

## RÉSUMÉ

### **Les relations du travail en Corée en transition: flexibilité autoritaire?**

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*Le but de cet article est d'examiner la signification des changements dans les relations de travail avant et après la crise économique au regard des nouvelles formes émergentes de subordination des travailleurs au capital à travers diverses mesures de flexibilisation, cela tant au niveau national qu'au sein des milieux de travail. La période comprise entre 1987 et 1996 fut marquée, dans l'histoire du développement capitaliste coréen, par la confrontation entre le capital et le travail, rapport qui s'est cristallisé dans la formation d'un « mouvement de syndicats démocratiques » hautement politisé. Ce n'est qu'à partir de la crise économique de 1997 que l'État capitaliste et les entrepreneurs privés ont pu regagner un contrôle effectif sur le facteur travail en soumettant ce dernier aux impératifs de la logique marchande. En d'autres termes, c'est le marché du travail flexibilisé, basé sur une forte compétitivité, qui détermine les mécanismes de gestion des ressources humaines et qui a permis aux entrepreneurs de diluer, de façon effective, le militantisme des syndicats sur le lieu de travail. Une étude de cas sur les relations de travail dans l'entreprise Hyundai Motors Car a révélé que, avec le degré grandissant de flexibilité et d'insécurité au travail, les relations de travail apparaissent maintenant sous une forme substantiellement différente. Cette forme de relation de travail n'est pas simplement basée sur un contrôle coercitif de l'État sur le travail, mais plus fondamentalement sur une subordination plus volontaire des travailleurs individuels au capital privé. Cependant, la marchandisation du travail flexibilisé semble avoir une double-nature. Dans une tentative pour institutionaliser le marché du travail flexibilisé, l'État joue un double rôle, intégrant, d'une part, les syndicats dans un espace corporatiste, comme la Commission tripartite, et d'autre part, utilisant des mesures autoritaires contre n'importe quelle violation du règlement venant nuire à la flexibilisation du marché du travail.*

## **Korean Labour Relations in Transition: Authoritarian Flexibility?**

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### **Introduction**

During the “miraculous” development of capitalism in Korea, labour relations were controlled unilaterally by corporations, largely through military-like organizational structures and discipline in the workplace. The reproduction of these labour relations was based specifically on the suppression of the collective power of the working class by the state. As a result of this particular settlement, Korean capitalists in the 1960s and 1970s enjoyed “miraculous” accumulation. However, this particular form of labour relations in Korea has undergone a significant transition since the late 1970s. Increasing struggles of the working class, mainly in the textile and garment industry, began to challenge the specific form of labour relations through politicizing labour problems. In spite of the continual attempts by the military governments to regain control over the collective power of labour, the upsurge of the trade union movement in 1987 showed that the growing power of the working class could not be contained by the traditional forms of labour control alone. The ten-year period

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between 1987 and 1996 was marked by the confrontation between enterprise unions and individual capital at the workplace, on the one hand, and between the state and organized labour at the national level, on the other. It was not until the economic crisis of 1997 that the capitalist state and capital eventually appeared to have regained their power to control labour. The new form of labour relations is based not merely on the coercive control of labour by the state, but, fundamentally, on the methods to subordinate individual workers to individual capital. The aim of this article is to examine the newly emerging forms of subordination of workers to capital at the national as well as the workplace level.

## **The Making of Korean Labour Relations**

### ***The Nature of State-led Capitalist Development and Its Impact on Labour***

After the early formation of capitalist labour relations, in which the Japanese colonial regime mobilized and directly controlled labour largely through a “multifunctional police system” (Cumings: 152), and the eradication of the working class movement during the civil war (1950/53), capitalist labour relations in Korea have been reproduced through the repression of the working class by the state. This specific way of reproducing labour relations in favour of further capital accumulation clearly appeared in the moments of the crisis and reproduction of labour relations in Korea. This occurred most noticeably in the collision of the working class with the U.S. military regime in the post-liberation period, during the emergence of the military regime in 1961, and in the *Yushin* (restoration) constitution in 1972.<sup>2</sup>

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<sup>2</sup> Unlike the U.S. occupation policies in Japan and Germany which encouraged the trade union movement, the U.S. authority in Korea seems to have perceived, in light of the increasing conflicts between the U.S. and Soviet Union in the Korean peninsula, the existence of a strong socialist labour movement as the most critical obstacle for the establishment of an anti-communist capitalist society in South Korea. Hence, the US authorities more directly attempted to reformulate social relations through suppressing the radical labour movement by banning unions’ strike activity in December 1945 and later the National Council of Korean Trade Union (*Jeonpyeong*) itself. Also the U.S. authorities put all private property owned by Japanese capital under the direct control of the U.S. authorities and thereby defeated the movement of workers’ control launched by communist organizations in the aftermath of the liberation. The state also tightened its control over the working class

The development of this specific form of labour regulation culminated in the 1970s when the Park regime tightened the state's control over collective labour through emergency decrees which nullified all existing workers' right by super-constitutional measures. Under the auspices of the state, corporations exercised unlimited authority in making managerial decisions through a "military-like" organizational structure, a system of command and discipline on the shop-floor (Rho: 42). In this regard, it appears as if, as Deyo mentioned, this specific development of labour relations shows the absence of the social power of the working class (Deyo, 1989).

In spite of its extreme class characteristics and its maximized role in reproducing a specifically oppressive form of labour relations, the nature of the state appeared in the form of the subordination of individual capitalists to the authority of government, rather than in the form of the subordination of the state to the capitalists. In contrast to the Rhee Syng-man's government, which had "immediate" alliances with particular domestic firms and fed them by offering various privileges, the military regime, in the aftermath of the military coup in 1961, excluded the capitalists who had been allied with Rhee Syng-man's government from politics and then put all individual capitalists under the more "institutionalized" control by nationalized banks and financial institutions. First of all, the Park government succeeded in monopolizing the authority to regulate financial flows in the aftermath of the military coup. In order to control the domestic banks, the military government confiscated the privately-held shares of the domestic banks from individual capitalists (Haggard: 65). The state also put the Bank of Korea under the control of the Ministry of Finance. In addition, new state-owned banks, such as a Medium Industry Bank and the National Agricultural Cooperatives Federation were established, while a new government organization, the Economic Planning Board, was set up as the institutional basis of the selective promotion of industrial investment in which the state allocated foreign loans to some specific

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before the coming of heavy industrialization in the 1970s. In early 1970, legislation on "the Extraordinary Law on Trade Unions and Labour Disputes Adjustment for Foreign Invested Company" was introduced. According to the law, the establishment of trade unions and their activities in the foreign invested firms must be under the direct control of the state.

individual capitalists satisfying the government-planned development strategy. As a result, capitalist social relations in Korea were arranged in such a way that “the political” regulated individual capital as well as labour.<sup>3</sup> In doing so, the state could appear as if it was detached from the interest of the capitalist class, providing the basis of the mystification of the state to Western observers and thereby contributing to the development of the theories of the so-called developmental state. This particular arrangement of capitalist social relations, the maximized developmental leadership of the state against individual capital, suppressive labour relations in the workplace and the state’s coercive control over the collective power of the working class, led to “miraculous” economic development during the 1960s and 1970s. Showing a remarkable average annual GDP growth rate of 8.45 per cent and 35.5 per cent export growth between 1961 and 1970, Korea’s industrialization was successfully transformed from ISI (Import Substitute Industrialization) to EOI (Export Oriented Industrialization). During the same period, GNP per capita increased three times, from \$82 to \$253.<sup>4</sup> Industrial structure also changed dramatically during the 1960s. The contribution of manufacturing and mining to GDP increased from 11.6 per cent in 1961 to 21.6 percent in 1970. Accordingly, the number of manufacturing workers doubled from 417,622 in 1960 to 995,981 in 1970 (Koo, 1990: 673).

However, the export-drive based on the expansion of foreign borrowing resulted in an extremely high level of foreign debt, the total of which increased from 200 million dollars in 1964 to 2.922 billion dollars in 1971 (Hart-Landsberg: 174-75). On the other hand, although the export of consumer goods was increasing continually, this growth accompanied an increasing importation of the

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<sup>3</sup> Those particularities of capitalist social relations, i.e., state control over individual capitalists and the working class, in which the political appeared to be separated from the capitalist class, on the one hand, and also appeared to be an agent of the capitalist class, on the other, offered the contradictory basis for the state’s “autonomy”, which has been theorized as the “developmental state”. However, developmental state theory does not explain the nature of the state’s intervention in the reproduction of capital relations. Rather, in developmental state theory, the nature of the state’s intervention is captured by the relations between the state and private business, on the one hand, and the state and labour, on the other hand, without regard to the role of the state in reproducing the particularly articulated social relations of production.

<sup>4</sup> All dollar figures represent US dollars.

means of production, the result of which appeared in the growing trade deficit: \$574 million in 1967 to \$1,045 million in 1971. As global capital accumulation went into a slow-down period, newly emerging protectionism in the advanced economies also threatened further capital accumulation in Korea. In particular, after the trade balance of the U.S. went into deficit in 1971, light-industry-based export appeared to have reached an impasse especially due to the increasing protectionism in the U.S. market. Korea's export growth began to slow, after the peak of 42% growth in 1967, 37% in 1969, 34% in 1970 and 28% in 1971. Park's government attempted to encourage exports and discourage imports by a 12.9% devaluation of the Korean won in June 1971. However, devaluation appeared rather to result in increasing repayment pressure on Korean firms that raised almost half of their external funds from foreign borrowing. In order to release financial pressure from foreign debt, individual capital rushed into the informal curb market for short-term loans and, as a result, suffered from the re-payment of high interest corporate debt to the informal credit market. Because of these difficulties, "more than 2000 firms were forced into bankruptcy by 1971" (Hart-Landsberg: 175). In order to overcome these problems, the state directly intervened in the economy by liquidating the less efficient individual capital from May 1969. As a result, 30 large and medium size companies were forced to shut down by the government. In addition, the state attempted to support relatively efficient capital through "a devaluation, a cut in domestic interest rate, and a bailout of financially troubled firms" (Amsden: 97). A gigantic bailout project was implemented by the state in 1972, by "placing an immediate moratorium on all loans in the informal credit markets and reduced the bank loan rate from 23% to 15.5% annually" (Cho: 15).

However, it was in heavy industrialization that the developed role of the state in revitalizing capitalist development by controlling labour and financial flows showed its culmination. The state, beginning with President Park's public announcement of the *Heavy and Chemical Industry Plan* in 1973, attempted to push heavy industrialization through direct funding, allocating foreign loans, lowering interest rates and offering incentives and tax-cuts. Foreign and domestic loans were highly selectively allocated to heavy and chemical industries through the so-called policy-based

lending by the nationalized banks throughout the mid and late 1970s. Given the economic development of the 1970s, it seems that heavy industrialization was successful at least in offering a further basis of accumulation for Korean capital. In the 1970s, despite a slight slow-down during the mid 1970s caused by the first oil shock, the economic growth was impressive. After the first oil shock, the economic growth rate soon recovered, showing an average of 12.33% growth from 1976 to 1978. Capital investment concentrated on the heavy industries appeared profitable. Electronics, steel, shipbuilding and other assembling-manufacturing industries enjoyed price competitiveness in the global market, leading to export growth of heavy industrial products. Heavy industrialization also could substitute the production of the small-scale means of production. The rate of imported general machinery to the total supply of general machinery fell from 75.3% in 1970 to 59% in 1980 and 41.3% in 1985 (Lim: 30). In addition, the construction boom in the Middle East and the Vietnam War contributed to the growth. As a result of accelerated development during the 1970s, Korea became a fully industrialized country with the manufacturing and mining sectors producing more than 30% of GDP.

The planned heavy industrialization from the early 1970s, in which the state maximized its control over individual capital by establishing funds and channelling them into pre-designed projects and sectors, on the one hand, and by tightening its control over labour through the subsequent national emergency decrees that illegalized workers' collective actions, on the other, showed once again that successful state-led capital accumulation could be achieved. However, it is not the case that the state's control of the working class has always succeeded in reproducing "military-like" labour control on the shop-floor. Rather, these strategies resulted in the massive politicization of labour struggles. Noticeably, the "barracks-like" labour control on the shop-floor has been undermined by the emergence of a democratic trade union movement against the pro-government FKTU (Federation of Korean Trade Unions). In 1979, the development of the democratic trade union movement, which was represented by the intense struggles in the textile industry, e.g., the Dongil Textile Company in the mid-1970s and the self-immolation of a textile worker, Jun Tail in 1970, culminated in the YH workers' struggle. The violent sup-

pression of the YH worker's struggle precipitated a nationwide political campaign that led finally to the overthrow of President Park (Ogle: 92; Cumings: 79). After President Park's assassination, nation-wide demonstrations demanding political democratization were held. In addition, over 700 strikes and 897 conflicts – which amounted to the same total number of all labour conflicts as in the 1970s – were dramatically organized by workers in a few months during the spring of 1980. After another military coup by Chun Doo-hwan, the government tightened control over labour by sending union leaders to concentration camps, strengthening the mediating role of the state in labour conflicts, removing the closed shop and prohibiting third party interventions in labour conflicts to preclude further involvement of religious groups and students in the labour movement. However, independent trade unions, struggling against the state's labour control and the leadership of the FKTU, have continually emerged throughout the 1980s.<sup>5</sup>

### ***Deepening Crisis of Reproduction and Labour Relations in Transition***

In 1987, the workers' struggle at last critically undermined this specific form of labour control both by the state and employers. The significant challenge from democratic trade unions firstly

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<sup>5</sup> Two struggles in the mid-1980s, the strikes at Daewoo Motors and at Kuro Industrial Park, represented the continuing development of the workers' struggle and its continuity with that of the 1970s. The struggle at Daewoo Motors showed the emerging possibility of the development of struggle in what was the most heavily invested sector. In fact, this struggle exemplified the extremely militant struggle by male workers in the sectors in heavy industry, which came to dominate workers' struggle after 1987. The so-called "disguised" workers' (who became manual workers after graduating from college in order to organize workers into unions) attempts to radicalize trade unions played an important role in organizing the strike, showing a great degree of solidarity with the "real" workers. Also, in the process of the strike, the struggle of rank and file workers, who organized and supported the "Committee for Normalization of Trade Union", went beyond the pro-capitalist unions' leadership as well as legal boundaries. This indicated the steep development of the radical trade union movement throughout the 1980s and the early 1990s. On the other hand, the Kuro solidarity strikes, supported by student and dissident organizations, showed the continual development of the struggle in small and medium size firms which were centered in the textile industry during the 1970s. It also showed the possibility of an alternative current in the trade union movement against the existing pro-capitalist federation, FKTU, by developing regional solidarity to a great extent.

appeared in the increasing number of unions and union members. Between 1986 and 1989, the number of unions increased from 2,658 to 7,883 and of individual members from 1,036,000 to 1,932,000 (Koo, 2000: 231). With the increasing number of unions and membership, union density also increased from 12.3 per cent to 18.6 per cent in the same period (Park and Leggett: 279). However, it is more important to see the significance of the qualitative changes in labour relations. Reflecting the democratic nature of the newly established unions, the annual average number of industrial disputes for the decade from 1987 increased about five times in comparison with that for the decade before 1987. Between 1977 and 1986, there were 174 disputes per year, while in the period 1987-1996 the number was 846 per year (Koo, 2000: 231). Engaged in these industrial disputes, democratic trade unions changed the nature of labour relations on the shop-floor by encroaching into the managerial decision-making process with regard to “discharge, discipline and transfer”, enhancing union delegates’ dominance over the shop-floor and making collective bargaining into a necessary procedure that managerial authorities had to deal with in order to put the worker in the production line (Jeong: 60). On the other hand, “by confronting unprecedented workforce militancy, the state has increasingly lost control over the labour market as well as trade union since 1987” (Lee et al.: 140). As the state could not stop the continual emergence of independent unions and individual capitalists had no measures to cope with the individual workers, the cost of labour began to increase. During the four years (1983-1986) before the 1987’s workers struggle, wages in manufacturing showed a stable increase of 8.95%. However, after 1987, wages increase in manufacturing began to be accelerated, recording 10.4% in 1987, 16.4% in 1988, 20% in 1989 and 16.8% in 1990. In addition, working hours decreased from 51.9 per week in 1987 to 47.5 in 1993, without decrease either in the workforce or in real wage.

The other aspect of the particular arrangement of capitalist production also began to show symptoms of being undermined: the state seemed no longer to be able to sustain its strong leadership against individual capital. In an attempt to overcome the crisis of capitalist development between 1979 and 1981, individual capitalists, noticeably the Korean *chaebols*, based on their

growing domination over the national economy, began to push forward the agenda of financial liberalization in order to get easier access to national as well as international financial resources (Suh: 133-34). It was from the early 1980s that the state began to loose control over financial flows, evidenced by its “privatizing the state-owned commercial banks”, allowing the establishment of new non-banking private financial institutions, amending the bank-law and gradually liberalizing the interest rate (Haggard and Moon: 84). At the same time, the regulation of foreign banks and the commodity market also began to be relaxed in response to global pressure, particularly from the U.S. These liberalization policies show the declining overall role of the state in reproducing capitalist social relations. The boom between 1987 and 1989, which was based on the three “lows” (low oil prices, the low Korean won and low international interest rates), left a massive profit in exports, brought a massive current account surplus (\$46.1 billion in 1986, \$98.6 billion in 1987, \$141.7 billion in 1988 and \$50.6 billion in 1989) and, therefore, helped to sustain Korean capitalist development, in spite of the worsening relations between capital and labour and growing competitive pressure in the world markets. However, this did not mean that the boom resolved the development of the crisis of the early arrangement of capitalist social relations.

Korean capital faced, from late 1989, increasing competitive pressure in global markets. This increasing competitive pressure was particularly critical because Korean firms had invested a huge amount of capital in order to increase production during the boom. Increasing pressure in the market appeared in diverse forms; increasing competition with the newly industrialized nations (NICs) and subsequently China, growing protectionism in developed countries, particularly in the U.S., and “the upward revaluation of the South Korean won by almost 16% in 1988” (Hart-Lansberg: 237-38). All of this resulted in a declining rate of export growth, from 36.4% in 1987 to 3.0% in 1989. Korean capital’s attempt to overcome these barriers was made primarily in two ways; firstly, by introducing new means of production and automation in order to compensate for increasing labour costs and disputes; and, secondly, by changing the nature of exports in order to avoid the trade conflicts, particularly by making more capital

investment in hi-tech industries.<sup>6</sup> However, in spite of these attempts, Korean firms' ratio of net profit to sales was merely an average 1.2% during the period between 1990 and 1993 (Song: 267). This meant that further investment was possible only through massive credit expansion based on foreign-loans through various financial institutions. Therefore, liberalization was again accelerated in the 1990s by the Kim Young-sam government. In the pursuit of *Segehwa* (globalization) policies, the government allowed the establishment of merchant banking companies and private short-term investment companies, and practically abandoned control over the exchange rate and investment co-ordination which had been a central feature of the selective promotion of industries (Chang, 1998: 226-27). This resulted in a steep increase in foreign loans, showing a particularly high dependency on short-term loans, by 53.4 per cent in 1994. On top of this, the low yen, which followed from the agreement between the U.S. and Japan in 1995, worsened Korean firms' ratio of net profit to sales in 1996 to a mere 0.5 per cent (Lee, 1999: 123). It was at this time that the dependence of capital investment on foreign loans, which grew from \$31.7 billion in 1990 to \$104.7 billion in 1996 with a high dependence on short-term loans, reached a critical point.

## **Labour in the Deepening Crisis**

### ***Measures to Regain Control over Labour***

The state's first aggressive attempt to regain its control over unions since 1987 appeared in the presidential veto of the amended labour law, which was meant to allow a certain degree of freedom of union activities. Afterwards, authoritarian measures to stabilize labour relations were widely re-deployed through utilizing the police force, intelligence agencies and even the military. All of this was exemplified in the way in which the state dealt with workers' strikes in Pungsan Metal Industry and Hyundai Heavy Industries in 1989. On the other hand, the government also launched a range of quasi-corporatist measures to restructure

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<sup>6</sup> Therefore, investment in fixed capital, unlike in the boom of the mid-1980s, appeared to be focused primarily on investment in introducing new products, the automation of the labour process and R&D rather than on quantitative expansion of equipment. The ratio of quantitative expansion to the total investment in plant and equipment fell from 57.3 per cent in 1987 to 37.6 per cent in 1990.

labour relations. Firstly, the state implemented income policies, not through the unilateral “wage guide-lines”, which had been used by the former military governments, but through a form of social contract between labour and capital. As a result, social wage contracts between the FKTU and the KBF (Korean Businessmen Federation) were introduced in 1993 and 1994. However, the social contract policy was soon abandoned since “many companies and enterprise unions ignored the target or circumvented them by restricting their application only to the basic salary, but not observing them for the bonus or other special allowances” (OECD: 58). Instead, the FKTU and the KBF together announced a declaration for industrial peace in 1995, “promising co-operation for national economic development”.

The state also pursued the flexibility of labour, which was believed to be one of the critical methods for overcoming the declining competitiveness of exports, by amending labour laws in the early 1990s. Initiated by the Ministry of Trade and Industry, the discussion about labour law reform was focused on enhancing the flexibility of hiring, dismissing, and scheduling labour forces through allowing the dispatch of workers, the hiring of scab labour during industrial conflicts and the introduction of flexible working hours, while at the same time introducing more strict restrictions on unions’ collective actions. It was at this time that Korean *chaebols* introduced the methods of human resource management, e.g., a merit-based wage and promotion system and the rationalization of workplace organization (Kim and Moon: 57). These new forms of workplace labour regulation were widely spread, especially in the electronics industry, e.g., at Goldstar, Daewoo Electronics, and Samsung SDI, where new means of production and labour-saving factory automation were introduced. The attempts of the state and capital to enhance the flexibility of labour reflected on the revision of labour law proposed by the Ministry of Labour in 1991. Not surprisingly, the revision faced workers’ strong opposition. After the unions’ struggles established the “Joint Committee for ILO Issues and Labour Law Reform”, the proposal was forced to be withdrawn. Furthermore, the Council of Korean Trade Unions was finally established in January 1990. This confederation represented the democratic trade union movement, as opposed to the “yellow” trade unionism of the Federation of Korea Trade Unions. Later, in 1995, CKTU devel-

oped into the first nation-wide independent national confederation, the Korean Confederation of Trade Unions (KCTU). In the mid 1990s, all aspects of the particular capitalist development in Korea, namely unilateral labour relations at the workplace, state control over collective labour, and state leadership against individual capitalists, were defunct.

### ***Emergence of the General Crisis***

President Kim Young-sam announced the “New Thought on Industrial Relations For Leaping into the First Class Nation in the 21st Century”, as the bridgehead for reviewing labour law in April 1996. This announcement was followed by the establishment of “the Commission for Reform of Industrial Relations”. This was the first Tripartite Commission in which democratic trade unions were allowed to participate. The discourse about the labour law reform was focused on the fair “exchange” between relaxing control over trade unions by improving collective labour law to the internationally recognized level (i.e., removing the prohibition of multiple trade unions, the prohibition of unionization by teachers and public servants and the prohibition of political activity of unions) and allowing a more flexible labour market by loosening the “rigid” labour standards law (Lee, 2000: 6). However, in spite of months-long discussion about reform in the Tripartite Commission, the bill proposed by the government in December 1996 “accommodated almost all the demands” from employers, “while giving only minor concessions to labour” such as “allowing multiple unions at the national and industry level but not at the enterprise level, and granting collective bargaining rights to school teachers starting from 1999” (Koo, 2000: 238). Even worse, the essence of labour law reform was revealed when the law was enacted through a secret session at the National Assembly, in the absence of the members of opposition parties, in the early morning of 26 December. The enacted law was full of the employers’ demands without any evidence that the state’s forceful control over collective labour was to be relaxed. In fact, the legislation legalizing the KCTU was postponed until 2000 and the right for school teachers to unionize was completely denied.

This provoked the first nation-wide general strike in Korea. On 26 December 1996, 143,695 workers from the KCTU and 70,000 workers of the GFHTU (General Federation of Hyundai

Company Trade Unions) joined the strike. Thousands of unionists, citizens and students held rallies in Seoul. Meanwhile, workers from public transportation, hospitals, carmakers, shipyards and textile factories subsequently joined the strike. Also, even the pro-government FKTU organised a walkout by 156,000 workers at 486 work-sites. Again, from 3 January 1997, 230,000 workers joined the second stage of the nation-wide strike. In the third stage of the strike from 15 to 19 January, a total of 350,000 workers joined the protest. This strike continued until 10 March. As a result, the labour law was returned to the National Assembly and amended in March, only this time partly reflecting the negotiations in the Tripartite Commission. Lawmakers removed the anti-trade union elements within the collective labour law, allowing multiple trade unions at national and industrial level, but with a five-year moratorium at company level, and allowing political activity by unions. However, the new law also allowed more flexibility of labour through legalising flexible working hours arrangements, redundancy dismissals (although this was not to be enacted for two years after the passing of the act) and allowing capital to hire scab labour during labour disputes. This reform was expected to revitalise Korea's crisis-ridden capitalist development by opening a new form of industrial relations.

However, before the newly enacted law came into effect, Korea's capitalist development had finally begun to reveal its limit. The continued expansion of credit during the early 1990s resulted only in accelerated overproduction without overcoming the barriers of the market. The emerging symptom of the tendency to overproduction began to appear more concretely and severely when the export of semi-conductors, which occupied 17.7 per cent of total exports in 1995, collapsed with a dramatic fall in unit prices in 1996, worsening the financial pressure on Korean capital (Bernard: 197). The crisis began with the bankruptcy of Hanbo Steel, the fourteenth largest company in Korea, from January 1997. On top of this, financial turmoil in Asia contributed to make the general crisis more dramatic. While Korean banks and financial institutions attempted to recover their losses in the collapsed Korean firms as well as in the deeply troubled financial markets in South East Asia by withdrawing further loans, foreign financial institutions began to refuse the roll over of the short-terms loans in Asia. With the massive increase in demand for the dollar in the

foreign currency market, a foreign currency crisis followed, precipitating a massive liquidation of capital. The stock price, which had reached its highest level of 1,027.4 in the Korean Composite Stock Price Index in late 1994, fell to 350.68 in late 1997. At last, a general crisis occurred in Korea in late 1997.

## **Labour Movement in Dilemma after the Economic Crisis: The Case of Hyundai Motors Car Workers Union**

### ***Strike In and Against the General Crisis***

By June 1997, many large *chaebols* (Korean big conglomerates), such as Sami, Jinro, Daenong, Hansin, had already collapsed. This sequence of bankruptcies reached a peak when KIA, the 8th largest *chaebol*, collapsed. Afterwards, Ssangbanul, Haitai and NewCore, all of which were among the thirty largest *chaebols*, were also declared bankrupt. As banks and other financial institutions asked corporations to repay their credit in order to compensate for losses in the collapsed firms, financial pressure on individual firms snowballed and drove many other firms into bankruptcy. In other words, a general crisis emerged in Korea.<sup>7</sup> In the development of the crisis, trade unions faced a problem distinguished from the one they had struggled against previously. Most noticeably, job insecurity increased quickly. In many cases, enterprise unions felt they had no option but to accept a wage freeze as the trade-off for job security. Unions gave up collective bargaining and declared no-strike agreements with their employers in a vain attempt to maintain jobs. Also, the KCTU could not organize effective resistance against the increasing job instability and flexibility strategies which were enhancing capitalists' power of reorganizing labour at the workplace. Instead, at this time, the KCTU, shocked by the scale of the first general crisis of Korean capitalist development, was pursuing an agenda for nationalist social reform, particularly reform of *chaebols*, in order to save the Korean economy.<sup>8</sup>

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<sup>7</sup> To talk about the unfolding of the crisis in depth is not an aim of this article. In another article, I argue that the Korean crisis must be understood as an expression of the crisis of the reproduction of capital relations in Korea, which had been formed in the national development of class struggle in the context of global capital accumulation. See Chang, D. (2002).

<sup>8</sup> This patriotic unionism appeared in different forms, i.e., "business-first-unionism" when KIA went into bankruptcy and the management threatened to lay-off

The nationalist agenda of the unions was quickly taken advantage of by the newly established Kim Dae-jung government, which proposed to establish a co-operative body made up of labour, business and government and called for national unity in order to save the nation. The KCTU decided to take part in the Tripartite Commission after Kim's government reached an agreement on *chaebol* reforms with the top four *chaebols* on 13 January. After about a month of discussion, the three parties in the commission declared the "Social Agreement to Overcome the Economic Crisis". This "February Agreement" covered all major areas of reform, such as of the corporate, public and financial sectors and the labour market. The outcome of the negotiation, however, was controversial. Through this agreement, the government and employers pledged to resolve the problems of *chaebols* through 1) enhancing "transparency" in management of *chaebols* by introducing mandatory consolidated financial statements for *chaebols*, 2) strengthening the financial structure of *chaebols* by banning cross-debt guarantees between subsidiaries within *chaebols*, 3) strengthening responsible management; and 4) enhancing competitiveness by avoiding competitive investment in over-heated industries and concentrating the major industry of each *chaebol* (KCTU: 172-83). In terms of labour reforms, trade unions allowed the earlier and easier implementation of redundancy lay-offs by removing the provision of a two-year moratorium and relaxing the terms and conditions of "managerial needs" that could legitimately necessitate redundancy lay-offs. Furthermore, unions permitted the operation of temporary-work agencies for the flexible utilization of labour. As trade-offs, the government pledged to build up a firmer social safety-net by developing efficient employment and health insurance and a national pension system. Also the government legalized the teachers' union, removed the ban on unions' political activity, and allowed the unionization of public servants under the condition of not exercising their right to take collective action (KCTU: 180). This agreement gave the unions significantly improved legal

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thousands of workers. Through the "campaign for saving KIA", unions in KIA strove to save the company by collecting contributions among workers and returning bonuses and allowances. The KCTU also took part in the campaign for saving KIA, arguing that KIA, the healthy national company, must be protected from the other corrupted *chaebols* and foreign capital.

rights. Indeed, it appeared to meet the KCTU's requirement on the reforms of *chaebols*. Therefore, it seemed that labour had eventually achieved a *fair exchange* and this agreement "was welcomed and praised as a historic compromise both inside and outside the country" (Koo, 2001: 202). However, the most problematic nature of this agreement is that unions provided capital with a social justification for introducing greater flexibility. The following development of labour relations on the shop-floor show that the exchange was by no means equitable in nature.

After the institutionalization of the measures to enhance the flexibility of labour in 1998, it was the struggle of Hyundai Motors Workers Union (HMWU) that appeared as "a microcosm of the more general conflicts between labour and capital" (Neary: 1). Even before this struggle the dynamic labour relations in Hyundai Motors had been the catalyst for the development of labour relations in Korea since 1987, representing both the "miraculous" accumulation of capital and the notorious military-like labour control at the workplace. But this strike had its own special significance: it was an *experimental* struggle between the new measures of management based on the institutionalization of the flexible labour market and the union's possible aggressive strategy for the renewal of its workplace domination. In 1997, the tensions between capital and labour were increasing in Hyundai Motors Car. While management had already been threatening to implement a massive employment adjustment scheme since the onset of the economic crisis in 1997, workers elected a new union leadership from a militant workplace organization called the "Committee for Democratic Struggle". The main slogan of the union was "Not a Single Lay-off".

Although Hyundai management dismissed 2,380 workers through voluntary retirement with little compensation in early 1998, the union's initial response was relatively moderate. The HMWU suggested working hour adjustments as an alternative to mass lay-off (HMWU, 1998: 8). However, management informed the union of its plan for laying-off 8,189 workers on 19 May and dismissed 1,423 workers through the second voluntary retirement scheme by 20 May. While the management kept refusing to talk about the matter of employment adjustment with the union, the HMWU instigated a two-day strike on 27 May. Meanwhile the KCTU, a new leadership of which had decided not to join the

Tripartite Commission and to devote itself to mobilizing nationwide resistance against lay-offs, changed its policy and once again participated in discussions with the Commission on 10 June after the unsuccessful General Strike in May. This decision to join the Commission meant in practice that the KCTU abandoned nationwide struggles against the mass lay-offs. This certainly isolated the HMWU and left the impression that the nation-wide resistance to the lay-offs, declared by the KCTU, was more rhetorical than real (Neary: 4).

On 29 June 1998, Hyundai management officially reported to the Ministry of Labour its plan to lay-off 4,830 workers. The response by the HMWU was to organize a limited strike, while management pushed their third voluntary retirement scheme. As a result, 1,252 workers choose to retire with fringe compensations. On 16 July 1998, in spite of the union's last suggestion that they would accept wage cuts of over 30 per cent and unpaid vacation in rotation, Hyundai at last laid off 2,678 workers and forced 900 workers to take a two-year unpaid vacation. The HMWU immediately called for a general strike. With strong support from the union membership, the President of the HMWU, Kim Kwang-Sik, declared that they would not accept a single lay-off. Supported by 3,000 workers occupying the Hyundai Motors Car factory in Ulsan, a chimney protest began by three former presidents of the union. More than 7,000 workers' families began to live in makeshift tents beneath the smoke-stack in protest (Neary: 3). In the meantime, management allowed some laid-off workers to accept voluntary retirement and confirmed that 1,569 workers would be laid off on 31 July. On 14 August, they shut down the factory.

The government recognized the importance of this event and entered into negotiations with management and the union. At the same time, the government was preparing to use police force to stop the strike before other unions got ready for solidarity strikes. Whilst the negotiation was going on, the heavily industrialized city of Ulsan became a police town with thousands of riot police on the streets and blocking the factory gates. Outside the factory on 17 August over 10,000 riot policemen tried to regain control over the factory. On the same day that the riot police attempted to enter the factory, 17 August, the Minister of Labour came to Ulsan and attempted to mediate between management and the union.

After a few days, negotiations were resumed and both parties reached an agreement on the size of the lay-offs. On 24 August, both parties held a press conference and announced “an agreement for employment adjustment and management-employee harmony”. The Union accepted 277 workers’ lay-offs and one and one-half year’s unpaid vacation for 1,261 workers under the condition of consolation bonuses for those who had been laid off. The company promised its best effort to re-employ the dismissed workers in HMC and other Hyundai firms (HMWU and HMC, 1998). This compromise solution created a real dilemma for the union leadership as Kim Kwang-Sik, the President of the HMWU, expressed:

The three days I spent on making the final decision to accept the lay-offs were the most painful days of my life. I feel as if I have lived half of my life since then... I had run the HMWU, based on a firm determination that not a single lay-off can be accepted. However, the reality was cruel. It was extremely difficult for a mere enterprise union to halt the lay-offs, which were being pushed by both capital and the state. All that the 550,000 KCTU members achieved, even after a nation-wide general strike for 20 days, was merely a two year moratorium of the implementation of lay-offs. So I decided to let the company have a formal victory and to take what I thought was the best offer for my union members (Kim, 1998: 161-62).

In spite of its success in minimizing the size of the lay-offs, the compromise agreement by the union, which had initially promised not to accept a single lay-off, disappointed workers who had been on strike for more than a month. The workers rejected the agreement by a majority of 64% in a referendum on the agreement (Neary: 5). However, the workers’ decision could not make any difference. The strike was over. Immediately after the agreement was signed, 15 trade union leaders were arrested and imprisoned. Management now began quickly to reorganize the workplace, taking advantage of the absence of the trade union leadership as well as other militant union members who were targeted for the redundancies and non-paid vacation by the management. A worker describes the changes at the workplace in the aftermath of the struggle:

After the agreement, the workplace is changing significantly... in the past, management could rearrange labour only after con-

sulting with the union. This time however, management did it unilaterally. Also UPH (Unit Per Hour) is increasing seriously. This was also possible through negotiation with union delegates. But, now they (management) just enforced it with no discussion. The company now plans to increase the real working hour per unit hour from 65% to 86%. But in reality it is now 90%. Intensity of labour has increased approximately one and half times so far. (Kang: 115-16)

Although HMWU succeeded in minimizing the lay-offs, the negative influence of this strike for the Korean trade unions was significant. Allowing the first “officially” implemented structural adjustment through mass dismissal, the result of the strike publicized the necessity of a structural adjustment through a policy of lay-offs both to other unions and individual capitalists. Now lay-offs and other measures of flexibility were justified and a national “consensus” was firmly constituted: the struggle against flexibility and structural adjustment is irrational and harmful to the Korean economy.

### **The Transformation of Workplace Labour Relations After the Strike**

After the strike, Jeong Kap-deuk, who was a former President from 1996 to 1997, was again elected under the slogan of “labour movement with citizens” and “accommodation with company”, and with a promise of the union’s co-operation for higher productivity as a trade-off for better employment stability, in the absence of militant union activists. It appeared as if the new union leadership had achieved better stability of employment, including the re-employment of dismissed workers. However, the relative stability of employment which “regular” workers in Hyundai had was, in fact, based upon a massive increase in the employment of *irregular workers* through in-company-subcontract firms. At this time there are more than three in-company-subcontract firms providing subcontract workers on each production line (Interview with Hyundai Motors Workers, no.2, 21 June 2002). Normally contracted for six to twelve months with small firms, which are again contracted with Hyundai, more than 10,000 irregular workers are working in Hyundai Motors Car. Many of these irregular workers are usually located in so-called “avoided” parts of the production

process, where industrial accidents are more likely to happen (Interview with Hyundai Motors Workers, no.2, 21 June 2002). Functioning as a “cushion” between the union’s attempt to secure existing jobs and the company’s attempt to take advantage of flexible employment, irregular workers have already become a necessary part of labour relations in Hyundai (Interview with Hyundai Motors Workers, no.1, 19 June 2002). Given the merit of having a cushion that could minimize the impact of flexibility of labour on its members, the trade union tends to hesitate to be engaged, at least implicitly, in attempts to organize those subcontracted workers. The increasing number of irregular workers also constitutes a new form of hierarchy between *regular* and *irregular workers*. In accordance with technological development, such as modularization and platform unification, by which a significant part of the labour force can be re-organized and subcontracted, further employment adjustment also seems inevitable. HMC plans to decrease 21 platforms to seven unified platforms by 2005 (HMWU, 2000: 4). Also according to its modularization plan, over 800 firms supplying parts will be reduced to 200 (KMWF: 22). These structural adjustment plans, together with intensified labour, will create redundant labour and it is likely that those redundant workers will be irregularized as in-company-subcontract workers in a more vulnerable condition. Also, labour shortages are likely to be supplemented by the employment of more irregular workers.

The mass dismissal of labour at the Hyundai Motor Company also contributed to taming militant union activists. Union activists who returned to work after one and one-half years non-paid vacation had to promise, in order that they be re-employed, not to cause further industrial disputes and do their best for the development of Hyundai (HMWU, 1999). Many of them found it difficult to be actively re-engaged in union activities because of the fear that they would not be re-employed (Interview with Hyundai Motors Workers, no.2, 21 June 2002). Union delegates increasingly tend to compromise with managerial decisions, avoiding trouble “as far as it is not necessary” (Interview with Hyundai Motors Workers, no.1, 19 June 2002). Employers’ strategies toward union delegates are also changing. Now, rather than merely ignoring the representativeness of the delegates on the production line, managers give privileges to the more cooperative delegates

with regard to work-schedules and the allocation of work (Interview with Hyundai Motors Workers, no.2, 21 June 2002). On some occasions, workers on a production line who are seen to demonstrate good attitudes towards the management are given privileges, such as less UPH (Unit Per Hour). This again would attract more workers' votes for those non-militant delegates in union elections. The declining influence of the union over the shop-floor enabled the management to tighten workplace discipline easily. In HMC Chunjoo factory, a card system, by which managers can trace every single movement of individual workers in the factory thanks to ADC (Automated Data Collection) technology, was introduced (Kang: 105). On many occasions, workers cannot leave the production line without permission. A worker who was re-employed in a Hyundai branch firm, Hyundai Mobis, describes this change:

In this workplace, workers cannot walk around in groups during working hours or even during a break. All workers should be in exactly the same uniforms without exception. Smoking is prohibited and we cannot even imagine having a cup of coffee on the way back from the toilet. We cannot do anything but work. I feel as if even my imagination is being supervised. According to a fellow worker, it became worse after the struggle in HMC ended up with a ghastly defeat when the workers in this workplace are now like slaves. Those working in the Hyundai Galloper factory are in a condition of slavery. They do whatever the management tells them to do, no matter what it is... a worker working next to me worked 460 hours a month. I asked him how could he manage to work this much. Then he said, "The education allowance for my son was cut by half. I have to earn money now since I don't know when I would be fired. Hey, you just do what they want you to do. Otherwise, they will send you somewhere else (Kang: 33).

Taking advantage of the declining dominance of militant unionists, the management has pushed forward new working arrangements under a program known as "WIN 21". This program was first launched by the management in 1997 as a new labour regulation strategy, but had often been nullified by union delegates at the workplace. It was now being reintroduced as an effective method to change workplace labour relations in the absence of the union's intervention. One of the main aims of WIN 21 was to increase the foremen's authority in managing individual workers.

The outcome, by putting the foremen in charge of personnel management, merit-rating process, quality management and workplace safety-management, has been to weaken union delegates' influence among fellow workers (KILSP: 195). Under the supervision of the foremen, every team has to compete with each other for monthly evaluation, the results of which are publicized and can give the workers either awards or disciplinary punishments. The promotion system, which was firmly based on seniority, has now changed into an examination-based system under which anyone who has been working for minimum duration in a certain position can be given the opportunity to do an exam and get promoted (Interview with Hyundai Motors Workers, no.2, 21 June 2002). The increasing introduction of the piece-rate scheme also instigates more competition among workers, increasing real working hours almost without limit. If willing to, one could work 361 days per year and earned the whole package of the piece rate. Furthermore, increasing competition among workers appears not only at the workplace but also within the communities in which workers' families live. Many informal mutual assistance communities in Hyundai Motors Car have now broken down (Interview with Hyundai Motors Workers, no.1, 19 June 2002). The result is that after a two-year period of structural adjustment based on the flexibility of work, labour relations in the workplace are now undergoing significant changes, most likely in favour of management in HMC. More flexibility and irregularization of labour are likely to undermine the union's power at the workplace further by forcing individual workers to compete with each other, rather than allowing them to unite for survival, removing the basis of workers' militancy in Hyundai Motors Car.

The case of Hyundai clearly shows the nature of the difficulties that the Korean labour movement faces. Labour regulation now does not simply aim to smash the collective power of labour through raw suppressive methods as it had before; rather, the new forms of labour control aim to subordinate individual workers to management by flexible measures. The changing nature of labour relations in Korea in the aftermath of the economic crisis of 1997 can be captured in the increasing marketization of labour control. This process involves mainly 1) the so-called flexibility of the labour market on the basis of the growing job insecurity and increasing number of the irregular form of employment; 2) new

human resource management methods on the basis of more competition-based personnel management and a capability-based wage system; and 3) the restructuring of workplace organization.

## **The Nature of the Changes in Labour Relations in Korea**

### ***Marketized Labour Control***

After the institutional restructuring of the labour market, job security, which had been relatively well managed by the protection of the militant enterprise trade unions and the long-term “miraculous” accumulation that had guaranteed almost full employment for thirty years, began to be eroded. In addition to the job losses in insolvent firms, over 2,000,000 jobs, by lay-offs and its disguised form, voluntary retirement, have disappeared since 1998. By the end of 1998, according to Korean Businessmen Federation’s research on employment adjustment in 192 firms employing more than 100 workers, about half of them have reduced workforces through honorary retirement, lay-off and outsourcing since the economic crisis (Samsung Economic Institute: 156). This increasing implementation of numeric employment adjustment results not merely from temporary economic recession, but from a more fundamental restructuring of the labour market. Hence, even though the Korean economy recovered from the economic crisis, the measures of numeric employment adjustment have continued.

Although the unemployment rate, which at the peak reached 8.4%, has decreased continually since early 1999, the fall is not based on the creation of new full and permanent employment, but on the massive “irregularization of employment”. Irregularization of employment is evidenced by the increasing number of temporary and daily-contracted workers after the crisis and following labour law reforms. In 1999, temporary and daily-contracted workers accounted for more than half of total employees while “the proportion of regular workers fell from 34% of all workers in 1997 to 30% in 1999” (OECD: 191). However, the increase in temporary and daily-contracted workers cannot fully reflect the irregularization of employment as this does not include the increasing number of dispatched and in-company-subcontract workers, as we saw in Hyundai’s case, who are also in unstable employment. There are about 800,000 workers who now belong to these forms of employment (Joint Committee for Abolishing

Dispatched Labour: 2). The renewal of the employment contract of dispatched workers depends on the renewal of contracts between the agencies and companies and again between the agencies and workers, while that of in-company-subcontract employment relies on the renewal of the contract between the ordering companies and subcontract companies. Due to the indirect-nature of the reproduction of their employment, these workers are more vulnerable to managerial authorities and the growing insecurity of employment.

### ***Flexible Measures and Personnel Management***

The marketized labour control is accompanied by wage adjustment, which is represented by the “conversion from a seniority-based to a capability-based system” (Kim and Yoo: 166). Amongst many flexible wage systems, annual salary systems have rapidly spread, especially among large-scale companies, in the aftermath of the crisis. According to the Ministry of Labour, an annual salary system has been introduced in 932 firms since January 2000, involving 23 per cent of 4,052 companies employing more than 100 full time workers and showing a large increase from the 94 firms in 1996’s survey (Kim and Yoo: 26). Also the performance-based system, including piece-rate, profit-sharing and stock options, has been introduced after the crisis. Since wage increases through collective bargaining have been minimal in the aftermath of the crisis and the piece-rate has been higher than any wage increase achieved through collective bargaining, the capability-based wage system has been increasingly accepted by workers.

Personnel management, which relied merely on disciplinary action, is now being changed into an indirect and more scientific management, particularly in the large *chaebols*. While merit-based promotion systems are replacing service-year-based promotion systems, the measures of merit rating have also become more sophisticated in various ways. In many firms, individual merit is now rated mainly in terms of performance, recorded participation in education programs and the acceptance of specific behavioural norms. Those standards are further divided into several sub-terms such as rates of diligence and indolence, the quality of goods produced by individual producers (with the introduction of a “real name quality system”), the quality of suggestions by the workers

to enhance production, the speed at which an operator works and the extent to which they maintain public order. Management publicizes the monthly and yearly evaluation scores of individuals and teams and supplies appropriate rewards and punishments. In the public sector, a team-performance-based system has also been increasingly introduced together with an “independent operation division system” within which each of the enterprise departments is managed and evaluated independently in accordance with its own performance (KILSP: 91-92).

### ***Authoritarian Control Over the Flexible Labour Market***

It is true that there has been a significant transformation in labour control from the traditional system, based only on the authoritarian relations between managers and worker and the state’s control over collective labour, to a system based on the so-called flexible operation of the labour market. However, the more recent re-deployment of authoritarian methods by the state to enforce the institutionalization of a flexible labour market questions the one-sided capturing of the nature of the transition. In the immediate aftermath of the crisis, the newly elected Kim Dae-jung government seemed, rather than merely relying on the traditional methods, to look for a social consensus by integrating the outlawed democratic union movement into the newly launched Tripartite Commission in which unions, management and government discussed not only labour policies and a social safety net, but also corporate, financial and public sector structural adjustment as a whole. Indeed, it is true that the union’s legal status has been enhanced to a great degree by allowing unions to engage in political activity, plural unionism at the national level and recognition of the KCTU.

However, it was after the controversial “February Agreement” of the Tripartite Committee, in which the unions agreed with the necessity of the restructuring of the labour market, that the state again began to intervene directly in labour disputes that could possibly fracture the smooth operation of the labour market. Since then, showing a critical return to authoritarian control over labour, the state’s labour policies have emphasized that the flexible labour market should be operating, at any cost, without disturbance by unions and that the struggle against structural adjustment can be a matter of “discussion” but cannot be a matter of “struggle”,

declaring that strikes related with structural adjustment are all illegal.<sup>9</sup> As seen in the Mando Machinery, Daewoo Motors Car, and Lotte Hotel Workers' strike, the state intervenes in labour conflicts to an extent far greater than mere regulation of the labour market.

## Conclusion

Korean labour relations, after a decade of transition, have been reformulated finally in the aftermath of the economic crisis in 1997. Unions, after a long period of struggles for legal recognition since the liberation in 1945, have finally achieved their goal. However, this has been won at the expense of imposing a great degree of job insecurity on individual workers through the so-called flexibility of the labour market. However, it is naïve to expect that the transformation of Korea's economic development on the basis of the flexibility of labour will be smooth. The shift in labour relations on the basis of this principle has already revealed its negative consequences in various ways. Working hours, which had continually shortened since 1986, have increased from 207 hours per month in 1997 to 226 hours per month by late 1999, almost returning to working hours in 1989. Real wage increase has also slowed down, even showing a 9% real wage decrease in 1998. Increasing competition among workers has also increased the intensity of labour. According to the KCTU, over 70 per cent of workers experienced an increase in the intensity of labour after the economic crisis (Kang: 85). The growing re-deployment of authoritarian rule, together with worsening working conditions, decreasing real wages and, most of all, fast growing number of irregular workers, is likely to provoke further resistance of marginalized workers. The number of strikes began to increase again after 1998, accompanying an increase in the

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<sup>9</sup> The February Agreement, which says "we will do our best in order to avoid lay-offs and management should...consult with the representatives of workers about the measures taken to avoid lay-offs", has been seriously abused in the sense that the employers' attempt to minimize was interpreted as "optional" whereas the unions, although they can discuss that matter beforehand, have to accept employers' decisions (For a summary of the February Agreement, see OECD: 49). Since, according to the government's interpretation, structural adjustment cannot be subjected to collective action and strikes caused by disagreement on the adjustment measures are a violation against employers' rights, they are therefore illegal.

number of workers involved in single cases. While “established” trade unions in large firms tend to compromise workers’ interests with managerial needs through concession bargaining, there are increasing attempts to organize non-militant workers, such as irregular workers and workers in the public sector, casting doubt as to the peaceful nature of transformation. The future of Korean labour relations relies on how much these new attempts can revitalize the strength of the workers’ movement at the workplace. If they can create solidarity-based struggles, overcoming the growing conflicts and competition between individual workers, the new form of labour relations will go through another moment of transition.

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