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The South Korean ‘Miracle’ in Decline

Introduction

In 1988, South Korea hosted the Olympic Games in Seoul. The government bid for and planned the Games as a message to the international community that South Korea was a modern, industrialised and democratic country. But well before the opening ceremony, the South Korean ‘miracle’ had already begun to unravel.

Massive labour unrest broke out in 1987 and continued for the rest of the decade. In that same year, a militant democracy movement emerged on the streets which forced major concessions from the regime. Within a year of the Olympics, GNP growth was cut in half. The powerhouses of the boom – the chaebol – were becoming bold enough to challenge the prerogatives of the state. Conflicts between state and chaebol over policy became common; in contrast to the Park era, now the state did not always win them. State economic and social policy lost its coherence, swinging, sometimes wildly, between one extreme and another. The key to understanding these changes lies in the erosion of state autonomy which had been central to the ascending phase of South Korea’s economic growth. The very success of the South Korean ‘Midas’ state now began to undermine the basis of its power.

The rise of the working class

The most important reason why the South Korean state was no longer able to carry out its plans for industrial development with anything like the old certainty or focus was its inability to control the burgeoning working class movement. Militant organisations of the working class had been destroyed in the first half of the 1950s and repressed for
the rest of that decade and the next by the methods of a police state: intensive spying in factories, legal restrictions on association, dismissal, imprisonment and torture of activists.

But the sheer pace of industrialisation in the 1960s, 1970s and 1980s created wage workers so fast that the mechanisms of repression eventually could not deal with them. The proportion of wage and salary workers in the workforce increased from 31.5% in 1963 to 54.2% in 1985. The industrial workforce alone rose from 10% of the labour force in 1965 to 23% in 1983. The service component of the workforce increased from 31% to 47% in the same period. Farm labour fell from 65% of the workforce in the early 1960s to 38% in the early 1980s.

From the first economic plans of the Park regime until the late 1980s, cheap labour was a crucial ingredient in the strategy of the chaebol and the government. In that period South Korean wages were far below comparable countries. Until the wages ‘explosion’ of 1987–90, the hourly rate of Korean manufacturing workers was just 75% that of the Taiwanese level and 80% of that which prevailed in Hong Kong. Low wages, of course, gave South Korea a huge advantage over First World producers. Manufacturing wages were just 11% of the US level and 14% that of Japan. The hours worked by South Koreans actually rose as the industrialisation drive progressed – from 50.5 to 54.3 hours per week between 1975 and 1983 – giving them the longest working week and the highest rate of industrial accidents in the world at that time.

This newly created industrial workforce began to exercise its great potential power during the early 1970s. The first stirrings began in the ‘leading edge’ industry of Korean industrialisation – textiles and garments. In the Peace Market area east of downtown Seoul, over 20,000 women garment workers – mostly aged between 14 and 24 – laboured in more than 1,000 shops under appalling conditions. They worked for an average 15 hours per day, sometimes in ‘rooms’ with only three feet between floor and ceiling, so that they were unable to stand upright. Their daily wage was about the equivalent of the price of a cup of coffee. The Peace Market was, and remains, the symbolic starting place of the South Korean labour movement. It came to prominence in 1970, after worker activists there appealed to the Office of Labour Affairs for the enforcement of legal minimum standards of working conditions. Their appeals were ignored and they demonstrated, only to be beaten by police. When a second demonstration was also set upon by the police, a 22-year-old male worker, Chun Tae-il, poured petrol over himself and set it alight in protest. The suicide drew enormous sympathy from workers across the