



## CHAPTER 6

### **WHERE DRAGONS FALTER: Labor Politics and the Democratization of Civil Society in South Korea and Taiwan**

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#### **Introduction**

One of the most under-researched aspects of the recent literature on democratization is labor politics. Perhaps because of the importance of political party elites in (re)constituting electoral government in previously authoritarian societies, and perhaps because the imperatives of market globalization appear to make concerns about organized labor irrelevant except as obstacles to be overcome on the way to labor market “flexibilization,” attention to the role of organized labor in democratizing societies has been confined to labor specialists, a few comparative politics scholars and government agencies. As the intelligence community well understands, labor politics matter for many reasons. This is particularly so in transitional societies, and the cases of South Korea and Taiwan are particularly illuminating.

Labor politics do not occur in a vacuum, especially during the transition from authoritarian regimes to democracy. The birth, rebirth, resumption, regeneration or escalation of labor movement activity are all aspects of the resurrection or regeneration of civil society. The issue is one of claiming expanded citizenship rights. These rights may be claimed not only by organized labor but by other disenfranchised segments of the population. These latter groups are not defined by their relations in production and consequently do not occupy a position of strategic importance in the economic apparatus—and in the concerns of policy-makers. Yet given its structural gravity in the economy and the common cause it shares with these other groups, organized labor has the potential to be a leading agent for the substantive democratization of society as a whole.

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Korea and Taiwan represent two “most similar” cases based upon their structural and political similarities but there are key differences with regards to their labor politics.<sup>1</sup> Although both are relatively small export platforms with a rigid anti-communist (and slowly eroding Cold War) political orientation, in important respects they represent significantly different approaches towards labor politics. South Korean unions are inserted as opposition pressure groups in the political system with increasing economic presence, while the Taiwanese labor movement has been molded by its history as the child of the Kuomintang (KMT) party.

### Case Study and Method

South Korea and Taiwan can be considered “most similar” cases due to one general structural similarity and several socio-political similarities.<sup>2</sup> On a structural plane, both countries are inserted in the global market as value-added commodity export platforms, with similar industrial, services, and finance sectors and a shrinking agricultural base. Both have large urbanized populations, including a sizable middle class and organized labor force. Both have shifted over the last twenty years from labor-intensive to capital-intensive manufacturing.

Politically, both witnessed top-down transformations from authoritarianism to procedural democratization in the late 1980s and early 1990s. Elections were used as part of the liberalization process and in both cases it took over a decade for the consolidating election (in which power changed hands) to occur. Both have histories of Japanese colonial rule. Both are fragments of nations divided in the late 1940s by the ideological confrontations of the Cold War. Both are staunchly anti-communist and as a result both are firm U.S. allies that largely depend on America for their foreign trade and defense. Both have had at least two relatively transparent, free and fair national presidential and parliamentary elections during the last decade, with presidential power rotating between parties in the last round of elections in the late 1990s. Both have traditionally placed limits on the labor’s freedom of action and subordinated it politically and economically to business.<sup>3</sup>

Korea and Taiwan can be singled out from other countries in Asia such as Singapore, Hong Kong, Malaysia, Vietnam or the Philippines (to say nothing of North Korea, Japan or the People’s Republic of China) because none of these nations have both the structural and political similarities mentioned above. Some may have similar economic relations with the global market but are simply not democratic in even the loosest sense of the word (Singapore, Malaysia, Hong Kong). Others simply do not have the same levels of development (the Philippines, Thailand) or are far more developed (Japan). Some simply are neither

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<sup>1</sup> Theodore H. Meckstroth, “‘Most Different Systems’ and ‘Most Similar Systems’: A study in the Logic of Comparative Inquiry,” *Comparative Political Studies*, V.8, N.2 (July 1975): 132-157.

<sup>2</sup> On “most similar” case method see Adam Przeworski and Henry Teune, *The Logic of Comparative Social Inquiry*. NY: John Wiley: 1970.

<sup>3</sup> An explicit and excellent effort to outline the structural and political bases for the comparison of Korean and Taiwan is made by Karl J. Fields, *Enterprise and the State in Korea and Taiwan*, Ithaca and London: Cornell University Press, 1995: 1-27.

democratic nor capitalist (North Korea, Vietnam), while China is a huge state transiting to capitalism under the aegis of continuing one-party authoritarian rule.

South Korea and Taiwan also exhibit long traditions of state corporatism in the field of interest-group administration.<sup>4</sup> These systems reinforced an ethos of hierarchy, exploitation, managerial paternalism and patriarchy in both nations.<sup>5</sup> Yet there were differences between them. On the one hand, the combination of an Asiatic mode of production (premised on super-exploitation of human labor) and modern versions of oriental despotism (including authoritarian workplace relations between employers and employees) gave rise to what can be described as despotic labor politics in South Korea.<sup>6</sup>

In the numbers of hours worked; in the risks to which they were exposed in the workplace; in the number of fatal injuries they incurred; in the arbitrary and capricious manner in which they were treated (especially women); in the physical repression to which they were subjected by their bosses and the state; and in the gross limitations on their rights and freedoms as both workers and citizens, before the 1980s the Korean working classes suffered under labor relations regimes that have few equals in terms of their authoritarian nature.<sup>7</sup>

In contrast, although also profoundly paternalistic and hierarchical in production and in terms of organized labor's relationship to the dominant Kuomintang, and selectively repressive at times, the Taiwanese version was much more focused on securing labor cooperation along with its subordination. This had more to do with the concerns of the exiled mainland Chinese elite in securing Taiwanese acquiescence to their rule than with securing working class consent per se. At any rate, Taiwanese labor politics has been far less coercive than that of South Korea; more paternalistic than despotic. In any case, neither approach allowed for union autonomy, independence or freedom of action, characteristics that would be essential for democratic consolidation to succeed.

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<sup>4</sup> Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*, Princeton, NJ: Princeton University Press, 1990: 27 (Korea), 27, 228, 253, 294-95 (Taiwan).

<sup>5</sup> In emphasizing the repressive aspects of authoritarian labor relations in these two cases, we clearly echo the argument of Frederic C. Deyo, *Beneath the Miracle: Labor Subordination in the New Asian Industrialism*, Berkeley: University of California Press, 1989.

<sup>6</sup> According to Jong-Il You, the complete political exclusion of labor, the gross restrictions on its freedom of action, its repeated and severe repression, and the virtual absence of a social welfare system (to include no minimum wage until 1988) were coupled with "the managerial culture of authoritarian paternalism—authoritarian oppression for labor discipline and paternalistic cooptation for worker motivation—and the managerial practice of personalized hierarchical control." Jong-Il You, "Changing capital-labor relations in South Korea," in Juliet Sehor and Jong-Il You (eds), *Capital, the State and Labor*. Aldershot: Edward Elgar (1995): 121. On oriental despotism, see Robert C. Tucker, ed., *The Marx-Engels Reader*. NY: W.W. Norton and Company, Inc., 1972: 596; on the Asiatic mode of production see *ibidem*: 5; and L. Krader, *The Asiatic mode of production: sources, development and critique in the writings of Karl Marx*. Assen: Van Gorcum, 1975. We recognize that even this characterization does not encompass the cultural totality of the working class experience in Korea or elsewhere. For an introductory brief on the neglected dimensions of Asian labor studies, see Prabhu Mohapatra, Andrew Wess and Samita Sen, "Asian Labor: A Debate on Culture, Consciousness and Representation," Amsterdam: CLARA: *Working Papers on Asian Labor* N.1 (1997).

<sup>7</sup> According to the 1987 ILO Yearbook, South Koreans worked an average of 53.8 hours a week, had the biggest gender differential in pay (women earning 44 percent of male salaries in 1980) and had a rate of fatal injuries more than double that of Singapore, Hong Kong, Argentina, Mexico, the US and Japan. As cited in You (1995): 116, 121 (Table 4.7).

## Labor Unions as Political Actors

Labor politics is as important, if not more so, to the study of transitional political regimes as it is to established and consolidated capitalist democracies. A system of electoral representation based upon the universal franchise and capitalist production requires the ongoing contingent consent of subordinate groups, of which organized labor is one of the most crucial. Only democratic regimes simultaneously require the consent of elites and the mass of people who constitute the human element that drives the economic machine. The simultaneous reproduction of the vertical and horizontal dimensions of contingent consent is therefore a distinctive characteristic of democratic capitalist systems.<sup>8</sup>

The industrial relations literature sees unions as social interlocutors who defend the material interests of their members within production, and who together with employers see collective bargaining as the preferred instrument through which conflicts over material interests are resolved. This framework promotes mutual second-best negotiated outcomes that serve as the substantive bases for the “spontaneous” (in that it emerges as an outcome of the autonomous choices of collective agents within self-reproducing institutional settings) class compromise that sits at the core of democratic capitalist reproduction.<sup>9</sup> The impact of this compromise extends past the politics of production.

We make no pretence of being able to cover all the ways in which people consent to the socio-economic and political status quo, much less the cultural and ideological prisms through which mass consent is filtered.<sup>10</sup> Instead, we concentrate on two levels: political consent, evidenced by organized labor’s relationship with political parties and the working class vote in national elections; and material consent (or consent at the level of production), which is measured by wages, strikes and collective bargains.

Organized labor serves as a leader of subordinate groups in civil society because of its structural location and its efforts to expand worker’s rights within the process of production. It carries strategic weight in the economy, which makes

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<sup>8</sup> On the horizontal dimensions of democratic regimes see Guillermo A. O’Donnell, “Horizontal Accountability in New Democracies”, *Journal of Democracy*, V.9, N.3, (1998): 122-126. On the vertical and horizontal dimensions of consent, See Paul G. Buchanan, *State, Labor, Capital: Democratizing Class Relations in the Southern Cone*. Pittsburgh: University of Pittsburgh Press, 1995, Chapters 1-2. The original take on the necessity of consent for hegemonic rule is provided by Antonio Gramsci. *Selections from the Prison Notebooks*, ed. and translated by Quentin Hoare and Geoffrey N. Smith. NY: International Publishers, 1971.

<sup>9</sup> For a sampling of the literature see James Barbash, *The Elements of Industrial Relations*. Madison: University of Wisconsin Press, 1984; and Theodore Kochan, Robert Mckerse and Paulo. Capelli, “Strategic Choice and Industrial Relations Theory,” *Industrial Relations*, V.22, N.1 (1984). The material bases of consent and class compromise are elaborated by Adam Przeworski and Michael Wallerstein, “The Structure of Class Conflict under Democratic Capitalism,” *American Political Science Review*, V.76, N.2 (1982): 215-38.

<sup>10</sup> For examples of those who do attempt to build a more comprehensive picture of this, see Louis Althusser, “Ideology and Ideological State Apparatuses,” in *Lenin and Philosophy and other essays*, London: New Left Books, 1971: 121-73; M. Barrett, *The Politics of Truth*, Cambridge: Polity Press, 1991; Michael Burawoy, *Manufacturing Consent: Changes in the Labor Process under Monopoly Capitalism*, Chicago and London: Chicago University Press, 1979; Antonio Gramsci, *Selections from the Prison Notebooks*; P. Q. Hirst, *On Law and Ideology*, London and Basingstoke, Macmillan, 1979; Nicos Poulantzas, *State, Power, Socialism*, London: New Left Books, trans Patrick Camiller, 1978; and Goran Therborn, *The Ideology of Power and the Power of Ideology*, London: Verso, 1980.

it harder to ignore than non-productive groups. This gives it a leadership role when the subordinate group voice is organized around material and ideological demands.<sup>11</sup> In pursuing rights over the labor process, unions help expand basic notions of citizenship and entitlement beyond their immediate sphere of influence. The labor movement thus triggers a “coat-tail effect” in that weaker groups can tie their demands to organized labor’s political agenda, thereby expanding the horizontal networks that are the collective bases for the democratization of civil society. This in turn produces a “snow-ball effect” in that the cumulative weight of these combined demands impacts more heavily on the political-institutional structure and economic apparatus.

The higher the productive and political level at which working class interests are aggregated and the more they are linked to the demands of other collective agents, the more unions will be able to defend the material and political fortunes of their memberships, attract the support of other subordinate groups and influence the course and content of public policy. This depends on the institutional framework in which organized labor is inserted as a political and economic agent. This network of institutions, organizations and practices can be referred to as the labor politics partial regime.<sup>12</sup>

### **South Korea**

Prior to 1987 and the holding of direct civilian presidential elections, organized labor was a politically repressed, organizationally weak and economically subordinate collective actor in South Korean society. Under the authoritarian labor codes prior to the 1990s, unions were prohibited from political activities, strikes were outlawed, collective bargaining could only occur at the shop level, and large segments of the workforce were prohibited from organizing at all (including all of the public sector). National-level unions were puppet organizations with little more than paper status, foremost amongst these being the Federation of Korean Trade Unions (FKTU), created as an official organ of the ruling party under the Rhee (1948–60) government, reorganized and overseen by the Korea Central Intelligence Agency (KCIA) under the Park government (1961–79) in 1963, placed under further restrictions by the revamped National Security Commission (formerly KCIA) under the Chun government of 1980–87. Under the dictatorial labor relations system all unions had to affiliate with the FKTU, only one union was allowed per enterprise, no strikes were permitted and no union political activities allowed. It was an exclusionary state corporatist labor relations system in which the state, not unions, determined worker’s fortunes. This state-dependent type of initial political incorporation of labor eventually led

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<sup>11</sup> This is discussed at some length in Paul G. Buchanan (1995): Ch.3. Also see Colin Crouch, *Trade Unions: The Logic of Collective Action*. London: Fontana Books, 1983; and Claus Offe and Helmut Wessenthal, “Two Logics of Collective Action,” in Maurice Zeitlin, ed., *Political Power and Social Theory* 1. Greenwood, CT: JAI Press, 1980: 69-117.

<sup>12</sup> P.C. Schmitter, “The Consolidation of Democracy and the Representation of Social Groups,” *American Behavioral Scientist*, V.35 N.4/5 (March 1992): 422-50.

to a divided form of labor political insertion once independent shop-level unions began to organize outside of the FKTU umbrella in the 1970s and 1980s.<sup>13</sup>

Led by female workers in the textile industry in the mid 1970s, a number of grassroots unions emerged that periodically engaged in wildcat and political solidarity strikes to advance both their immediate material interests as well as the opening of the political system. Although this often resulted in the death and imprisonment of their leaders, it also took a cumulative toll on both the state and employers, especially during times of tight labor markets and export demand—both of which were the case in the late 1980s. Ironically, the heroism of the female workers led not their advancement but to their eventual substitution by male workers as leaders of the independent union movement, something that was in equal part product of the shifts in development strategy away from the textile industry in the early 1980s and the ingrained patriarchal structure of Korean society.

After the Korean War, Korea adopted a policy of “compressed development” based upon a state-led, foreign-dependent economic model centered on the family conglomerates known as *chaebol*. The country embarked on “primary” import-substitution industrialization (ISI) in the 1950s and “primary” export-oriented industrialization (EOI) in the 1960s (“primary” referring to the promotion of labor-intensive consumer non-durable manufacturing), followed by “secondary” ISI in the 1970s and “secondary” EOI in the 1980s (“secondary” referring to technology-intensive durable consumer and capital goods manufacturing). While this served to promote rapid and sustained growth for over thirty years, it also led to serious dislocations each time one phase was replaced by another. These dislocations were acutely felt in the workplace, and came to be the center of labor unrest. In addition, it produced serious friction between business groups in the old and new productive sectors, which had a direct impact on politics in a country already rent by regional and personal rivalries. Specifically, these developmental junctures produced a series of political crises between reformers and hard-liners within the various military governments that succeeded each other in power throughout this period, and which led to the all-out power conflicts that resulted in the murder of president Park Chung Hee in 1979.

Illegal strike activity accelerated after Park’s assassination. The State-sponsored move towards capital-intensive industrialization for export in the early 1980s shifted the composition of the workforce from predominately unskilled female workers in labor-intensive industries such as textiles to skilled male workers in petrochemicals, automobile manufacturing, shipbuilding and steel manufacturing. This made it more difficult for the authorities to ignore union demands (even if they continued to be repressed). Since male unionists were both better educated and less servile than female workers (as part of a more general feature of Korean society) the level of militancy displayed by the union movement increased. In addition, students began to establish ties with the labor unions as the

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<sup>13</sup> The notion of initial incorporation is offered by Ruth Berins` Collier and David Collier, *Shaping the Political Arena: Critical Junctures, the Labor Movement and Regime Dynamics in Latin America*. Princeton: Princeton University Press (1991): 15-18, 161-68, 752-53, 783-85. The characterization of forms of incorporation and insertion are ours.

educational requirements of skilled labor positions increased along with the demand for the latter.

As a result, after years of relative quiescence under the dictatorships, organized labor began to flex its newfound muscle in the early 1980s—although still within limits acceptable to the ruling elites. By the time of the regime change brought about by the direct presidential elections in December 1987, this newfound strength had spilled into the streets in the form of dozens of wildcat strikes and national demonstrations in favor of democracy. The summer of 1987 was marked by a massive wave of strikes and political protests in favor of the transitional moment, and briefly saw the convergence of working and middle class interests along with students and farmers in favor of democracy—something that rapidly dissipated once the new regime was inaugurated in 1988. However, the constitution under which the first elected government was installed was crafted by the departed dictatorship, which ensured an ongoing authoritarian influence in labor relations.

The election of the government of former general Roh Tae Woo was a mere formality in the transfer of power and did little more than grant workers the legal right to form autonomous shop unions. It did not recognize their political role or higher-level organizations. In response, following upon the successes of independent shop union activism, in January 1990 an independent labor confederation was created. The Korean Alliance Of Genuine Trade Unions (KAGTU), later reorganized in 1995 as the Korean Confederation of Trade Unions (KCTU), grouped the more restive elements of the labor movement both before and after the KCTU was legalized in 1999. Along with the move towards electoral politics and the relaxation of authoritarian controls, this forced the FKTU to distance itself from its erstwhile masters in the Korean security services in order to retain a presence with the rank and file. This moderation subsequently allowed for the formation of tactical alliances with the KCTU, such as during the general strike of December 1997-January 1998.

The emergence of an independent labor movement also allowed unions to develop ties with militant sectors of the student movement, which also were outlawed or repressed throughout the initial democratization period. Even so, for most of Korean society unions were considered suspect, more often than not due to a strongly ingrained anti-communist ethos inherited from the partition of the Korean Peninsula and reinforced by a steady dose of government propaganda. Notwithstanding the lack of general support, the advances of the 1980s gave unions the first significant independent presence on the social and political scene; something that bore fruit after the initial opening process which began in 1987.

In 1987 the level of industrial conflict rose exponentially, as did the number of unions (see Table 6.1). The number of workdays lost similarly peaked in 1987 due to the explosion of popular protests in favor of democratization with over 6 million workdays lost, and after remaining relatively high for the next five years, declined steadily to a low of 393,000 in 1992 before rebounding to over a million in 1998 as a result of the general strike that greeted the New Year.

**TABLE 6.1**

**Strikes in South Korea 1986-1998**

	<b>Number of strikes</b>	<b>Number of workers involved</b>	<b>Number of workdays lost</b>
<b>1986</b>	276	47,000	-
<b>1987</b>	3749	1,262,000	6,000,000
<b>1988</b>	1,873	293,000	-
<b>1989</b>	1,616	409,000	-
<b>1990</b>	322	134,000	-
<b>1991</b>	234	175,000	-
<b>1992</b>	235	105,000	393,000
<b>1993</b>	144	109,000	-
<b>1994</b>	121	104,000	-
<b>1995</b>	88	50,000	-
<b>1996</b>	85	79,000	-
<b>1997</b>	78	44,000	
<b>1998</b>	129	1,146,000	3,000,000

*Source:* Jooyeon Jeong, *Foreign Labor Statistical Figures*. Seoul: Korean Labor Institute (2000): 108-09. The figures for workers and working days lost for 1998 include the general strike of December 1997-January 1998, and represent estimates based upon available data.



Most strike activity initially concerned issues of representation (i.e. recognition of independent unions as bargaining agents) and citizenship rights (easing of repression and repeal of authoritarian labor and security legislation that restricted the political activities of unions and other social groups) rather than bread and butter issues. One sociological survey found that political process theory was a better explanation for Korean strike behavior than economic strain theory, and that political facilitation as well as physical repression were significant in determining levels of strike activity during the period preceding and immediately following the initial transition to electoral rule.

“The overall changing political milieu has stronger explanatory power than worker’s perception of economic hardships. Within the large domain of political process, the association between the government’s facilitative tactics and industrial disputes is far stronger than that between the regime’s repressive strategies and dissenting acts...Changes in government’s political control capacity are closely associated with the patterns of labor disputes in society.”<sup>14</sup> However, after 1997 strikes came to center on the issue of layoffs and the use of temporary and part-time work, which undermined the traditional pattern of life-long employment characteristic of Korean labor relations. As several authors have mentioned, loss of employment entails a major loss of face in a society in which honor matters. This in turn has contributed to increases in divorce rates and suicides as it undermined the traditional structure of Korean society.<sup>15</sup>

This is not to say that the political nature of most strike activity did not have an economic impact, at least in the early days of the elected regime. In the words of one commentator describing the “breakdown” of authoritarian labor-capital relations, “the most obvious changes concern wage formation. Labor unions exert a much stronger influence over wage determination now. One result of this is the big increase in real wages. Real wages in manufacturing rose 8.2 percent in 1987, 12.1 percent in 1988 and 19 percent in the first nine months of 1989, exhibiting a marked increase from the average annual real-wage growth rate of 5.7 percent during 1981-86.”<sup>16</sup> From then on, earnings growth in non-agricultural activities steadily declined, falling from the high of 21.1 percent growth for 1989 to a contraction of 2.5 percent in 1998 before rebounding to 12.1 percent growth in 1999.<sup>17</sup> Put simply, recognition of unions has an upward impact on wages, so that the political nature of strikes eventually generates material rewards.

In Korea during the transition it was political rationales that pushed strike levels upwards and which led to the rapid rise in union creation, increases in union membership numbers, and dramatic increases in real wages. This pattern of political agitation paving the way to material and organizational gains was repeated in the general mobilization of December 1997 to January 1998, when South Korea

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<sup>14</sup> Mi Kyoung Kim Park, “Economic Hardships, Political Opportunity Structure and Challenging Actions: A Time Series Analysis of South Korean Industrial Disputes, 1979-1991,” *Asian Perspective*, V21, N.2 (Fall, 1997): 171.

<sup>15</sup> On the impact of changing labor relations on Korean society, see Jong-Il You, “Changing capital-labor relations in South Korea,” in Juliet Sehor and Jong-Il You, eds., *Capital, the State and Labor*. Aldershot: Edward Elgar, 1995: 111-151 and sources cited therein.

<sup>16</sup> *Ibid.*: 143.

<sup>17</sup> Jooyeon Jeong, *Foreign Labor Statistical Figures*. Seoul: Korean Labor Institute (2000): 52 (Table III.5).

was brought to a virtual standstill by a wave of rolling strikes involving over three million people protesting the ramming through of anti-union labor legislation without parliamentary consultation or advance notice on the part of the Kim Young-sam government. After other social movements joined the protest against the assault on democratic procedure, the government relented, withdrew the legislative package and ordered across-the-board wage increases for both public and private sector employees (although it quietly re-introduced most of the contested labor laws to a compliant parliament in May 1998). Thus the question remains: did the move towards elected government fundamentally alter the situation of labor and its allies in civil society after the formal transfer of power was completed with the rotation in office of 1998?

In spite of the gains made between 1987-90, organized labor remained relatively weak as a collective actor both before and after the transition to civilian elected rule. The Grand Conservative Coalition government of 1990-1998 reversed many of the de facto gains of the labor movement and stepped up the repression of its most militant voices under the umbrella of the authoritarian labor legislation. It was not until after the election of Kim Dae-jung in December 1997 that the authoritarian legislation was loosened to allow certain public sector employees to organize, the KCTU was legalized (in late 1999) and unions were permitted to lawfully engage in political activities (so long as that was not their main function).

But Kim Dae-jung initially led a very fragile regionally based coalition between his liberal National Congress of New Politics (NCNP)—later reformed as the Millennium Democratic Party (MDP) in light of Kim's appeal in local elections—and the conservative United Liberal Democrats (ULB). Moreover, his coalition was confronted by the political remnants of the authoritarian regimes in the form of the opposition Grand National Party (GNP) as well as a host of regional rivals. As a former opposition leader imprisoned and sentenced to death (later commuted to life imprisonment) by the Chun regime in the early 1980s, Kim Dae-jung and his close advisors were repeatedly accused of pro-communist sympathies, which forced them to bend over backwards to alleviate such concerns and keep their political careers afloat.

This resulted in a conservative, pro-business bias in the tone of government policy even after he was elected, and intensifying after the financial crisis of 1997 in spite of the relaxation of controls on organized labor. With the defection of the ULB from the coalition in early 2001, Kim Dae-jung found himself with a minority government. The staggered mid-term parliamentary elections of 2000 further weakened his authority as the MDP suffered losses of seats along both regional and ideological lines. Whereas his personal appeal remained strong in the public eye, the weakness of his party support in parliament forced Kim to continue the entrenched political habit of catering first and foremost to business interests.

The political preferences of Korean workers also betray a conservative bias. There are no viable left or labor-based parties in South Korea, and what passes for “progressive” such as the NCNP/MDP are actually variants of standard

liberalism with a focus on civil liberties and individual rights—especially property rights. For their part, Korean workers have tended to support the mainstream parties (in spite of their ever changing names and coalitional make-up) in a roughly equal percent split among progressive, center-right and conservative choices, with a slight preference for the progressive side and a general antipathy towards politicians associated with the authoritarian era. Underlying this are deep-seated regional divisions with strong personal overtones, which further undermine the cohesion of the working-class vote.

For that reason, although several alterations to the Labor Codes have been made (again, by permitting union political activity, legally recognizing the KCTU, and allowing for regional or occupational federations, two unions per shop, limited public sector organizing and firm-specific economic strikes), and a national-level concertative forum called the Tripartite Commission was formed as a permanent ad hoc presidential advisory committee to discuss labor-business relations, the thrust of the authoritarian labor relations framework has been maintained to this day. This is evident not only in the fact that Korea is still not in accord with the majority of International Labor Organization standards for individual and (especially) collective labor rights, but in the very character of collective bargaining itself. Virtually all collective bargaining occurs between firms and individual shop level unions, with no coordination between shop unions within the same industries even though the large *chaebol* oligopolies are able to coordinate their actions with respect to unions in each industrial sector. More tellingly, less than ten percent of Korean workers are covered by collective bargains at all.

Bargaining largely concerns wages, although non-wage issues such as holidays, bonuses, productivity ratios, worker involvement in management decisions, pension funds, occupational health and safety and dismissal have slowly crept into negotiations during the course of the 1990s. The focus on shop-level bargaining continued a long-term practice. According to Jooyeon Jeong, “among a total of 5,733 enterprise unions in Korea, 84.5 percent (4,841 unions) were involved with enterprise, single-employer bargaining while only 14.9 percent (855 unions) were with multi-employer bargaining in 1997...Prior to mid-1987 besides low union membership and rate of unionization, labor had little or no collective voice even in unionized firms.”<sup>18</sup>

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<sup>18</sup> Jooyeon Jeong, “Pursuing Centralized Bargaining in an Era of Decentralization? A Progressive Union Goal in Korea From a Comparative Perspective,” *Industrial Relations Journal*, V.32, N.1 (2001): 60. In addition, the FKCTU encompassed 23 industry-level unions, 3,778 shop level unions and 1,022,586 members in March 1998, while the KCTU covered 14 industry-level unions, 1,169 shop level unions and 455,483 members respectively. This means that most of the Korean labor movement remains tied to the authoritarian-created labor confederation and is seriously divided as a result.

TABLE 6.2

**Unions in South Korea 1986-1998**

	<b>Number of unions</b>	<b>Union membership</b>	<b>Union density (percent)</b>
<b>1986</b>	2,658	1,036,000	12.3
<b>1987</b>	4,086	1,267,000	13.8
<b>1988</b>	6,142	1,707,000	17.8
<b>1989</b>	7,883	1,932,000	18.6
<b>1990</b>	7,698	1,887,000	17.2
<b>1991</b>	7,656	1,803,000	15.8
<b>1992</b>	7,527	1,735,000	14.9
<b>1993</b>	7,147	1,667,000	14.1
<b>1994</b>	7,025	1,659,000	13.5
<b>1995</b>	6,606	1,615,000	12.6
<b>1996</b>	6,424	1,599,000	12.2
<b>1997</b>	5,733	1,484,000	11.2
<b>1998</b>	5,560	1,478,069	11.5

*Source:* Hagen Koo, "The Dilemmas of Empowered Labor in Korea," *Asian Survey*, V.40, N.2 (March/April 2000): 231 (union numbers); Jooyeon Jeong, *Foreign Labor Statistical Figures*. Seoul: Korean Labor Institute (2000): 107 (union density and membership numbers); International Labor Organization, *Trade Union Membership*. Geneva: ILO

The bottom line is clear: even if improved over the situation in 1987, on a collective level working-class consent is not a priority in Korea.

Hence, after a brief period between 1987–90 in which labor asserted its political and social presence and gained limited rights, the pattern of labor subordination to business was restored. Although the total number of unions in South Korea rose steadily throughout the 1980s and accelerated dramatically after the 1987 elections, union density never exceeded 18.6 percent of the workforce (1989) and in fact fell steadily from that high point to just 11.5 percent of the total number of employees by 1998.<sup>19</sup> This paralleled trends in strikes and number of unions.<sup>20</sup>

It should be noted that union dues are only paid to shop unions, which leaves regional federations and national confederations under-resourced and thus weak relative to their local counterparts. Moreover, this lack of financial support makes for a very small and weak national labor leadership, which undermines their presence in national level bargaining forums such as the Tripartite Commission (created in January 1998 to coordinate labor-business-state relations).

Nor has organized labor gained a foothold with other social groups and movements beyond those established with students in the 1980s and the episodic coalition with similarly disaffected elements of society tactically focused on the same issues (as was the case with the general strike of 1997). The combination of a strong anti-communist ethos in Korean society, ideological disputes between collaborationist (with the dictatorships), cooperative (with the elites) and militant unionists (some class-compromise and social democratic-oriented, others class-conflict and orthodox Marxist in nature), and the organizational weakness of the labor movement due to the decentralized nature of the (limited) collective bargaining system and ongoing divisions between the FKTU and KCTU, all conspired against the formation of national-level horizontal ties between labor and other anti-establishment groups. To this day organized labor lacks general public support except in specific instances (such as the February 2002 demonstration against the visit of George W. Bush), and has yet to establish the community networks that allow it to assert an autonomous political presence beyond the immediate concerns of the rank and file. The only ongoing horizontal tie that labor maintains is that between the more radical unions and equally militant students, both of which are minorities within their respective peer groups.

Part of the reason for this is the long period of wage growth and lifelong employment guarantees that were the hallmarks of the authoritarian developmental model in all of its guises, and which underpinned the elected regime's approach to the labor "question" until 1998. On an individual level, Korean workers were guaranteed both job security and general welfare benefits under the authoritarian labor codes. The price for this was restrictions on collective action, political freedom and sectoral autonomy. For the bulk of the

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<sup>19</sup> Ibid: 61 (Table 1).

<sup>20</sup> Hagen Koo, "The Dilemmas of Empowered Labor in Korea," *Asian Survey*, V.XI, N.2 (March-April 2000): 231 (Table 1); and Lim Hyun-Chin, Hwang Suk-Man and Chung Il-Jon, "IMF's Restructuring, Development Strategy and Labor Realignment in South Korea," *Development and Society*, V.29, N.1 (June 2000): 45 (Table 2).

urban working force, this was an acceptable exchange: with only a few glitches, real wages in manufacturing grew steadily both before and after the period of transition, reflecting the Korean state's ongoing commitment to "buying" legitimacy with rising material standards for workers. Fueled by positive export market conditions, real wages for workers covered by collective contracts rose 6.4 percent in 1986, 17.2 percent in 1987, 13.5 percent in 1988, and 17.5 percent in 1989, then slowed down over the next eight years before contracting 2.7 percent in 1998 in the wake of the Asian financial meltdown.<sup>21</sup>

Although rebounding to positive figures in 1999–2001, overall wages barely kept ahead of inflation while unemployment stabilized around 9 percent, the highest levels since shortly after the Korean War. Much of the latter was due to the introduction in 1997–98 of labor laws that made it easier to hire temporary and part-time labor, dismiss workers, hire replacement workers during strikes, and withhold wages during strikes (i.e. de facto lockouts) again. In exchange, small improvements were made in labor's political and organizational status, which satisfied the concerns of union leaders but had a devastating effect on previously life-tenured employees (the rank and file). In addition, a wave of bankruptcies in manufacturing after 1997 contributed to the rise in unemployment. Not surprisingly, unemployment rates soared after the labor flexibilization policies were enacted, with the percentage of unemployed rising from 2.6 percent in 1997 to 6.8 percent in 1998 and the total number of unemployed tripling from 574,000 to 1.7 million in the same period.<sup>22</sup>

The Kim Youngsam government began a process of labor law liberalization in April 1996 with the creation of a 30-member Presidential Commission on Labor-Management Relations Reform. Rather than negotiate between labor and business interests, however, the commission eventually rubber-stamped business demands for labor flexibilization (particularly with regards to hiring and firing), something that led to the protests of December 1997 to January 1998. Even so, the subsequent signing of a Tripartite Accord on the part of the Tripartite Commission on February 6, 1998 paved the way for the incremental opening of the labor relations system, albeit with the trade-offs mentioned above.<sup>23</sup>

In essence, very little changed in the field of labor politics between 1987 and 1997, and the changes that have followed have been drawn out, piecemeal, incomplete and mostly done around the margins of the relations in production. The first ten years of the "democratization" period were not propitious for major advances on the labor front, as the first two elected governments were both conservative in orientation and closely tied to *chaebol* interests. In 1998, with the coming to power of the former opposition coalition led by Kim Dae-jung, modifications were made that gave hope that genuine democratization of the

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<sup>21</sup> Jeong (2001): 61 (Table 2).

<sup>22</sup> Kyung-San Chang, "Social Ramifications of South Korea's Economic Fall: Neo-Liberal Antidote to Compressed Capitalist Industrialization," *Development and Society*, V.28, N.1 (June 1999): 49-91. It should also be noted that the loss of manufacturing jobs in the wake of the 1997 economic crisis also contributed to the rise in unemployment.

<sup>23</sup> An overview and analysis of recent trends in Korean labor law is found in Economist Intelligence Unit, *Country Commerce: South Korea*, New York: EIU, July 2001: Section 10.2, 51-52.

labor relations partial regime was in store. Foremost among these changes was the creation of the national level Tripartite Commission. But even this concertative vehicle proved to be more symbolic than substantive, in that while it recognized labor as a legitimate social “partner” for the first time in Korean history, it did little in the way of substantively incorporating labor into the policy-making process, institutional framework governing labor relations, or in consultations about major issues of income and employment.

In turn, hampered by its organizational, ideological and structural weakness, Korean labor unions have proven unable to impose an alternative agenda of their own and thus find themselves once again at the mercy of business interests, although since 1997 this has been more influenced by IMF rationalization dictates than the backroom dealings between politicians and *chaebols*. Whatever the case, recent trends in labor politics suggest that substantive democratization of Korean civil society is still a long way off.

### **Taiwan**

If South Korea’s pre-democratic labor relations regime could be characterized as exclusionary state corporatist—many elements of which continue to survive in the current political moment so that contemporary labor relations could still largely be thought of in this way—the subordination of organized labor in Taiwan during the same period relied on a slightly different mix of coercion and co-option. In short, while physical and legal repression still made up part of the picture, this was supplemented by the party-state’s sponsorship of trade unions in particular. Thus, we characterize the pre-1986 labor relations regime as inclusionary state-corporatist, and given what we know about the influence of such similar systems on the consolidation of democracy in such countries as Argentina, but especially Mexico, we know that they are deeply embedded and shape the organizational and ideological bases of labor movements in very specific ways. Disentangling organized labor from dominant political parties is difficult, and union movements fostered in these environments tend to be bureaucratized (creating tensions between leaderships and rank-and-file union members), riddled internally with authoritarian legacies, and prone to collaboration with elites even if this serves neither the interests of their members nor the cause of democracy particularly well. In addition, it should be noted that while Taiwanese state corporatism has some affinities with its Latin American counterparts, for instance, some of these other well-noted cases relied on a mobilizational ideology in order to rally support for the authoritarian regime. The Taiwanese version, by contrast, is fundamentally and exceptionally demobilizational.

The strategies of co-option associated with Taiwanese state corporatism were, in part, a general reflection of state-society relations on the island once the KMT was forced to retreat there in the late 1940s. While the repression of political dissidents through imprisonment or assassination took place especially during the very early phase and represented the KMT’s “stick,” the party also used a series of different “carrots” to ensure local loyalty to the regime. Importantly, land reform and State investment in industry during the import-substitution phase of

development (until 1960) helped to gain the support of the local population. Paralleling these developments, organized labor was more likely to be subject to outright repression during the first two decades or so of KMT rule. Once the regime shifted its development strategy to one of export-led growth in the 1960s, ideologically acceptable unionism was encouraged.<sup>24</sup>

The legal framework for the incorporation of labor into the KMT's corporatist system was inherited in the form of the Labor Union Laws that were passed on the mainland in 1929. These gave the right to organizations with a minimum of thirty members to register as trade unions. Such bodies could be organized along either shop-level or occupational lines, but industry unions, usually the most politically oriented type, were effectively banned. Occupational unions, once established, needed to have monopoly representation within specific geographical areas. Strikes were generally banned, and unions had only one option with relation to which peak body they could affiliate to.<sup>25</sup> The Chinese Federation of Labor was affiliated to the KMT.

State sponsorship of ideologically acceptable unionism soon ensured that Taiwan had a union density rate comparable to many social democratic countries, and much higher than that of South Korea, Singapore or Hong Kong. However, union membership was never compulsory as it was in Australia or New Zealand, for example, so that even the higher estimates of union membership in Taiwan report that the percentage of employed workers who were union members averaged around 15 per cent during the 1970s before rising steadily to around 20 per cent during the 1980s. But union membership and density data are only one indicator of union "strength," and given the insertion of the trade union movement in an authoritarian labor political system and labor relations regime in general, labor was clearly a subordinate actor prior to the long drawn-out transition from authoritarian rule that began in the mid-1980s.

Most writers date the process of Taiwanese democratization from 1986, though the constitutional reforms of that year and the lifting of martial law in 1987 can be viewed more properly as the deepening of a process of political liberalization that had begun in the early 1980s. Because liberalization projects are eminently reversible, and are often at least initially designed to give legitimacy to the authoritarian regime in question rather than spark full democratization, the 1996 general elections, the first in which the President was directly elected, can be regarded as the beginning rather than the end-point of democratization. Furthermore, given the enormous power that the President still wields in the political system, it was not until the KMT finally lost the Presidency to the Democratic Progressive Party's (DPP) Chen Shui-bian in 2000 that a meaningful rotation in office can be said to have occurred.

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<sup>24</sup> This follows the scheme laid out in Joseph S. Lee, "Economic Development and the Evolution of Industrial Relations in Taiwan, 1950-1993," in Anil Verma, Thomas A. Kochan and Russell D. Lansbury (eds.), *Employment Relations in the Growing Asian Economies*, London and New York: Routledge, 1995: 88-117.

<sup>25</sup> The details here are provided by Yin-wah Chu, "Democracy and Organized Labor in Taiwan," *Asian Survey*, V.xxxvi, N.5, 1996: 495-510.



TABLE 6.3

Strikes in Taiwan, 1984-98

	<b>Number of unions</b>	<b>Union membership</b>	<b>Union density (percent)</b>
<b>1984</b>	1,924	1,371,000	11.3
<b>1985</b>	2,103	1,549,000	15.4
<b>1986</b>	-	1,724,000	16.8
<b>1987</b>	2,510	1,875,000	16.3
<b>1988</b>	2,957	2,187,000	20.9
<b>1989</b>	3,315	2,530,000	24.2
<b>1990</b>	3,524	2,757,000	27.1
<b>1991</b>	3,654	2,955,000	27.1
<b>1992</b>	3,571	3,058,000	27.6
<b>1993</b>	-	3,172,000	29.0
<b>1994</b>	-	3,278,000	26.6
<b>1995</b>	-	3,136,000	23.5
<b>1996</b>	-	3,048,000	22.6
<b>1997</b>	-	2,959,000	21.5
<b>1998</b>	-	2,927,000	21.2

Source: Jooyeon Jeong, *Foreign Labor Statistical Figures*. Seoul: Korean Labor Institute, (2000): 106 -107; Yin-wah Chu, "Democracy and Organized Labor in Taiwan," *Asian Survey*, xxxvi, N.5, (May 1996): 500 (Table 1).

Like South Korea, Taiwan is thus still very much grappling with the challenges associated with the consolidation of democratic institutions that are capable of simultaneously delivering both horizontal and vertical consent. To state some of the rather obvious authoritarian legacies that reflect the fact that not everyone has subordinated their immediate interests to democratic processes, corruption (particularly the influence of organized crime), the role of conglomerates in politics, and the rather fluid and uncertain institutional relationship between the executive and the legislature are all ongoing concerns<sup>26</sup>. Given this framework, it should be clear that the role of the labor movement in the new national political regime and in the labor relations partial regime in particular is still in the process of change. However, a few specific trends and developments can be noted, many of which do not bode particularly well for the garnering of mass contingent consent and the long-term prospects for the formation of substantive democracy in Taiwan.

The English-language literature on the role of organized labor in Taiwan during the democratic transition makes much of the growth of supposedly “militant” unionism, as part of a widespread mobilization of civil society, following the lifting of martial law and the (re)alignment of the party system at the political level.<sup>26</sup> However, this analysis clearly overstates the scope and nature of labor organization during the period. Admittedly, industrial conflict did escalate after a total ban on strike action was lifted in 1987. Strikes steadily rose from a number of 907 in 1984 to a high of 4,138 in 1998, with the number of workers involved rising from 9000 in 1984 to 104,000 in 1998. Even so, the numbers of workdays lost to strike activity ebbed and flowed throughout this period, suggesting that while the number of strikes may have increased throughout the period before and after the opening of the political system, most of these remained local and of short duration.<sup>27</sup>

In addition, it is important to note that even during such an intense period of regime change (or perhaps transformation), industrial action on the part of organized labor was not aimed at gaining a voice in the new political system or even within workplaces as one might expect. Instead of focusing struggles on the right to organize outside the old KMT-state corporatist system or on the right to expand its membership at the enterprise level, strike action remained economic in nature. Further than that, instead of focusing on wage gains or growth and the distribution of profit—usually the most important “bread-and-butter” issue for labor movements working within social or liberal democratic frameworks—industrial disputes still tended to center on traditional claims such as end-of-year bonuses and other discretionary allowances.

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<sup>26</sup> See Jou-juo Chu, “Labor Militancy in Taiwan: Export Integration vs Authoritarian Transition,” *Journal of Contemporary Asia*, V.31, N.4, 2001: 441-465; Hsin-huang Michael Hsiao, “The Rise of Social Movements and Civil Protests,” in Tun-jen Cheng and Stephan Haggard (eds.), *Political Change in Taiwan*, Boulder and London: Lynne Rienner, 1992: 57-74; Chyuan-jang Shiau, “Civil Society and Democratization,” in Steve Tsang and Hung-mao Tien, *Democratization in Taiwan: Implications for China*, Basingstoke: Macmillan, 1999: 101-115. It is significant, as we will see, that these second two authors do not treat organized labor as anything special in national political life, simply as another group competing with other civil society organizations for a new place in the democratic system.

<sup>27</sup> Jooyeon Jeong (2000): 106-110 (Table VIII.1).

TABLE 6.4

Unions in Taiwan, 1984-98

	<b>Number of strikes</b>	<b>Number of workers involved</b>
<b>1984</b>	907	9,000
<b>1985</b>	1,443	15,000
<b>1986</b>	1,485	11,000
<b>1987</b>	1,609	16,000
<b>1988</b>	1,314	24,000
<b>1989</b>	1,943	62,000
<b>1990</b>	1,860	34,000
<b>1991</b>	1,810	13,000
<b>1992</b>	1,803	12,000
<b>1993</b>	1,878	38,000
<b>1994</b>	2,061	31,000
<b>1995</b>	2,271	27,000
<b>1996</b>	2,659	22,000
<b>1997</b>	2,600	81,000
<b>1998</b>	4,138	104,000

Source: Jooyeon Jeong, *Foreign Labor Statistical Figures*. Seoul: Korean Labor Institute, (2000): 108-09.

Yin-wah Chu calculates that in the year following the lifting of martial law, more than 43 percent of disputes (whether or not they resulted in strike action) involved demands for increases in end-of-year bonuses, and between 1990 and 1992 less than one percent of disputes involved the right to organize.<sup>28</sup> Overtly political strikes are naturally still illegal, and even if union members can now elect their own leaders, rather than having them appointed by the KMT, the new union leadership is on the whole cautious and politically moderate.

In general, the growth of independent unionism exhibited similarly contradictory features. Overall, union membership in Taiwan rose from 1,371,000 in 1984 to a peak of 3,278,000 in 1994 before receding to 2,927,000 in 1998. Union density followed a similar pattern, rising from 11.3 percent in 1984 to a high of 29 percent in 1993 before declining to 21.2 percent in 1998.<sup>29</sup> However, most of this growth has occurred in occupational unions, following traditional patterns where membership is often driven by strict cost-benefit considerations on the part of workers. Industry unionism is still largely non-existent. Added to that, the formation of an independent peak union body, as an alternative to the still-KMT-dominated Chinese Federation of Labor, has occurred only very recently. The Taiwanese Confederation of Trade Unions was officially recognized by the state in May 2000 even if it had actually been formed several years earlier, illustrating the fact that the movement is still largely locked into a state corporatist system and the constraints on labor organization that entails.

This dependent relationship is also reflected in the inability of organized labor to find a new channel of representation in the new party system. Following the establishment of relatively free and fair electoral processes, the union movement had two choices if it was to break out of the clutches of the KMT: it could either form its own political party, or establish a relationship with one of the new broad-based parties that were born after 1986. The first strategy was tried, and failed rather spectacularly. A new Labor Party was established in 1987, but soon split into two factions and quickly became politically irrelevant. The alternative Worker's Party which claimed to have a "socialist" policy outlook was also unlikely to gain the support of voters in such a relatively affluent society which had been conditioned in a climate of extreme anti-Communism.

The second option of tying the fortunes of the labor movement to a mainstream political party has also been exhausted, since the main opposition party, the DPP, is the only real significant electoral challenger to the KMT and finds its main constituency in Taiwanese or Taiwanese-born business elites. The main problem here, in a similar sense to the way in which the North Korea issue clouds class politics in South Korea, is that factional and party politics revolve around the cleavage with China and the resulting debate over unification versus independence. In this context, pro-independence business leaders contest KMT traditionalists for political leadership, where both groups claim to act in the

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<sup>28</sup> Chu (1996): 502.

<sup>29</sup> Jeong (2000): 106-110 (Table VIII.5).

national rather than business or other short-term interests. Labor has no clear role in this debate, and is effectively sidelined as a result.

Although the details are quite different, Taiwan has, along with South Korea, had difficulties establishing tripartite mechanisms for solving labor disputes or, more generally, labor relations institutions that are conducive to the consolidation of democracy. Whereas South Korea had no real tradition of tripartism and so is in the process of creating these institutions from scratch, Taiwanese democracy inherited the old institutions and legal frameworks that were created under KMT-state corporatism. One of the most important functions of the old system was to solve labor disputes before they evolved into strike or lockout action. However, because the trade union movement was little more than a creation of the KMT, organized labor acted as an agent of the state rather than an agent of its members during these negotiations. In fact, very little attention has been paid by either the published literature or international NGOs to this problem of reshaping state corporatist tripartite institutions into agencies that can (re)incorporate organized labor as an autonomous actor. Collective bargaining, so central to the channeling of mass contingent consent and despite the role of corporatism in the creation of a quiescent labor movement, is all but non-existent in Taiwan. In 1995, the International Labor Organization estimated that only 3.4 percent of workers were covered by such contracts.<sup>30</sup> In short, “Taiwan has no works councils or representation of workers on corporate boards. It does not recognize Western-style labor rights, and wages are set unilaterally by employers.”<sup>31</sup>

Much of this problem stems from the fact that state control over the union movement has not changed as much as the current government would like to argue. The International Council of Free Trade Unions, an ideologically and politically moderate group that adheres to ILO guidelines, sums up the present situation:

Legislation authorizes the government to interfere indirectly in the internal affairs of trade unions. As a case in point, trade unions must submit their articles of association and rules to the authorities for review prior to official registration. The authorities can also dissolve unions if they do not meet certification requirements or if their activities constitute a “disturbance of public order”...

There are many restrictions placed on the right to strike, which makes it difficult to hold a legal strike and undermines collective bargaining. The authorities can impose mediation or arbitration procedures for disputes that it considers to be serious or involve “anti-competitive practices.” During such procedures, the law prohibits workers from interfering with the “working order.” Severe sanctions are applied for failure to comply with the law, workers are not allowed to strike and employers are not allowed to take retaliatory action.<sup>32</sup>

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<sup>30</sup> International Labor Organization, *World Labor Report 1997-98*, Geneva: International Labor Office, 1997: 248 (Table 3.2).

<sup>31</sup> Economist Intelligence Unit, *Investing, Licensing and Trading in Taiwan*, New York, December 1999: 46.

<sup>32</sup> International Confederation of Free Trade Unions, *Annual Survey of Violations of Trade Union Rights* (2001), web version <http://www.icftu.org/>.

In the absence of collective bargaining structures, minimum labor standards are laid out in the Labor Standards Law (LSL) of 1984 and administered by the Council of Labor Affairs, which was established in 1987. Again, the law pays most attention to the regulation of fringe benefits, holiday payments, and bonuses. Apart from restrictions placed on the working-time arrangements for pregnant women, flexibilization of working hours is the key goal. An amendment to the LSL in 2000 reduced the working week from 48 to 42 hours, but more than a third of employees still work more than 44 hours per week.<sup>33</sup> The law is also relatively silent on workplace health and safety issues and though the ILO does not report data on workplace accidents for Taiwan, it is clear that in all four little dragons, death and accident rates are still comparatively high. Besides that, making employers comply with the law at the enterprise level is also undoubtedly problematic.<sup>34</sup> The key dilemma, as it is for the South Korean case, is not only that the new democratic regime is being built out of labor institutions and regulatory frameworks that are, at their core, authoritarian, but that this is occurring during a phase of economic liberalization. Pressures to contain wages and depress labor standards are placed by both increased employer militancy and international demands for labor market flexibilization.

If working conditions are so bad, and workers still have a limited scope to organize channels through which to voice their concerns, why has not a more militant labor movement developed? Part of the answer lies in the long-term effects of State corporatist worker and union socialization, but a great deal is also explained by the ability of Taiwan's export-oriented growth model to continue to deliver high wages and low levels of unemployment. Admittedly, the economic crisis of the past few years has taken its toll on growth, employment, and wage rates. Growth rates of earnings in non-agricultural activities rose steadily from 8.1 percent in 1986 to a high point of 15.5 percent in 1989, before falling steadily to a low of 2.9 percent in 1999.<sup>35</sup> However, the cumulative effect of many years of generous wage growth and relative wage equality meant that political voice could be traded for material gains, even after democratization had taken place.

Over the long-term this is a tenuous and dangerous strategy. Vertical consent in democracies is contingent on the delivery of material benefits, but these must be backed up by institutions that are inclusive, and patterns of symbolic politics or shared political beliefs that "make sense" with respect to the concrete experiences of workers, now as citizens rather than subjects. It is during the bad or unstable times that such elements of national political life become crucially important. This is because consent based only on rising material thresholds is too contingent when lacking an institutional base.

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<sup>33</sup> Economist Intelligence Unit, *Country Commerce: Taiwan*, New York, December 2001: 50.

<sup>34</sup> Lee (1995): 104.

<sup>35</sup> Jeong (2000): 52 (Table III.5).

## Comparative Issues

Legacies of inclusionary versus exclusionary state corporatism during the authoritarian era led to different paths towards labor politics democratization in these countries. In South Korea the state corporatist system was largely exclusionary in nature towards organized labor, and in large measure continues to be so. In Taiwan the state corporatist system was and is largely inclusionary in nature, with the union movement subordinate to the KMT but rewarded with political access and material benefits for its cooperation. In South Korea developmental policies and major economic restructuring were implemented abruptly and favored the development of large industrial conglomerates. In Taiwan developmental policies favored a less concentrated industrial structure and more gradualist adoption of economic modernization reforms. This followed the adoption of land reform and highly egalitarian income policies by the KMT in the late 1940s, which displaced class conflicts from the center stage of political life. In contrast, in South Korea the highly inegalitarian divide between rural and urban dwellers and marked disparities in wealth between upper and lower income groups made class based differences a salient aspect of political competition before and after the transition to elected civilian rule. South Korean political elites are therefore much more dependent on the business classes (and vice versa) than their KMT counterparts in Taiwan.<sup>36</sup>

After 1984 the rate of union density in Taiwan more than doubled relative to that of South Korea, as did the number of strikes. Even so, the numbers of workers involved in strikes and the number of man-hours lost were quite similar to those of South Korea, despite South Korea's much larger working population. This leads us to believe that strikes in Taiwan were much more localized, shorter, and enterprise specific, whereas those of South Korea were more intense (measured as working-hours lost and workers involved) and more encompassing—read political—in nature.

In Taiwan after the mid 1980s, real wage rates and the scope of collective bargaining outstripped those of South Korea, including the recessionary period of 1997–99. In fact, real wages and collective bargaining coverage increased after the recession abated in Taiwan, whereas both declined (relative to previous years and absolutely) in South Korea until 2001. At a macroeconomic level, Taiwan continues to be located higher in the international division of labor than South Korea. The latter continues to be focused on low-wage intensive manufacturing, whereas Taiwan has adopted a strategy of growth promoted by skilled labor—which requires labor's cooperation, if not consent.

To do so, Taiwan developed an extensive inclusionary state corporatist system of labor relations coupled with (dominant) Party-dependent labor insertion in the political system. Offering material and organizational inducements for cooperation over exclusionary constraints, the Taiwanese political elite, in spite of the move to the electoral contestation of leadership positions (a move required by

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<sup>36</sup> On the similarities and differences between the two cases see Stephan Haggard and Robert Kaufmann, *The Political Economy of Democratic Transitions*, Princeton: Princeton University Press (1995): 279-82.

external trade partners), continues to reward organized labor for its acquiescence, even during times of economic hardship. The precarious international legal status of the KMT regime and its ostensible successors may do more to explain this situation than any domestic considerations.

In South Korea the basic framework governing labor relations remains largely exclusionary state corporatist in nature, albeit of a hybrid sort. The profoundly hierarchical nature of Korean society requires of the political elite that they follow the desires of local business elites, which means a very slow erosion of the tradition of despotic labor politics. But even if continually subordinated to the dictates of Korean capital and its international partners, organized labor in Korea has, in its exclusion, developed a degree of autonomy and independence that its Taiwanese counterparts lack. Should the Korean labor relations system ever open up fully they will be in a far better position to advance basic rank-and-file objectives than their Taiwanese brethren, who have abdicated responsibility for the material fortunes of their memberships to the government of the moment. In Taiwan, it is the relationship between union leadership and government that matter in a labor relations system based upon labor political cooperation (and subordination). In South Korea it is the relationship between leaders and the rank and file that continues to fuel the logic of collective action in an adversarial system untouched by the politics of co-optation.

Both countries retain bi-frontal state corporatist interest group administration systems in that business is always given preferential treatment over labor even if the state retains supreme authority over all interest group administration. Whereas the mix of inducements versus constraints is what separates the inclusionary from the exclusionary variants of state corporatist labor relations systems in both countries (since the legal framework remains essentially the same for both), with regards to business the system in both countries is heavily weighed in favor of inducements rather than constraints. Internal demand may be the cause of this. In Taiwan there is concern about working class consumption; in South Korea this is much less so.

## **Conclusion**

Democratic rule is desirable intrinsically (in terms of basic human rights) and because it provides a better guarantee for long-term peace and stability. But less attention has been devoted to the fundamental aspect of democratic rule that separates it from most authoritarian regimes: the simultaneous securing of both elite and mass contingent consent to the combination of politics and economics of the moment. For this reason attention to labor politics is important.

Taiwan and South Korea have traditionally used specific mixes of labor repression and co-optation in order to maintain growth and stability, the differences between them having been emphasized here. For the various reasons discussed, neither type of labor relations system is compatible with long-term democratic stability based on the construction of vertical consent, for the simple reason that they do not allow the rank and file to master their own destiny. The state giveth and the state taketh away.



Instead, South Korea has emulated Chile with regards to its labor politics, in that after a long period of authoritarian exclusion labor is granted political and social rights by an elected regime while at the same time losing the organizational and structural bases of strength (such as it existed) to the logic of labor flexibilization strategies adopted after the Asian financial crisis of 1997. In Taiwan the situation is better in that workers are treated more equitably, earn more and suffer less exploitation than do their South Korean counterparts. But the price for this is obedience and a lack of autonomy in their collective action. Although this is certainly better than the exclusion felt by Korean workers, and whereas it arguably provides the basis for some modicum of consent being awarded the KMT regime, it also retains the overarching state and party controls on what unions can do and say. This is similar to the populist and neo-populist labor relations systems of Latin America that have periodically emerged since the 1930s.

The prognosis is therefore mixed. While progress has been made towards opening the political system and liberalizing labor politics, both countries still retain strong authoritarian-corporatist traditions in the labor relations partial regime. Whereas authoritarian liberalization has led to procedural democratization, substantive institutional bases of democratic consolidation have yet to be established, much as has been the case in Latin America and former Soviet states. In this measure it seems that the East (of Asian Newly Industrialized Countries) has become the South (developing countries with authoritarian politics).<sup>37</sup>

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<sup>37</sup> The term comes from A. Przeworski when referring to the transitions in Eastern Europe. It applies here as well. See his *Democracy and the Market*, Cambridge: Cambridge University Press, 1991: 191.

## APPENDIX 6.1

### Labor relations and transitions from authoritarian rule in South Korea and Taiwan

	AUTHORITARIAN LABOR RELATIONS		POLITICAL TRANSITION		CONTEMPORARY LABOR RELATIONS	
	<i>Mode of incorporation</i>	<i>Political insertion</i>	<i>Period of authoritarian liberalization</i>	<i>Period of democratic consolidation</i>	<i>Mode of incorporation</i>	<i>Political insertion</i>
<b>SOUTH KOREA</b>	State-dependent; Exclusionary state-corporatist	Excluded from political sphere; limited state sponsorship of unions	1987-1996	1997-present	Limited pluralism permitted; still largely state-corporatist.	No independent labor-based party; potential to act as lobby group.
<b>TAIWAN</b>	Party-dependent; Inclusionary state-corporatist	Dependent on KMT sponsorship	1986-1996	1996- present	Some new scope for independent unionism; still largely state-corporatist in that they require official recognition.	No (electorally successful) independent labor-based party; attempts to cultivate relationship with DPP largely failed.

## APPENDIX 6.2

### Some other social and political indicators

	<b>SOUTH KOREA</b>		<b>TAIWAN</b>	
<b>Population (millions, 2000)</b>	47.3		22.1	
<b>Per capita GDP (\$US, 1999)</b>	8 490		13 250	
<b>Measures of poverty</b>				
	7.4 %		0.6 %	
<i>Population living in poverty</i>				
<i>Gini co-efficient</i>	0.32		0.33	
<b>Freedom House scores</b>	<b>1985-1986</b>	<b>1999-2000</b>	<b>1985-1986</b>	<b>1999-2000</b>
<i>Political freedoms, Civil liberties</i>	5, 5	2, 2	4, 5	2, 2

*Sources:* Asian Development Bank, Key Statistics of Developing Asian and Pacific Countries, Oxford: Oxford University Press, 2001: Table 1, p.31; Table 6 p.40; Table 11, page 47. Freedom House country scores, web version <http://www.freedomhouse.org>.

