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The struggle against neoliberalism in South Korea: history and lessons

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The transformation of South Korean society by neoliberalism and resistance

The 1980s military government

The Chun Doo Hwan administration, which came to power through the massacre of South Korean citizens in Gwangju in May 1980, pursued a policy of market opening and economic liberalisation. This marked a radical turn away from the economic model of the previous president, Park Chung Hee, which had been based on a closed capital market, protection of the domestic market and government control of interest rates and finance. Chun instead emphasised opening the economy to foreign capital, and free operation of the market without government control.

From 1986 to 1989 the military governments of Chun and Roh Tae-woo were able to implement successful economic policies owing to the background created by the “three prosperous conditions”. These refer to three important advantageous conditions in the South Korean economy at the time – the devaluation of the won, low interest rates and the low price of oil – which led to an economic boom on a previously unseen scale. If the previous export economy had been based on low wages and exploitation, the three prosperous conditions made possible the first four-year period of trade surplus in the 45-year history of the South Korean economy. In this process, large capitalist players such as Hyundai Motors and Samsung Electronics sprang up, and the fruits of the export boom began to return to the country in the form of rising wages, creating a positive cycle: expansion of exports – the domestic return of profits – investment and domestic growth – economic boom.

At roughly the same time, an intense democratisation movement was also growing. This arose in the context

of a workers’ strike movement. Many labour unions were founded during the struggle that took place in July and August 1987 (in 1987 the number of labour unions increased from 2,675 to 4,103 and the unionisation rate increased from 12.3% to 13.8%); 1989 saw the most animated period of labour union activity (7,883 unions, 1,932,000 union members and 18.7% unionisation rate). The government-sponsored Federation of Korean Trade Unions, which had been the sole national labour organisation, was rejected, and the basis for the development of an independent, democratic union alliance formed. Unions comprising women and manufacturing workers, as well as large factories and white-collar unions, were formed and the social status of workers as a class elevated.

However, at the end of many phases of struggle a compromise was reached, including the partial retreat of the military government and the participation of conservative civilian politicians in state affairs. The central role of the military authorities and conservative civilian forces in the moderate democratic reform clearly showed its limitations in being based on a free democratic/capitalist order. In fact, as was confirmed in the process of the anti-FTA struggle, this reform resulted in the eventual undermining of democracy.

The open-market policy pursued by the military government resulted in two consequences. First came the farmers’ resistance. In the 1970s, Park Chung Hee had pursued a policy of green revolution and increasing agricultural production based on the principle of self-sufficiency. Although his policy of balanced development between city and country was, in fact, anti-farmer, favouring the city and capital, his restraint in relation to opening the agricultural market did help to increase agricultural production. However, the military government’s agricultural policy had a plainly anti-farmer



(Photo: Chamsaesang)

character. It sacrificed agricultural products to secure export markets for the big capitalists through the opening of the domestic agricultural market. Farmers resisted through protests of every size carried out in every farming region, battling fluctuations in the price of beef and peppers. The farmers' protests advanced gradually and came to constitute one important leg of the democratisation movement, developing into a full-scale struggle against the government and leading to national protests in downtown Seoul in 1987-88. The fruits of this struggle created the conditions for an independent mass-based farmers' organisation - the Korean Peasants' League (KPL)

Another important element was the friction created by US demands for opening the imports market. The market liberalisation policy of the military administrations did expand liberalisation in the import of industrial products. However, the Reagan administration, which saw unprecedented twin deficits, applied pressure for an open market for industrial products, in which the US had competitive strength. Commercial friction related to opening the market between the two countries therefore became more severe.

The post-Cold War period and the advent of the Kim Young Sam administration

Two important changes took place in South Korean society at the start of the 1990s. The first was the fall of socialism after the collapse of the Soviet Union, which led to a weakening of progressive ideological struggle. The second was the weakening of the democratisation movement with the advent of the Kim Young Sam administration. The result of these changes was the weakening of the movement for progressive national development and the emergence of a pro-US, pro-capitalist tendency packaged as if it were the only alternative. This is the background of the Kim Young Sam administration's drive towards neoliberalism under the slogan of globalisation beginning in 1993.

At the same time as Kim Young Sam rose to power, the conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and the advent of the World Trade Organisation (WTO) brought demands to open South Korea's financial and capital market to

the world economy. The Kim Young Sam administration tirelessly pursued Korea's membership in the WTO and the Organisation for Economic Co-operation and Development (OECD). It also developed the discourse of globalisation. Korea's big business sector enthusiastically accepted this discourse and issued slogans such as "world humankind" (Samsung) and "world management" (Daewoo) as mechanisms for inducing labour concessions.

The advent of the WTO and opening of the financial market

Throughout 1994, with the launch of the WTO approaching in January 1995, widespread protests against the Uruguay Round negotiations were held in South Korea. In the period after the launch of the WTO, the fundamental core of the overall policy of market opening was the opening of the financial market. While under Park Chung Hee's model the capital market was closed, Kim Young Sam's policy of market opening brought broad-based relaxation of the regulations on the financial sector, such as permitting companies and banks to attract foreign loans. This led, by the mid-to-late 1990s, to the influx of US\$100 billion in foreign loans. A chain reaction occurred in which the sudden influx of transnational capital led first to an overheated economy and property bubble, then rapid capital flight, and finally an exchange crisis. The basis of the South Korean economic crisis was similar to situations faced in many other East Asian countries. In this process, the US blocked South Korea from obtaining assistance and loans from Japan and forced the intervention of the International Monetary Fund (IMF) in order to achieve the rapid restructuring of the South Korean economy.

Although the unjust intervention of the US and the IMF led to the hasty incorporation of the underlying framework of neoliberalism into the South Korean economy, mass-based resistance did not appear, owing to a lack of awareness about neoliberalism.

In particular, the Korean Confederation of Trade Unions, which had staged the largest protest in the history of the labour movement against the worsening labour laws at the end of 1996 and the beginning of 1997, did not rise up en masse when the IMF management system was

Activist hurling the shoe of an anti-riot policeman during the anti-FTA mobilisation in Seoul on 11 November 2007. (Photo: Ahn Young-joon, AP)





Anti-FTA rally in Seoul, during the 6th round of US-Korean government talks. (Photo: Chamsaesang)

introduced less than a year later. This clearly demonstrates the weak state of the labour movement and progressive forces.

The strongest, most impressive actors in the mid-1990s were the farmers. Throughout 1994, Korean farmers carried out mass mobilisations against the opening of the agricultural market. At that time, students, who were also able to maintain a very high level of mobilising power, assisted the farmers' struggle. Many progressive intellectuals also participated. At the heart of the farmers' struggle was the question of the opening of the rice market. Rice, a symbol of Korean society for several thousand years, is also the centre of Korean farming. The scale of the struggle to protect the rice market matched the strength of rice's symbolic meaning. However, in the face of lack of assistance from large cities and the sense among the general public that market opening was inevitable, the farmers' movement could not prevail, and in the end weakened.

The development of a fully fledged anti-neoliberalism movement

The 1997 Asian crisis, which threw South Korean society into confusion and setbacks, is a dramatic expression of the powerful influence globalisation can exert over the nation-state. The IMF management system introduced into South Korea as a result of the foreign currency exchange crisis had a direct and absolute influence on the economy, and indirectly greatly affected other areas of society. The struggle against neoliberalism became fully fledged as the IMF system was incorporated in 1997, and gradually impacted upon the whole society.

Diverse people's resistance against neoliberalism

(1) The workers' struggle.

The IMF system necessarily brought about liberalisation of the agricultural market, financial market and the whole of society, privatisation of public corporations and structural adjustment accompanied by mass lay-offs. The result of these transformations in the economy was obvious: the deterioration of the lives of workers and farmers, driving them gradually towards destruction.

As companies were sold off and structural adjustment took place, a great number of workers became unemployed. This led to a resistance movement. Representative of this movement was the struggle to block the sale of Daewoo Autos to foreign capital. In the wake of the IMF crisis, the Daewoo Group faced an insolvency crisis and needed cash in order to save itself. It sought to earn the cash through sale of its unreliable property. However, a buyer could not be easily found, and Daewoo ended up being sold to the US company General Motors for far less than its value. In order to weaken the activities of Daewoo Auto's labour union, which was known for its strength, and at the same time to increase productivity through downsizing, GM demanded massive lay-offs before it bought Daewoo. The result was that one morning some 1,740 workers woke up to find themselves unemployed, then came together to mount a large-scale struggle.

The struggle to stop the sale of Daewoo Auto, which blazed up in 2001, ended with a great many people imprisoned, but also led to the awakening of Korean workers to the severities of neoliberal globalisation. At the same time, it served to motivate workers' active involvement in the struggle against neoliberalism. The beginning of a fully fledged struggle to stop the privatisation of public corporations can be dated to the government's announcement of its intention to privatise public corporations in 2002. In the wake of the IMF crisis, the South Korean government sought to break up the public Korea Electric Power Corporation, and sell the parts once this break-up was complete. It also announced a plan to divide the rail industry into a facilities sector and management sector and privatise it, and a plan to privatise the public Korea Gas Corporation.

In response to this, the labour unions of Korea Railroad Corporation, Korea Electric Power Corporation and Korea Gas Corporation went on strike simultaneously to stop the privatisations, and carried out a historic struggle in February 2002.

The Power Plant Union sustained its strike for 37 days. This struggle became an important opportunity to make the negative effects of privatisation known widely in South Korean society. If this struggle had not taken

place, almost all public corporations in South Korea would now be privatised.

Yet another effect of neoliberalism on workers is the increase in precarious work; protest also spread against this problem. In the period before the IMF programme, “irregular work” had been an unfamiliar phrase, but in 2007 as many as 8.6 million out of 13 million workers are irregular. These irregular workers earn around half the salary of regular workers and suffer long work hours. The percentage of the labour market occupied by irregular workers is rapidly increasing, yet the percentage of unionised workers is not, and solidarity with regular workers is not widespread. But the struggle of irregular workers has taken off rapidly.

This workers’ struggle started not as an offensive critique of the whole of neoliberal globalisation, but as a defensive protest against the threat posed to workers’ right to live. In the course of struggle, however, awareness grew that the fight against the privatisation of public corporations, the struggle to stop the expansion of irregular and other forms of precarious work, the struggle against foreign takeovers of Korean corporations and the fight against mass lay-offs are not separate issues, but instead all part of the movement against neoliberalism.

(2) The struggle of film workers and intellectuals
Since the beginning of the 1990s, film workers have resisted the opening up of the film industry and carried out popular protest against the reduction of the screen quota, which had required that cinema owners screen Korean films in the theatre for 146 days of the year. This struggle marks a revival of the Korean film industry, and the mass popularity of these film workers has resulted in the development of considerable mobilising power and increased social influence. Intellectuals have also concretised their resistance to neoliberalism. After the IMF crisis, with citizens’ increasing antipathy to the immoral profit-seeking behaviour of transnational capital, came theoretical and material forms of resistance to speculative capital. The expansion of the influence of groups of intellectuals exposed the conditions of withering investment in the Korean economy and the normalisation of structural adjustment, pointing out a direction of struggle.

(3) The farmers’ struggle grew greatly in scale
Owing to the government’s agricultural support policy in the wake of the IMF crisis, the stagnated farmers’ movement started gaining momentum in 2000, and the farmers’ struggle started to erupt among the masses once again. In 2000, they fought to cancel farmer family debt, and in 2002, setting their sights on the presidential election, they gathered together 130,000 people in Seoul to oppose the opening of the rice market. An extensive movement arose to protect the farmers’ existence and Korean agriculture, imperilled under neoliberal globalisation.

(4) Joint solidarity struggles against neoliberal globalisation grew strong
Starting with the KCTU and the KPL, all the progressive social movements came together to form “Korean People’s Solidarity”, which held joint protests on diverse issues, and joint events in opposition to international organisations that enforce neoliberalism, such as the WTO ministerial meeting, Asia-Pacific Economic Cooperation (APEC), WTO Doha Development Agenda



Farmer mobilisation in Jeju, October 2006. (Photo: Chamsaesang)

(DDA), and so on. These solidarity struggles against neoliberalism, such as the one carried out under the slogans “anti-WTO rice liberalisation/service market liberalisation! anti-Korea-Japan FTA/Korea-US BIT! anti-neoliberal globalisation! Increase the public character of society!”, were brought together as the activities of the collective struggle against neoliberalism.

(5) Resistance to global economic organisations has spread nationally and increased international solidarity activities

In addition to resistance towards the national neoliberal policy and regime within South Korea, a popular opposition movement against the headquarters of institutions of the world economic system has begun. There has been organised participation by mass-based social organisations in the protests against the WTO ministerial meetings in Cancún (2003) and Hong Kong (2005). Moreover, the mass-based social organisations’ opposition struggle against the World Economic Forum (WEF) and APEC held in South Korea demonstrates the growth of political consciousness that connects the interest of Korean people to global issues.

The experience of this series of mass-based protests became the motivating force and power behind the struggle against bilateral trade agreements, in particular the vigorous, nearly two-year-long fight against the Korea-US FTA. Opposition to neoliberal globalisation, WTO/DDA/IMF and other world organisational meetings, and bilateral FTAs is being carried out in Korean society within the same context.

The anti-FTA struggle

After the 1997 IMF management programme, the Korean public could tangibly feel the impact upon Korean society of the fundamental principles of neoliberal globalisation. In the midst of public opposition, the Noh Moo-hyun government began pushing bilateral FTAs in earnest in February 2003, in the name of making South Korea an advanced nation in commerce. Thus the anti-FTA struggle continues to be essentially linked to the broader struggle against neoliberal globalisation. The Korean government’s drive towards FTAs has resulted in the coming into effect of deals with Chile (April 2004), Singapore (March 2006), EFTA (September 2006), ASEAN (June 2007) and concluding a deal with the US (April

2007). South Korea is currently carrying out negotiations with 41 countries, including the EU, ASEAN (on services and investment), Canada, India, Mexico, and Japan.

The struggle against the Korea–Chile FTA

The Korea–Chile FTA marked the beginning of anti-FTA struggles. This FTA was predicted to strike a much larger blow to the agricultural industry than it did to industrial or service sectors. Therefore the confrontation between farmers and the Korean government, which pushed forth a less burdensome FTA before seriously striking FTAs with advanced countries, ensued. Just before the Noh Moo-hyun government came into office in January 2003, President Kim Dae-Jung suddenly concluded the Korea–Chile FTA, the negotiations for which had been dragging on for several years. From then until it was ratified by the National Assembly on 16 February 2004, 114 days of demonstrations based in Seoul, including the Han River Bridge demonstration and the highway occupation of 20 June, delayed the ratification of the FTA three times. Since this was during the period directly before the 2004 general elections, the farmers' struggle was able to inspire opposition from more than half of the National Assembly members. In January 2004, however, the Chilean press reported that South Korea was striving to conclude an FTA with Chile because the US had recently done so. At that time the Korean Ambassador to the US, Han Seung-Joo, alerted the Chairman of the Grand National Party (GNP), a far-right conservative and majority party, that the US requested the immediate implementation of the Korea–Chile FTA. The Chairman of the GNP then proceeded to call every GNP member in the National Assembly and threatened to withhold their nominations for the general election if they did not adopt a unanimous party platform in support of the FTA. Due to the overwhelming approval of GNP members, the Korea–Chile FTA was ratified by the National Assembly on 16 February.

In 2004 the WTO rice re-negotiations brought an 8% increase in rice imports and an agreement to bring about the complete opening of the Korean rice market by 2015. Organised by farmer activists, 230,000 people took part in the farmer's vote against opening the rice market in 2004, and on 10 September a national protest took place in 100 city districts involving 170,000 people. Despite the strong resistance of farmers, the result of the 2005 rice negotiations was forced through the National Assembly. In addition, the martyr Jun Yong-Chul was beaten to death by police on 15 November. Also, a delegation of 2,000 people, including 1,500 farmers, travelled to Hong Kong to protest at the 5th WTO ministerial meeting. This delegation won high praise from the international community for its *samboil-bae* (three steps, one bow protest) and efforts to disrupt the ministerial meeting. However, in the end the rice agreement was ratified by the National Assembly.

The Struggle to Stop the Korea–US FTA

In February 2006, the Korean government announced that it would push forward with an FTA with the US. The Korea–US FTA was rushed not only for economic reasons, but also in an attempt to take advantage of the US political–military strategy of blocking China. The Noh Moo-hyun government claims that one of the reasons why it proceeded with the Korea–US FTA was in order to check the growth of China by aligning Korea with the US.



In 2007, Korean farmers went to Paris to express their defiance before the World Organisation for Animal Health (OIE), which sets rules for food safety in meat trade. Koreans have been trying to keep US beef out of their country owing to concerns about mad cow disease, but the US FTA is aggressively intent upon prising this market open.

This shows that there was a strong political motive for pushing for an FTA with the US. The unexpected push for the Korea–US FTA has been denounced as a hasty and shameful negotiation. Not only did the negotiations begin without enough preparation, but from the beginning they were rushed in order to be completed by the end of June to meet the deadline for the US Congress' Trade Promotion Authority Act. For this reason, eight rounds of negotiations were held and the FTA signed in just 11 months.

The Korean government accommodated four US preconditions for beginning FTA negotiations, including the reduction of the screen quota, restarting beef imports, changes to reforms in the drug pricing system, and relaxation of exhaust emissions standards in order to make possible the import of more US cars. This was not a normal negotiation between states but a symbolic display of the Korean government's humiliating position in the face of coercive demands by the US. These main elements of the FTA were greeted with major opposition by the anti-FTA movement.

The Korea–US FTA unified the movement against neoliberal globalisation that had been proceeding in a dispersed fashion since the IMF crisis. On 28 March, workers, farmers, intellectuals, film professionals, and progressive social movements who have been steadfastly struggling in solidarity against neoliberal globalisation came together to form the Korean Alliance Against the Korea–US FTA (KoA). True to its name, KoA became a frame for collective struggles against neoliberalism. It includes subcommittees for various sectors



Repression against the movement, including imprisonment of leaders like Oh Jong-ryul, has been strong.

such as consumers and finance and healthcare. It has transcended political factions and class status to become an umbrella organisation for Korean progressive social and mass movements. KoA has organised protest expeditions to coincide with the FTA negotiations in the US and held large-scale demonstrations in Korea. At the same time, KoA has held a variety of activities such as publicity events and public lectures, which have garnered mass participation.

The government moved rapidly, opening the first negotiating round on 5 June 2006 while the anti-FTA forces were gathering strength. By the beginning of July, when the second round of talks were held, a critical view of the FTA had become mainstream. Following this, the government created the Korea-US FTA Support Committee and strengthened both its control of public opinion and repression against the anti-FTA movement. The repression grew stronger, such that when the third round of talks were held on Jeju Island, more than 10,000 police were dispatched, putting the island under de facto martial law. In addition, from autumn 2006 until spring 2007, the government blockaded Seoul against farmers from rural areas from coming to participate in protests, refused permits to all types of demonstrations and censored advertisements against the FTA. These preposterous acts demonstrate the fascist nature of the Roh Moo-hyun administration, which has pretensions to represent the forces of democracy. The government also arrested and imprisoned Oh Jong-ryul and Jung Gwang-hoon, two of the symbolic leaders of KoA, and arrested many farmers and workers struggling against the FTA in every region.

After many ups and downs, the Korea-US FTA was concluded on 2 April 2007. After this, public opinion in favour of the agreement overtook public opinion against it. This was a large increase in the percentage of people in favour of the agreement compared to 2006, when opinion for and against had been roughly balanced. This change reflects the fact that the key platform of the anti-FTA struggle had been to criticise the negotiations as hasty – once the deal was concluded there was a general sense of resignation. One of the things that had stopped the development of the anti-FTA movement before the



Candlelight vigil, 11 May 2007 (Photo courtesy of KoA)

agreement was concluded was the particular ideological configuration of South Korean society. After Kim Young Sam professed the official adoption of globalisation, a general tendency to see market opening and globalisation as a foregone conclusion became grounded in mainstream thought. This is partly the result of the influence of living under Park Chung Hee's export-oriented economy from 1961 to 1979. This has resulted in a strong current of belief which says that even if the Korea-US FTA has problems, it must be signed. Another reason is South Korean society's particular attitude with relation to the US. The majority of Korean citizens believe that the Korea-US FTA involves some damage to South Korea and that the US has the upper hand. However, of these people, the great majority believe that because it is an agreement with the US, the FTA must be signed. This is because of the great influence that the US has on South Korean society and the formation of a US-friendly ideology under that influence. It can be said that the power of the US in South Korea is absolute. The reason that the FTA could be concluded despite provisions which are unparalleled in their toxicity is because of belief in the supremacy of the US and resignation that it is inevitable for the sake of the South Korean-US alliance. It makes the situation even more difficult that the most influential groups in society are those with the strongest tendency towards these beliefs.

Conclusion

The Korea-US FTA is the consummation of the forward march of neoliberal globalisation since 1980. This Korea-US FTA, and other FTAs, are at the heart of neoliberal policy. This becomes even more the case as common people continue to face greater hardships ensuing from neoliberal globalisation. The consequences of the Korea-US FTA will henceforth have a decisive impact on the path of the Korean economy. At present, the Korea-US FTA needs only to be ratified by the National Assembly. Now it is vitally important to focus effectively and build the strength of the mass movement which has gone on now for over a year, and to use the presidential and general elections as a new opportunity, to move the political topography in a more progressive direction.