workers who labour in the factories, but also of the presentation of work stations to the gazes of tour group members and visiting officials.

participation in joint exercises with US military (cf. *Hanyoreh*, 11 March, 2009).

Furthermore, the limits to the experiment also seems contingent on the internal structure of the North Korean regime, which for the moment, might be more concerned with maintaining domestic power than opening up more fully to industrial investment. Thus, it is possible that the KIC will remain an experimental and highly contingent form of interaction between the North and South, unless circumstances arrive where the North Korean regime finds it necessary to more fully adopt zoning practices like the KIC which would allow the expansion of corporate investment through the creation of special administrative zones similar to Chinese policies during the 1980s and 1990s.

### *Conclusions*

As I have tried to show, the zone of confusion that hangs over the labour conditions of factory workers in the KIC prevents a more critical understanding of labour conditions there from emerging, and thus hinders the development of a more democratic engagement between workers and citizens of both Koreas. It also seems to facilitate the process of capital accumulation in the zone though the suspension of important political questions surrounding the agency of workers there, in both the name of eventual reunification and perhaps out of political convenience. Nonetheless, the KIC might perhaps represent a new political opening that could be appreciated critically by both North and South Korean social movements, but at the moment it remains difficult to tell because of the inability to really investigate the politics of labour within the zone. Thus, for the moment this zone of confusion is largely a methodological one, involving the obscuring of questions surrounding the agency of workers there. The KIC remains a highly experimental space where there are few ways of knowing how these workers lives

are regulated, especially in everyday North Korean society, except for a few snapshots and an analysis of the larger contingencies that shape the project, as I've tried to describe above. At present, the ability of companies to profit from what seems a highly regimented and gendered workforce, operating at a convergence of South Korean capitalism and North Korean one-party state socialism, is facilitated by this zone of confusion built around it by the support the KIC receives as a unification project, a component of the six party talks, and the interest from investors and diverse political forces. If this zone, as both a methodological problem, and a mystification that obscures workers' rights, is to be diminished, further analysis of workers' conditions in the KIC will be necessary.

As an alternative to economic policies of the developmental dictatorship period or to North Korean state socialism, the KIC does not provide much by way of verifiable labour rights and worker participation through collective bargaining. This is not to say that the zone is not a worthwhile project, just that the democratic imaginings behind it seem strictly confined to the goal of eventual reunification without much of an interrogation of how a more egalitarian and democratic role might be played both by workers in North and South in this project. Certainly there is room for different forms of participation as well as economic development that can both offer experimental opportunities for engagement and work toward a more equitable distribution of the economic surplus created by economic cooperation. As the dissenting voices on the South Korean left who are concerned about the politics of the KIC and the problematic modification of nationalist sentiment that has been articulated with it have pointed out, there needs to be a better way to imagine a basis for interaction in projects such as these. It is possible to criticize or re-imagine such projects, however, without falling into the

kind of discourse over rights that resonates with hawkish foreign policy or a valorization of engagement policies that deliberately glosses over the conditions under which labour is obtained in the zone. Unfortunately, examination of these conditions is for the moment obstructed by both a gendered nationalism and a thick zone of confusion around these workers' daily lives and their rights in the workplace. Though not yet a significant part of the South Korean economy, the case of the KIC animates how tendencies within the liberal progressive bloc, and the lack of clear alternatives to neoliberalism and developmentalism seem not to bode well for future imaginings of democratic reform, reunification, and democratic participation. Without a more substantial advocacy of democratic equality and participation, the ability of the liberal progressive bloc to articulate alternatives to neoliberalism, developmentalism, and the division system seems to raise serious political questions.



## **Conclusion:**

### **The Politics of Conjuncture**

*Without collective politics, any increase in growth will only lead to an increase in economic separation.*

Cho Hee Yeon (2007), in an editorial in the daily Hankyoreh

I began this dissertation on the topic of contingency, and how my own interaction with social movements led me to ask some of the questions that led to this dissertation. These questions were largely concerned with the strategic promise of reform governments and with the sense of a failure of coordination that occurred under them. However, the topic of contingency is relevant to more than just my own position within the current conjuncture. The trajectories of development and democratization that I have tried to describe in this dissertation are also matters of contingency. Therefore, it is important to point out that I have approached them in the way that I have not merely because of my own proximity to them, but also to bring out the strategic nature of the problems of coordination and participation encountered in the reconfiguration of the Korean state and civil society.

In its own way, the problem of contingency and of strategy also informed the theory of the developmental state. Keep in mind that many of the original studies of the developmental state were being written precisely at time that a variety of heterodox economic models were targeted for structural adjustment by institutions like the World Bank and the International Monetary Fund. Therefore, these studies carried with them their own assessment of a particular conjuncture, and the need to point out that there were other paths to development. The theory of the developmental state was an attempt to

show that successful development was in itself a contingent process and did not follow from a strict *laissez-faire* model.

I believe the current conjuncture deserves a different assessment; instead of the defence of heterodox economic policy offered by developmental state theorists. The starting point for the assessment of developmental state theory in this dissertation was that this theory was not contingent enough. It may have introduced questions about other paths to development into the discourse on economic growth, but it did so by positing a state whose autonomy from society was as prerequisite for successful development. This limited the variety of social actors that could be seen as conditioning economic strategies, and ignored social conflict and other forms of interaction between state and society that were important in the development process. While in the face of structural adjustment, defending the developmental state theory may have been an important intervention, the theory itself quickly lost its explanatory value as democratization progressed. This should be seen as an opportunity, however, for more intervention into debates around development and democracy rather than cause for a return to neoclassical orthodoxy. Indeed, that the transition to democratization was by and large instigated by a fusion of liberal and progressive forces and the fact that this historical bloc has mediated the process of economic reform of the developmental state speaks to the need for a more relational perspective that can better apprehend the contingency on which these processes have rested.

I have tried to advance such an analysis in this dissertation by focusing on the expanded political space afforded by democratization and by trying to examine some of the strategic problems that animated the liberal-progressive bloc during the long decade

and the reform governments of Roh Moo Hyun and Kim Dae Jung. These problems have centered largely on the way in which the democratic demands of the 1980s social movements have been pursued as the nexus between the state and civil society has been transformed. The expanded opportunities for participation by reform movements in the integral state has often led to problems of coordination and conflict within the wider liberal-progressive bloc. This has partially been a problem of ideological articulation: of connecting reform priorities for greater equality, procedural transparency, and reunification within a cohesive framework for the restructuring of the institutions of the Korean state. However, as I have also tried to show, behind problems of articulation there is also a problem of coordination and participation by reform forces. While participatory governance has been a slogan of reform governments, in reality, the creation of effective institutions of social cooperation and of participation in the policy process has remained subordinated within an overall neoliberal framework that limits the power of civil society and social movements to suggest substantial alternatives to neoliberalism or create an effective countervailing force to elite power. While certainly the participation of reform forces in reform governments has served to legitimize the democratic demands of the democracy movements, the attempts to address social-economic inequality through either a more democratic form of developmental planning or through social cooperation have been largely unsuccessful. Nor have they broken with the old cycle of coercion and conflict between the government and organized labour. Meanwhile, the expansion of irregular work and the expansion of further trade liberalization and privatization has served to create greater tension and conflict within the liberal-progressive bloc, as has the embrace of a shareholder value model of reform. Furthermore, enduring tensions between

the articulation of an oppositional politics based on reunification and one on economic justice continue to animate reform forces within the ruling party. This has resulted in the subordination of the egalitarian reform to engagement with the North within the ruling reform parties (which now form the oppositional Democratic Party).

However, the problems of participation within the expanded nexus between state and civil society should not lead one to conclude that this is merely a problem for reform governments or prominent NGOs. I have also tried to show that problems of coordination also exist within grassroots social movements of the reform bloc, as manifested in the response of the labour movement and civil society to the expansion of irregular and migrant work. The challenges encountered by the labour movement are in many ways informed by the broader opening of political space since democratization. This opening has changed the terrain of struggle of the labour movement from a strictly oppositional politics against dictatorship to one based on managing struggles both within and outside of the integral state. The struggle to establish independent unions, and to expand protections for both regular and irregular workers has involved a complicated set of interactions between the labour movement and reform governments as well as forms of mobilization at the grassroots. These interactions have also entailed a discursive shift of the subject of struggle from the broad-based *minjung* movement to the more limited identities of worker and citizen. As labour activists negotiate this transformed field of struggle, the tensions between broad-based mobilization of ‘the people’ (*minjung*) and strategic workplace action and social dialogue create challenges for labour’s own strategy for effecting transformation and raises problems for how labour addresses the struggles of irregular and migrant workers. Finally, as I discussed in my examination of the Kaesong

Industrial complex, these problems of coordination and participation can be expanded to examples of postdevelopmental zoning, including FEZs within South Korea as well as the transnational interactions between North and South Korea in the Kaesong Industrial Complex. Here, I have tried to show that democratic demands for unification can be used to obscure the agency of North Korean workers who work within the light manufacturing factories of this zone. While their labour has become represented as a labour of reunification, the question of rights and benefits of that labour has been left to a zone of confusion created by variety of political and economic actors who profit from that project.

Thus, the examination of the reform of the Korean state that I offered has hinged on the contingency of reform forces and the problems that they have encountered. This perspective, I believe, can be used to blunt the teleology of developmental state theories that assert that successful development necessarily involves state autonomy and the subordination of civil society to the state. Instead, by showing how concerns about a more democratic basis for economic growth inform the efforts of multiple social forces, it is possible to show how development is not necessarily about the creation of an ideal end-point, what Hart (2002b) calls capital D-Development. Rather, it is an open-ended process – small d-development – that informs political struggle and is grounded in everyday experiences animating civil society and the state. My hope here is that this examination of the problems encountered by the reform movements in the restructuring of the developmental state might provide scholars and others with an idea of some of the problems of reform and, perhaps, ideas of how some of these might be overcome.

This seems all the more important in the current conjuncture within South Korea, as it is precisely the expanded nexus between state and civil society created by the liberal-progressive bloc that has become targeted by the new conservative government of Lee Myung Bak. Within his first year and a half in office, the new president has begun to undo many of the progressive reforms of the liberal-progressive governments and replace the nexus between state and civil society forged by the reform bloc with a new nexus between the state and conservative social organizations from the new right. To do so, the Lee Myung Back regime seems to be active in fighting a war of position within the state apparatus and a war of manoeuvre against the progressive civil society.

Upon taking office, Lee's government began to downsize the Ministry of Gender Equality, the National Human Rights Commission, and the Ministry of Unification, provoking protest from the liberal-progressive bloc. Using strategic appointments, the Lee government has also attempted to restructure the state-owned media and cultural institutions. Shortly after Lee's inauguration, the conservative party's spokesperson announced that officials in state-owned businesses and institutions appointed under the reform governments should resign and step down, even if their tenure was not concluded. This move targeted institutions and appointments that were previously considered non-political such as positions with state-run cultural institutions and public corporations. Since then, the president of the Korean National University of the Arts, the Arts Council of Korea, and the National Museum of the Arts (cf. Hankyoreh, 20 May 2009) have all been forced to resign. Similar transitions have occurred in the state-owned media, and state funded research institutes. The Lee government has also forced textbook publishers to revise high school history textbooks to emphasize the "democratic" achievements of

prior conservative regimes and dictatorships that, allegedly, assisted democratization by achieving economic growth (Moon, 2009, 125). Aided by the new right movements, members of whom have been appointed to government posts, the new government has attempted to label the August 15 Liberation Day holiday as Foundation day. This was seen by pro-unification activists as a further attempt to revise history by downplaying the effects of national division in post war history (cf. Hankyoreh, 5 August, 2008).

Within civil society, the Lee government has used historic protests against it in the summer of 2008 as a pretext to de-fund NGOs that participated in the protest. The protests were reacting to Lee's quick negotiation of a deal with the US to resume imports of US beef by eliminating many of South Korea's existing quarantine procedures against meat containing bone fragments or other parts that carry a risk of infection from Bovine Spongiform Encephalopathy (BSE), commonly known as Mad-Cow Disease. This concession, viewed by many South Koreans to be a marker of an unfair deal, led to what were at first small protests but escalated into the largest acts of civil disobedience since the June Democratic Uprising in 1987, with almost 1 million people participating nationwide in the candlelight vigils on June 10<sup>th</sup>, which was the peak of the nightly candlelight vigils that continued for over two months. Part of the reason why the protest swelled was because Lee's government sought to blame them on 'leftist' or 'hidden' forces, thus branding what were actually a hybrid mix of participants including members of civil society groups, online clubs, clergy, and labour unions with a label harkening back to the anticommunist dictatorship. Lee's top aides and ministers subsequently resigned and the president himself apologized and promised to alter his policies as a result. Nonetheless, since then, Lee's government has continued with business as usual,

and by late 2008 and early 2009, took an increasingly punitive approach to protest and dissent, resulting in arrests of online critics of the regime.

After the protests, the Ministry of Public Administration and Security designated 1,842 civic and social groups that participated in the candlelight vigil demonstrations as “illegal and/or violent protest groups,” and announced a new rule excluding these groups from subsidy consideration. Following the announcement, groups as diverse as the Korean Women Workers Association, Hangeul Culture Alliance and River Restoration Network were excluded because they participated in candlelight demonstrations (Hankyoreh, 21 April 2009). This de-funding has been strategic response to criticism of the Lee regime by progressive organizations and has accompanied bans on large demonstrations in urban centers by labour unions and other organizations associated with the candlelight demonstrations. This decision has led to further dissatisfaction with the Lee government among progressive critics as well as within the judiciary, and the limits on assembly have even been considered by lower courts to be in contradiction of constitutional rights. The government has also introduced a professional riot police force to control demonstrations and has generally responded more punitively to militant protests, as was seen during a tragic fire that killed 6 people during a police raid on a January 2009 protest by residents fighting urban displacement in Seoul. Following Lee Myung Bak’s electoral victory in 2007, the entire MTU leadership was arrested and deported, and when a new leadership was elected in the spring of 2008, the same thing happened to the new leadership and what remains of the movement has been driven underground, though recently a new leadership has been quietly elected.<sup>156</sup> The

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<sup>156</sup> Personal communication, MTU-affiliated activists, December, 2008; May, July 2009.



government has also used the national security law to search unification groups and went to great efforts to obstruct protests following the suicide of Roh Moo Hyun in May 2009. The regime prevented former President Kim Dae Jung from speaking at the funeral and surrounded city hall plaza in order to prevent memorials from becoming demonstrations. Mass mourning then became something of a political act, with hundreds of thousands turning out for Roh's funeral procession.

Recently, scholars within the liberal-progressive bloc have argued that the Lee Myung Bak regime has become something of neo-developmental regime (cf. Cho H.-Y. 2002; 2008 personal communication). However, in my opinion, the aspects of developmentalism that Lee Myung Bak might represent need to be highly qualified. Lee's election platform was based around the "747 plan," a plan to restore South Korea's growth rate to 7% annual growth, and to make Korea a country with \$40,000 USD per capita income and the 7<sup>th</sup> largest economy. To do so, conservatives proposed "pragmatic" policies that they claimed would lead to growth, such as the building of a cross country canal system and the easing of regulations on the domestic conglomerates or *chaebol*. They targeted laws on the separation of financial from industrial capital, and laws on industrial development in the capital region that the previous government had introduced. However, though the conservative Hannaradang or Grand National Party (GNP) rhetorically cited the legacy of the developmental dictator Park Chung Hee as an inspiration, Lee Myung Bak – who was nicknamed the 'bulldozer' by the South Korean press for his time spent as CEO of Hyundai construction – has emphasized none of the industrial targeting and long range economic planning (much less the state control of finance and corporate governance) that had been part of the Park regime's authoritarian

government and which epitomized the developmental state policy described by the classical studies of the Korean developmental state.<sup>157</sup> What Lee has mimicked, however, is much of the anti-communist rhetoric of the past, but with the embrace of a more aggressive neoliberalism than the government of Roh Moo Hyun. In some ways, Lee's regime might better be described as a form of quasi-authoritarian liberalism (cf. Wang Hui, 2005) than a neo-developmental regime.

Certainly, however, at the level of rhetoric, there has been a return to valorization of authoritarian developmentalism. The rise of the new right movement and the revision of dictatorship-era history are probably the best examples of this. However, there is nothing in the new administration's policies that mimics the form of performance oriented planning and repression or even nodal and strategic channeling of finance characteristic of the developmental state. The one area that there seems to be strong state capacity is infrastructure projects and real estate development. However, Lee's choice of infrastructure investment is oriented towards building a cross-country canal system whose benefits have been debated by both government researchers and domestic business groups, though contractors have been vocal in their support for the fiscal expenditure involved in building the canal. Meanwhile, the lessening of regulations around real estate investments has led to a re-inflation of the Seoul real estate bubble and fears of its potential collapse (cf. IMF, 2008, 19). This renewed real estate investment is not subordinated to industrial lending or larger long-term state-led industrial investments. Thus, even those areas where there is strong state supported investment lack the effective

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<sup>157</sup> In July 2008, the military even banned a book by Ha Joon Chang, a Cambridge University-based institutionalist economist and pro-industrial policy advocate critical of the Kor-US FTA. Ironically, Ha Joon Chang had consistently praised Park Chung Hee's developmental planning.

coordination used during the developmental period. As in the developmental period, these investments are being carried out in an authoritarian manner with little public input. Furthermore, soon after Lee's election, and in the midst of the unfolding financial crisis relating to the credit crisis around sub-prime mortgages in the United States, Lee was forced to humbly cut back his 747 plan and it soon became clear that in substance his policies would not deliver the economic growth that they promised.

The protests against the Lee Myung Bak's policies in the summer of 2008, and the restructuring of the nexus between civil and political society that has occurred since then has raised the question of participation once again among many in the South Korean liberal-progressive bloc. The protests against Lee's policies, however, raised an important question among many in the South Korean liberal-progressive bloc. And that was that though the protests were successful in contesting something of the amplified neo-liberalism of Lee Myung Bak, South Korea's political system still lacked a solid alternative to the neo-liberalism of the GNP. The Democratic Party that was formed from the ashes of Roh's Uri Party<sup>158</sup> lacked a strong progressive orientation on economic issues. Meanwhile, of the new parties of the left, the Democratic Labour Party has been tainted by factional infighting and remained small in stature in the National Assembly, while the New Progressive Party (which emerged out of the factional conflict in the DLP) did not win a single seat in the April 2008 general elections that had followed the Presidential election in December. Thus, many felt that even if Lee Myung Bak were to

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<sup>158</sup> The remnants of the Uri Party were first organised into the United New Democratic Party, and then the United Democratic Party, before finally changing their name to the Democratic Party after the election.

resign or new elections called, a progressive alternative to his regime failed to exist in the current spectrum of party politics. The conservatives were losing hegemony on the economic front, but the liberal-progressive bloc had no ready-made alternatives to offer because its main electoral party had also strongly embraced neo-liberal policies during their time in office. In terms of trade and labour market policy, there were fewer differences between Roh and Lee's parties than might seem the case, even if they did pursue qualitatively different brands of liberalisation in finance and corporate governance, with the Roh government stressing shareholder rights and attempting to control real estate speculation and the Lee government undoing restrictions on industrial capital and restrictions on real estate transactions and property development. While the liberal-progressive bloc was relatively united around the politics of reunification, the neo-liberalism of both Roh and the Kim Dae Jung government before him had had put stress on the already uneasy coalition of forces made up of intellectuals, politicians, social movements, and non-governmental organizations (NGOs) that composed this bloc and which had emerged from the democracy movements of the 1980s. Thus, the particular form of Kim and Roh's neo-liberalism, tempered as it was with participation from civil society and advanced alongside the desire for reunification, made it problematic to unify the social forces that composed this bloc into a cohesive campaign for a clear economic alternative to current regime.

This problem seemed clear even before the December 2007 election, as liberal-progressive forces began facing considerable internal division. The priority given to national reunification above egalitarian economic reform in the lead up to the election inhibited a more coherent articulation of economic policy, which the neo-conservative

forces played to their advantage. Instead, a productive tension between reunification and egalitarian economic reform, might have been a more appropriate electoral strategy. But, then again, as I have tried to show, the problems of participation go beyond the ideological articulation of alternatives to questions of actual participation in policy formation. This needs to involve the creation of effective frameworks for comprehensive state reform that can include groups like the labour movement. Thus, this problem was long in the making, sedimented within a larger context of reform coordination and thus was not something that could be fixed easily during the electoral campaigns. Nonetheless, the existence of antagonism among reform forces does not mean that the outcomes necessarily have to be inertia or disarray as they became during the late days of the Roh administration. There are many alternatives to neoliberalism and developmentalism that reformers could have enacted, however, their understandings of alternative choices, such as Scandinavian welfare statism, was limited by both particular understandings of markets and as well as other path dependent relationships of elite power that progressives failed to effectively oppose. Thus, as I tried to show in chapters 4 and 5, a counter power to the centralized power of the state administration and economic elite was never effectively developed. Institutions of social cooperation that many felt could be used to decenter elite power became subordinated to neoliberal reform. Corporate governance reforms were resisted by the chaebol, and this is partially because the reform of the chaebol was not tied to any larger social dialogue in which the state could use the labour movement as leverage against the economic elite. This failure on the part of progressives led in many ways to opening of the ideological space for the neoconservative approach of Lee Myung Bak.

Commenting on the recent protests against Lee Myung Bak's agreement with the US to relax South Korea's quarantine regulations, a number of progressive scholars and activists pointed out that in the absence of a functioning representative system where diverse ideological viewpoints could be voiced, grassroots mobilization around "everyday-life politics" (*saenghwal chongj'i*) was emerging as an important site for oppositional politics against the Lee Myung Bak regime. There seemed to be a potential for these movements to revitalize mainstream political competition but also to draw a more varied set of new social actors into the political realm through an expansion of what Cho Hee Yeon (2008) labels the "lifeworld battle line" of popular social movements. However, this line of conflict should not be seen as a replacement for politics but rather as an important supplement to the articulation of other democratic demands for democracy and socio-economic equality. While some saw the potential for these new social movements to improve the relationship between the grassroots and the parties in a way that might broaden political competition, intellectuals such as Choi Jang Jip commented that it was not obvious that the protests would necessarily revitalize representative politics.

I introduced Choi's arguments about conservative democratization and the failure of substantive reform in my introduction, and perhaps it is here that I will conclude. Choi is critical of the failure of Korean politics to represent substantive demands around socio-economic equality and to promote the labour movement as a countervailing force to elite power. Commenting on the candlelight protests, Choi remarked that instead of sustained mobilization against US beef, which rested on an uneasy articulation of both progressive

and nationalist interests, what was needed was a more straightforward revitalization of party politics.

I can't accept both the conservative viewpoint that the government of President Lee Myung-bak could be run aground due to the candlelight rallies and the progressive viewpoint that sees the candlelight protests as a good thing. As they include elements of a direct democracy, participants in the rallies are hoping for an ideal democratic system, but I think representative democracy is the best system. I am interested in restoring party politics or building a system of representative democracy based on revitalization, thereby reducing the roles of various movements (Choi Jang Jip, quoted in Kang, 2008).

Choi's remarks generated criticism from other intellectuals eager to defend popular mobilization, arguing that the record of reform governments have shown that once in power reform forces have not been able to actualize many of their proposals for economic reform (cf. Kang, 2008). Meanwhile, the opposition Democratic Party that emerged from the Roh government has adopted a centrist political program. Thus, at the political party level, beyond the renegotiation of quarantine regulation between Korea and the US and the evocative civil disobedience of the protests, it is difficult to ascertain wider representation of progressive interests.

This political impasse speaks to the reconfiguration of political space that has been part of the democratization process and the sort of challenges it raises for progressive reform. I would argue that Choi's apprehension was justified, as when the regime conceded on protestor's demands for renegotiation of the beef deal with the United States and restored a number of South Korea's quarantine regulations, protests began to die down. However, the tension between grassroots mobilization and engagement with the integral state through party politics, should not necessarily be interpreted as conflicting strategies. Rather, this tension should be seen as a strategic opportunity to develop new responses to the politics of the current conjuncture. Judging

from the first year and a half of the new conservative regime, it seems certain that Lee Myung Bak's tenure is going to encourage new articulations of liberal-progressive politics. For the moment then, the contingency that brought these forces together in the struggle for democracy continues to merit better coordination and interaction between reform forces, as many of the progressive reforms introduced by reform governments come under threat. However, it is also possible that liberal and progressive interests will begin to diverge in terms of their manifestation at the political party level. If the Democratic Party continues its rightward drift and if the New Progressive Party expands its support base, then perhaps the emergence of a new oppositional basis for democratic reform will emerge within the liberal-progressive bloc. But for the moment, this seems difficult to ascertain and it seems that if the liberal-progressive bloc is to remain a cohesive historical bloc in Korean politics then new efforts at greater coordination among reform forces is necessary. My hope is that this dissertation might provide both scholars and other reform intellectuals with a better understanding of some of the problems encountered by the reform governments and social movements of the long decade since 1987. My hope here is that some of the problems of the reform bloc might be overcome including stronger demands for economic justice in reform politics, and working harder to institutionalize social solidarity through more substantive forms of social cooperation and democratic inclusion.



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Migrant Trade Union. <http://migrant.nodong.net/ver3/>

Ministry of Gender Equality and Family. <http://english.mogef.go.kr>

**Appendix 1:** List of interviewees.

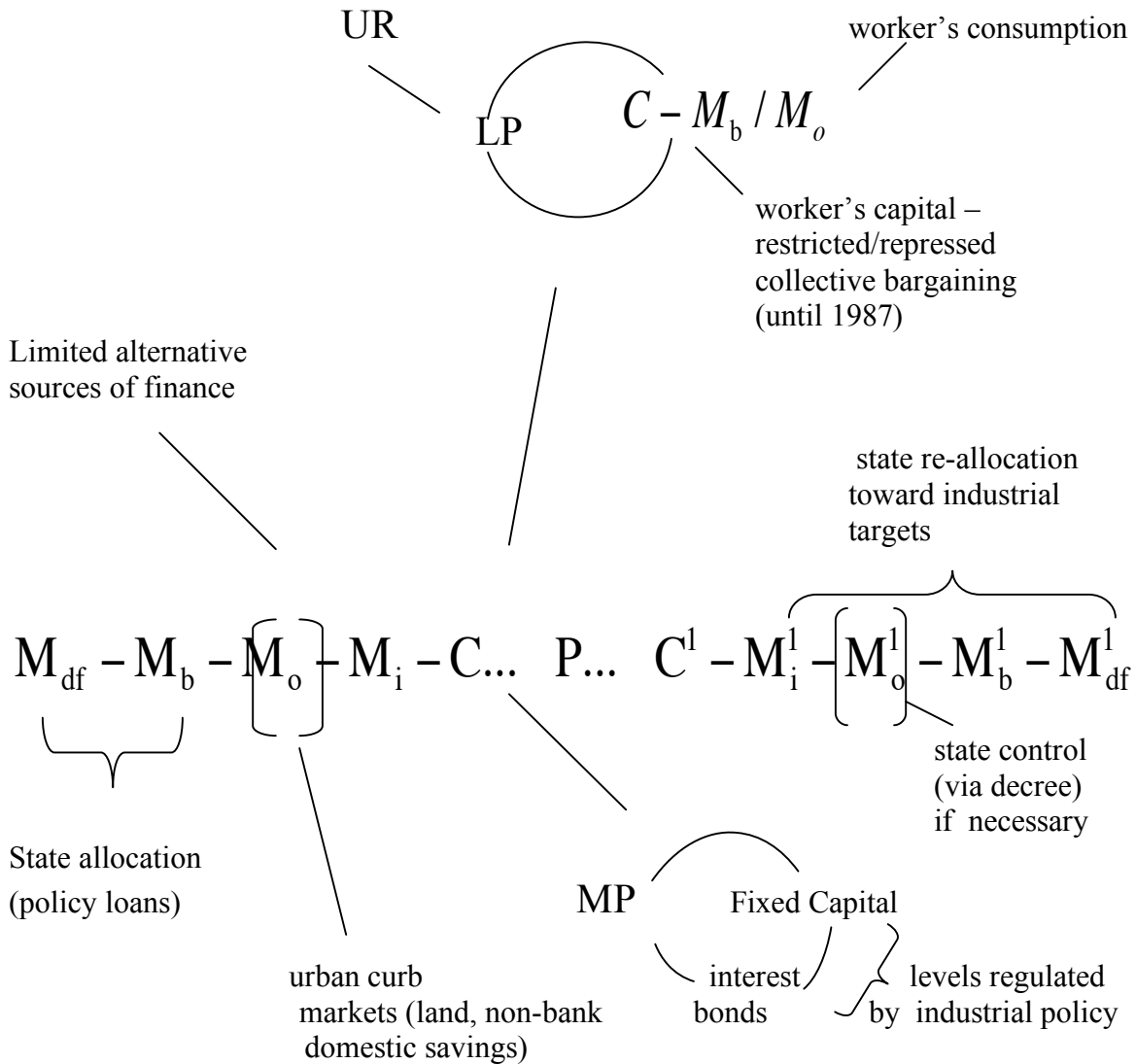
1	Power of the Working Class member, KCTU activist
2	Former Chairman of the Presidential Commission on Policy Planning (Roh Administration)
3	Former Presidential Secretary on NE Asia and Economic Affairs *
4	PSPD co -founder; Pan Anti-FTA Alliance member; Sociology professor, Sungkonghoe University. *
5	Researcher, Center for Women's Culture and Theory
6	Professor, Center for International Cooperation for North Korean Development, Kyungnam University
7	Non Regular Workers Policy Team Ministry of Labor
8	Anti FTA activist, Multitudes network center member
9	Democracy Movement Activist, multitudes network center member+
10	Visiting research fellow - Financial Economy Institute, member 'alternatives network'
11	Professor of Sociology Konyang University
12	Project Coordinator, PSPD
13	Korean Solidarity against Precarious Work
14	Public interest/labour lawyer, Beautiful Foundation/ Gong gam public interest law group. IOM etc.
15	Professor of International relations, Hanshin university, anti-FTA activist and author
16	Truth and Reconciliation Commission of the Republic of Korea Member+
17	Labour support organization member, Ulsan, KCTU Ulsan Office culture director
18	Unionist in early democratic trade union movement, director of Social Programme for Action and Research in Korea (SPARK)
19	Director, international department, Democratic Labour Party

20	Director of industrial relations research - Korea Labour Institute
21	Asst. Director of External Relations, Korean Public Servants Union*
22	Research Fellow, Institute for Social Development studies, Yonsei University
23	Women's worker movement activist, Worker's academy, Institute of Continuing Education for Democratic Society, Sungkonghoe University
24	Professor SKHU, former researcher National Assembly Library (on labour movement and tripartite commission)
25	Researcher, Science and Technology Policy Institute
26	Research Coordinator, Asia Monitor Resource center
27	Korean progressive network member*
28	Manager, FTA department Federation of Korean Industries
29	Economist, IMF Office Korea
30	General Secretary, Public Services international. ILO workers committee member.+
31	Researcher, Samsung Economic Research Institute
32	Head of office, International Organization on Migration Korea
33	Professor SKHU, feminist democracy movement activist*
34	Professor SKHU, feminist democracy movement activist, member national feminist organization
35	Migrant Trade Union Members*+
36	Chaebol expert, Professor in Economics Inha university
37	Various Members, MTU*
38	Speculation Watch Korea members
39	SKHU grad student, member solidarity for social progress*
40	NGO times reporter, civic activist*

41	Solidarity for Economic Reform founder, PSPD member, Center for Good Corporate Governance member, Key Shareholder rights activist.
42	Director Korea Labour Society Institute, former KCTU international coordinator
43	Professor KNUA, Member Screen Quota Alliance
44	Migrant Activist, MWTV
45	Migrant Worker Center Ansan member, migrants rights movement *
46	Hankyoreh Political Columnist, Korean Studies Academic, Oslo University
47	Korean labour historian+
48	Pan anti-FTA, veteran women worker's movement activist
49	SKHU, Environment and peace movement activist
50	Former political prisoner, KDLP and Altogether member
51	Suyu Trans Research Machine members, activists from eighties movements
53	UN Special Rapporteur on Migrant rights+
54	Economics Professor SKHU
55	Former foreign secretary KMWF, KCTU
56	Former Equality Trade Union Chief*
57	Various KCTU members
58	Grassroots Labour Activist, former PWC member

Notes: \* denotes multiple interactions; + denotes informal interview or ethnographic encounter; I have omitted many other encounters with activists, reformer, bureaucrats, etc, that were helpful for my research but where either my role as researcher was not apparent (as in the case of random encounters) and where the interaction is confined more directly to my personal networks. Though, in many cases, participation in different political events facilitated interaction that proved invaluable for my research.

**Appendix 2** The Circulation of Capital: Korean Developmental State Formulations  
[1962-1993]



M=Money

C=Capital

P=Production Process

LP=Labour Power

MP=Means of Production

UR= Unpaid Reproductive work

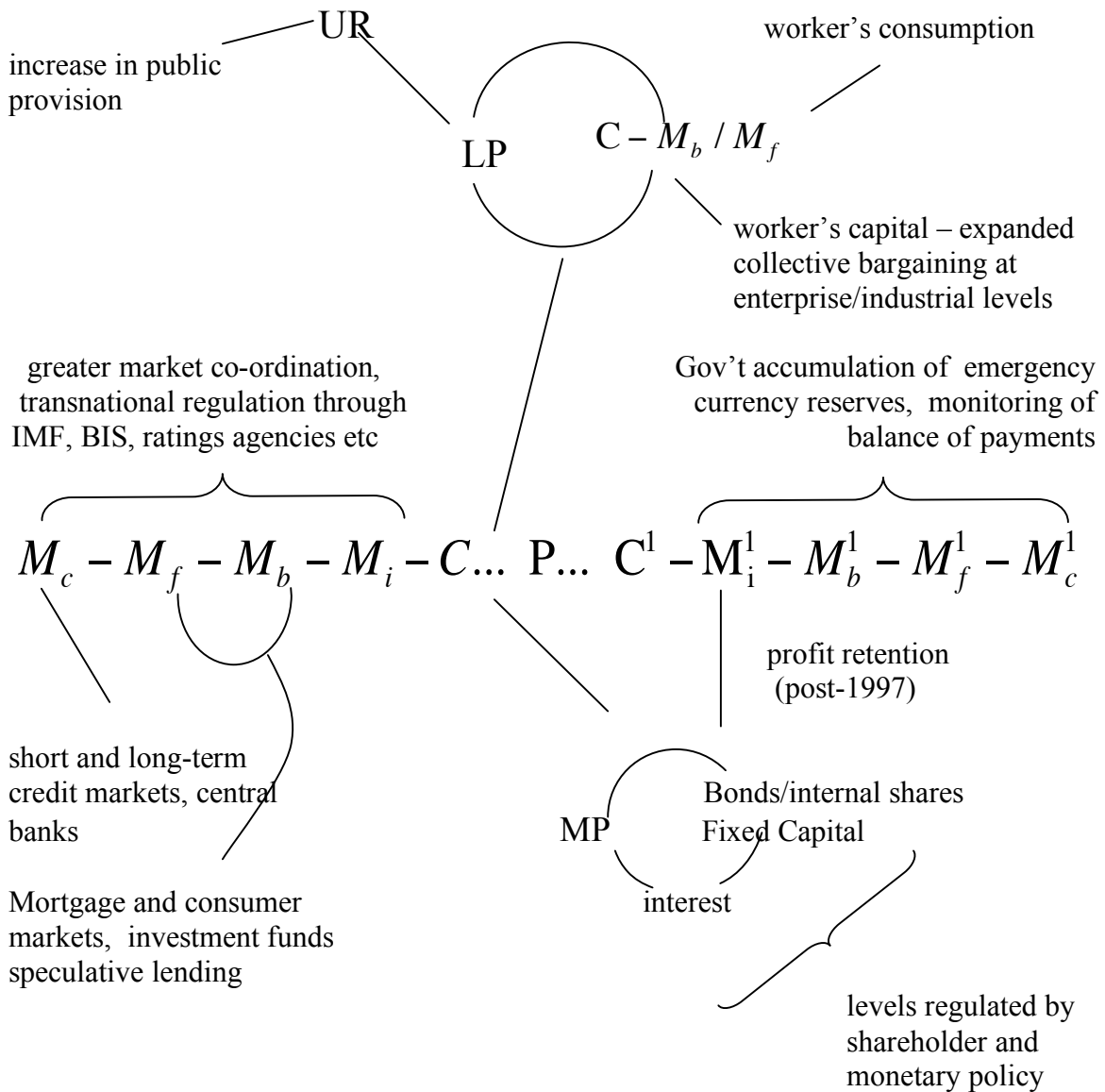
df=development finance (IMF, World Bank, USAID, other)

b=bank (Commercial, Industrial, Import/Export)

o=other financial markets (curb market, non-bank financial institutions, etc)

i=industrial capital

**Appendix 3: The Circulation of Capital: Postdevelopmental State Formulations [1993-present]**



M=Money

C=Capital

P=Production Process

LP=Labour Power

MP=Means of Production

UR= Unpaid reproductive work

c=foreign credit and currency markets

b=bank (Commercial, Industrial, Import/Export)

f= domestic and foreign non-bank financial institutions (mortgage and consumer credit, stock market, investment firms, insurance, etc)

i=industrial capital

**Appendix 4:** The Law on Non-Regular Work and the use of irregular workers (dispatched or temporary workers).

Note: The Law on Non-Regular Work contains three segments: The Act Concerning Protection, etc. of Fixed-term and Part-time Employees (New); The Act Relating to Protection, etc. for Dispatched Workers (Revised) and the Labor Relations Commission Act (Revised). The Law was implemented on July 1<sup>st</sup> 2007. This following table summarizes the law's provisions on dispatched workers. Most significantly, the law removed limits on the sectors that can employ dispatched workers.

Before Revision	After Revision
Non-discrimination is of promotional nature.	New provisions are written in law for non-discrimination and the remedy process via the Labor Relations Commission(for which relevant provisions of the new law on fixed-term and part-time employees apply, with appropriate modifications).
An employee may be used for up to 2 years as a dispatched worker.	The same as before.
There is no requirement for notification of the payment to be made to the agency employer in exchange for dispatched work.	Such notification should be made in writing, so as to prevent the agency employer from deducting an unreasonably high rate of money as a commission.



<p>If an employee is used as a dispatched worker for longer than 2 years, he/she shall be treated as being fully employed by the user employer.</p> <p>*Because of the provision above, it is not possible to impose a direct sanction on the user employer.</p> <p>(Instead, the employee needs to file a suit over unfair dismissal.)</p> <ul style="list-style-type: none"> <li>- There are no explicit provisions on whether the provision above shall apply to the cases of unlawful worker dispatching.</li> <li>- There are no provisions for working conditions for the employee who was a dispatched worker but now is treated as being employed by his/her former user employer.</li> </ul>	<p>If an employee is used as a dispatched worker for longer than 2 years, he/she shall be employed by the user employer. (In case of non-compliance, a fine for default not exceeding 30 million won shall be imposed on the user employer.)</p> <ul style="list-style-type: none"> <li>- If a worker is dispatched with any legal requirement being violated, the user employer shall employ the worker as his/her employee(e.g. when a worker is dispatched for a job not included in the list, the user employer shall employ him/her immediately).</li> <li>- There are provisions for working conditions in the event of such employment of a former dispatched worker(i.e. he/she shall be treated in the same manner as his/her comparable employee in the same business and, if there is no such comparable employee, his/her working conditions may not be degraded.)</li> </ul>
<p>In the case of unlawful worker dispatching, the agency employer shall be imprisoned for up to 3 years, while the user employer shall be imprisoned for up to 1 year.</p>	<p>Stronger responsibility of user employers in cases of unlawful worker dispatching:</p> <ul style="list-style-type: none"> <li>- In such case, the user employer shall be punished with the same length of imprisonment as the agency employer.</li> <li>- And the user employer shall be obliged to employ the dispatched worker as his/her employee.</li> </ul>
<p>Only 26 jobs are permitted for worker dispatching (positive system)</p> <ul style="list-style-type: none"> <li>- Jobs prohibited: construction work, hazardous or dangerous work, medical work, etc.</li> <li>- Manufacturing work, etc.: Allowed for up to 6 months only when a temporary or intermittent reason for worker dispatching is given.</li> </ul>	<p>The positive system will remain unchanged, <i>excepting that the criteria of jobs permitted have been amended to “jobs that are appropriate for worker dispatching, considering professional expertise, skills, experiences or nature of work that characterize them, and are prescribed as being permitted in the Presidential Decree.</i></p> <ul style="list-style-type: none"> <li>- The provisions on jobs prohibited and temporary or intermittent reasons for worker dispatching in manufacturing jobs, etc. will also remain unchanged.</li> </ul>

Source: Based on Korean International Labour Foundation (KOILAF 2006, 9-10),  
Introduction to the Law on Non-Regular Work; italics added.

## Appendix 5: Features of the Employment Permit System

Note: The Employment Permit System was announced in the Fall of 2003 and implemented in 2004. It was meant to replace the Industrial Trainee System that was abolished in 2007. Undocumented workers living in the country more than 4 years were excluded from the EPS.

Permitted businesses	Manufacturing, construction, agro-livestock, Fishery and service industries
Quota of foreign workers	Determined based on supply and demand of workforce in each industry and the possibility of Koreans to be hired
Allocated Number of Job Seekers	The sending countries are based on the percentage of illegal aliens, preference of employers and other criteria such as memoranda of understanding between Korea and sending countries.
Report of Changes in Employment	Any changes in relation to employment of foreign workers must be reported to Ministry of Labour.
Employment Period	A foreign worker can be employed up to three years. Employers and employees must purchase departure insurance. Workers are also covered under the labour standards act [though this remains a grey area as the MTU claims that their rights here are restricted because they are tied to a particular workplace, and the government has yet to recognize the MTU as a legal entity despite a Seoul High Court ruling] and Industrial Accident Insurance. Employment Insurance is optional.
Renewal of labour contract	Each labor contract period cannot exceed one year. The contract is renewed by the employer and employee each year.
Termination of Employment and Change of Workplace	In principle the foreign worker is meant to continue working at the workplace at which he/she is first employed. The Ministry of Labour can intervene to allow workers to change workplaces.

Source: Based on Ministry of Labour (2006) Employment System for Foreign Workers

## Appendix 6: Certificate of Approval



The University of British Columbia  
Office of Research Services and Administration  
**Behavioural Research Ethics Board**

### ***Certificate of Approval***

PRINCIPAL INVESTIGATOR	DEPARTMENT	NUMBER
Glassman, J.F	Geography	<b>B06-0238</b>
INSTITUTIONS WHERE RESEARCH WILL BE CARRIED OUT		
UBC Campus,		
CO-INVESTIGATOR(S)		
Doucette, Jamie L., Geography		
SPONSORING AGENCIES		
Social Sciences & Humanities Research Council		
TITLE:		
Geography of the Post Developmental State: Economic Development, the Role of the State, and the Politics of Labour in South Korea		
APPROVAL DATE	TERM (YEARS)	DOCUMENTS INCLUDED IN THIS APPROVAL
<b>APR - 3 2006</b>	1	March 31, 2006, Consent form / Contact letter / Mar. 9, 2006, Questionnaires
CERTIFICATION:		
<p>The application for ethical review of the above-named project has been reviewed and the procedures were found to be acceptable on ethical grounds for research involving human subjects.</p>		
<p><i>Approved on behalf of the Behavioural Research Ethics Board</i> by one of the following:</p> <p>Dr. Peter Suedfeld, Chair, Dr. Susan Rowley, Associate Chair Dr. Jim Rupert, Associate Chair Dr. Arminee Kazanjian, Associate Chair</p>		
<p>This Certificate of Approval is valid for the above term provided there is no change in the experimental procedures</p>		