

# **People's Alliances in the Age of Globalization: Sustaining Ecology, Equity, & Plurality**



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These pictures are compilations of the work of  
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"People's Advances in the Age of Creative  
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the Social Dialogue Center, Seoul, Korea, October 2001."

# **Introductory Remarks\***

**Ed Tadem**

Welcome and warm greetings of solidarity, on behalf of the Asian Regional Exchange for New Alternatives and our Korean hosts - Christian Center of Social Studies, Soong Sil University, People's Solidarity for Participatory Democracy, Social Education Centre, Confederation of Environmental Movements, and Our Wheat Revival Movement.

Three years have passed since ARENA last held a regional gathering in October 1993 in Quezon City, Philippines. At that time, the network was in transition coming off from a year-long external evaluation which proposed major changes in organisational structures and working strategies. Most of these recommended changes have been put in place. In a significant sense, the holding of the 1996 ARENA Congress and Workshop Consultation in Seoul, Korea is the culmination of this process of internal restructuring.

This gathering of concerned Asian scholars and social activists serves a two-fold purpose. Organisationally, it enables the renewal and strengthening of our network and the planning of our programme of action for the next three-years. On the more substantive side, it provides an opportunity to review the conditions which reflect on peoples' lives, re-examine our interpretation of these material conditions, and conceptualise the possible alternatives for changing them.

This is what ARENA had set out to do since a small group of young scholar-activists conducted a series of informal meetings back in 1974-75 and organised in January 1977 what was then tentatively called the Asian Documentation Centre. The

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\*Text of a speech delivered at the ARENA Congress and Regional Consultation, Seoul, Korea 8-11 October 1996.

ADC was premised on the search for "an Asian perspective" as an "integral part of addressing the basic practical dilemmas that confront attempts at social transformation". In an effort to move beyond what it called "platitudinous battlecries", the ADC called for "a deeper, more critical internalisation of the objective experiences of Asian countries which have undergone major social transformations" and for "direct critical efforts" aimed at these experiences' conceptual foundations. Although it was China and newly-socialist Indochina which were referred to in this call, it still rings true today when situated in the context of the decade of the nineties'. This time however, it is the enormous changes and dislocations brought about by unprecedented levels of trade and investment liberalisation that cries out for the type of intervention that ARENA is in a position to make.

After experimenting with other designations, the ADC was finally renamed the Asian Regional Exchange for New Alternatives in a founding consultation held in Hong Kong in July 1980. Bringing together participants from Sri Lanka, Thailand, Vietnam, Malaysia, Philippines, Hong Kong, Japan, Bangladesh, and India, the consultation decided to set up a programme which "would complement, rather than compete with or duplicate existing efforts, by addressing itself to the whole question of social transformation in Asia" and defined its role as providing a "pluralist and critical prophetic function in the search for new perspectives in Asia and Asian societies."

An important organisational principle adopted was that an efficient and effective coordinating mechanism would have to be coupled with "an equally strong process of networking" that would have its own momentum and not be hampered by a bureaucratic and overly institutionalised structure. ARENA would take on the triple identity of an organisation, a forum, and a network. In the process of social change, another important ARENA principle is to uphold the unity of intellectual and organising work and reject attempts at driving a wedge between the two.

We are happy to note that some of those who participated in this founding consultation are still with us in ARENA such as Kinhide Mushakoji, Nimalka Fernando, and Temario Rivera. In 1983 Surichai Wun'gao became the first Chair of the ARENA Council followed by Murai Yoshinori in 1986 and Harsh Sethi in 1988. Lawrence Surendra served as Coordinator from 1980-1988 and was succeeded by Maitet Diokno (1988-1993). Several distinguished scholars whose advice and encouragement greatly facilitated the formal establishment of ARENA are also still with us such as Oh Jae Shik, Francisco Nemenzo, and Randolph David. Under the new organisational set-up, Prof. Kinhide Mushakoji is the very first Chair of the ARENA Council of Fellows with Lau Kin Chi as the Executive Board Chair.

As with any fledgeling organisation, ARENA underwent an early period of difficulties in network building, undertaking its programmes, and establishing secure funding sources. It was only in the early nineties that we achieved a measure of financial stability. In terms of making its presence felt among social activist movements in Asian societies and elsewhere however, ARENA clearly made its mark.

Its publications bore the stamp of the critical and alternative thinking that became ARENA's trademark. In workshops, informal discussions, extensive regional networking, and four region-wide consultations from 1983 to 1993, network members "dug deep wells" (to use the highly engaging phrase used by Prof. Mushakoji during the 1993 regional meeting) and raised the discussions and analyses of issues and concerns to new and previously uncharted levels.

We examined the state of social sciences and research and declared that they cannot be value-free or divorced from people's real concerns. Even as we appreciated the socialist economic experiments in China and Indochina, we expressed dismay at the depoliticisation and marginalisation of their peoples from the centres of power. In 1983, we wept and raged at the mass killings perpetrated in a transnational corporation's chemical plant in Bhopal and were among the first to publish regionally a comprehensive and moving account of the tragedy. Looking at the issues of "law, rights, and participation" in 1988, we noted the "schizophrenic character" of the law and rejected its repressive aspects while encouraging the utilisation and development of its liberative features.

While most social movements were still assuming in the eighties that the women's question would automatically sort itself out in the overall process of social revolution, we debunked this thesis by pointing to the obvious subordination of women in socialist societies and within existing movements committed to transformation. In 1994, we studied the impact of economic restructuring on Asian women and saw how the removal of "many of the moorings" in the lives of women has become intensified.

Even as we celebrated the 1986 Philippine "people power" uprising that overthrew a hated Philippine conjugal dictatorship, we immediately saw the severe limitations imposed by the transfer of political power from one elite fraction to another. Repelled by images of ethnic-inspired violence, we surveyed the Asian milieu in 1989 and concluded that what are essential and necessary is a more pluralistic and secular outlook and practice, not cultural and religious homogenisation or chauvinist nationalism. As millions of Asian workers (mostly women) left their homelands for far and unknown regions in search of a better livelihood and boosted their national economies with massive foreign remittances, we exposed the severe social traumas undergone by these "unwitting martyrs" and the lack of genuine concern for their basic welfare from both host and sending governments.

While firmly committed to the general agenda of social change espoused by social movements and cognisant of their significant contributions to peoples' struggles, we also drew attention to the weaknesses of groups steeped in self-destructive sectarian organising strategies and antiquated frameworks of analysis. In more recent discussions, we elaborated on the dilemma of social movements in societies already being transformed by economic liberalisation and the need for a re-examination and reformulation of basic concepts and strategies.

In the search for alternative development paradigms we opted in 1995 to examine initiatives at local community levels in the hope that micro-experiments could hold the key to answering general questions and resolving conceptual conundrums. This task is taking on an even more urgent nature given our 1996 survey of victims of environmental disasters and industrial malfunctions which reveals the gruesome toll in human lives and ecological integrity which the present dominant development paradigm is reaping. Turning to more practical matters, we did our modest share in helping shape regional coalitions of movements and groups committed to a vision of Asian peoples for the coming new century but spared no words or efforts when we saw that some of these had become embroiled in narrow partisan conflicts and juvenile power games. We are happy to report that due to the untiring efforts of dedicated groups and individuals, things are slowly turning around and brighter prospects are ahead for these regional processes. These have been some of the types of interventions that ARENA have made at the Asian regional level. In all these undertakings, the network has been fortunate to secure the commitment and invaluable time of individuals and groups at all levels of activity of ARENA (Hong Kong Secretariat, Executive Board, Fellows, friends, and supporters) who despite the meagre material incentives offered (if at all) and the burden of oftentimes exhausting workloads, contributed unselfishly in helping us move closer towards the realisation of peoples' aspirations.

We would also like to acknowledge the unstinting support of our main partners, EZE (Protestant Association for Cooperation in Development) and ICCO (Interchurch Organisation for Development Cooperation) notwithstanding limitations imposed by their own budgetary constraints. In many meetings we had with the representatives of these two organisations, we noted that our relationship goes beyond mere financial assistance but is informed by their understanding and appreciation of the role which ARENA performs and can continue to play in ongoing Asian development experiences. We also wish to extend our sincerest thanks to other groups who have supported our programmes during the current Three Year Plan such as the Toyota Foundation, Oxfam Hong Kong, and Catholic Institute for International Relations (CIIR, London).

This regional Congress would not have been possible without the preparatory work and selfless efforts put in by our Korean hosts. Thank you so much for your help and solidarity. We are fortunate to be in Seoul at a time of intense activities by people's movements. We hope to learn many valuable lessons from our friends and colleagues.

Of course much more needs to be done. The forces of globalization and neo-liberalism are way ahead of peoples' movements nationally and regionally. We must therefore redouble our efforts towards helping achieve the vision of a socially-just, politically-plural, culturally- uplifting, and economically-equitable way of life for all.



# **People's Alliances in the Age of Globalization**

**Kinhide Mushakoji**

## **Globalization**

### **As a Techno-Economic Process**

Globalization can be defined in many ways, but this process is basically the consequence of a techno-economic growth which produces a global space that facilitates the processes of transnational economic and financial transactions as well as the processes of transnational information processing and communication. The emergence and integration of this global space happens unevenly in the regional and national sectors. Surely, there are a number of global actors, including industrial states, transnational corporations, mass media networks, etc., who interact in this global space. There are other sectors of the world economic system that are only partially linked to and depend on the global space, either for economic/financial resources or in terms of communication and information. The dependent sectors (which we will call the "dependent level") are composed of subcontractors and other middle and small economic firms, the large agricultural sectors linked with agribusiness, etc.<sup>1</sup> It includes the blue and white collar workers of subordinated industries and the middle-class consumers. Their attitude vis-à-vis globalization is ambivalent since they are the beneficiaries of global economic development, and yet their interests remain insecure and they are the potential victims of mega-competition.

Other sectors (in both developing and industrial societies) are excluded from active participation in globalization and remain passive victims of this international development process (we will designate them as the "excluded level").<sup>2</sup> They are composed of the developing rural subsistence economic sectors, the informal labor

sector in urban slums, the black economy, etc. Also part of the excluded level are the different categories only partially integrated in the majority of society called "minorities" and other such sectors which do not benefit from global economic growth.

It is necessary to keep in mind that globalization is in itself an objective consequence of techno-economic growth which has positive as well as negative aspects. The vertical stratification of the global economy results in a situation where only the actors in the core or uppermost level of globalization receive full benefits. The majority of the people in the world who are included in the dependent and excluded levels do not necessarily receive the benefits of this process. We must, however, realize the fact that globalization upgrades the general standard of living in all sectors (albeit in differing levels, hence the widening gaps between levels), and that the globalization of information and communication increases the possibilities for actors on the dependent and excluded levels to communicate with each other and build transnational networks (e.g. the Zapatista Movement's effective utilization of the Internet in mobilizing world opinion). Thus a global civil society can be said to be emerging, especially in coping with global problems. Sustaining ecology, equity and plurality are objectives which can be handled only by mobilizing the means for global communication provided by globalization.

### As A Technocratic Process

Globalization creates a number of ecological and other "global" problems which cannot be solved by individual states. They require the cooperation of governments and business firms for their "rational solution." A new class of "rational" decision makers in governments, private firms, international government and non-government organizations, the liberal technocrats ("liberal" in their belief in the rationality of free-competition and abhor centrally planned technocracies of the "past" socialist states), create coalitions and networks through which they take global decisions based on the plans they negotiate among themselves.<sup>3</sup> Their negotiations find a common base in their joint efforts to guarantee the sustained growth of the global economy. Their interest and understanding of the dependent and excluded sectors are minimal. The globalization process is thus accompanied by the growing gap, within national, regional and global societies, between the global sector which is the object of technocratic planning and competition, and the "minority" sectors, dependent or excluded, which are excluded from their calculations, except as targets for social assistance, and are considered in the neo-liberal context as social noises to be ignored.

### As A Hegemonic Process

The process of globalization is an extension of the long range process of the development of the world economic system which started in 17<sup>th</sup> century Europe. The uneven development which took place under the successive hegemony led to the contemporary uni-tri-polar hegemony of the United States leading the trilateral "industrial democracies" grouped as the G7 countries. Hegemonic alliances are based on the technocratic hegemonic class representing states and firms.<sup>4</sup> The

hegemonic alliance has now succeeded in coopting the civil societies in both industrial and developing societies. The hegemonic control is based on two processes of global institutionalization. One is financial and through the IMF-World Bank-WTO triad, and the other is military through the United Nations, NATO and other international and regional "peace keeping institutions." The two technocratic strategies to solve global issues are based on a rational/liberal/hegemonic ideology that combines a belief in the efficacy of laissez faire economic non-interventionism backed by "collective security" military interventionism.

The above description of hegemony needs to be completed by two additional remarks to grasp the full meaning of this international political institution. Hegemony survives and has served the development of the Western State system because this system needs this institution. Firstly, the development of an industrial division of labor now reaching a global scale requires a considerable amount of "public goods" outside of the market and this requires some rich state to assume the role of providing it. The hegemon, the US since the 1950s, has served the international community as a provider of public goods. The problem of this hegemon, who has generously been applying neo-Keynesian principles until the 60s, is that it has lost control of its financial resources and thus now relies on neo-liberalism, an ideology which denies the need to mobilize goods and services outside of the market. This ideology, which some call "liberalism," idolizes arbitrary free competition and is not "true" liberalism which is defined as the freedom of the individual who is accountable to civil society.

Secondly, the hegemony has adjusted to the process of democratization and has been based on the support of a hegemonic alliance with a part of civil society. This is why a Gramscian analysis of hegemonic alliances in civil society is indispensable. A "peoples' alliance" can be defined as an alliance of different sectors of civil society which seeks to build a counter-hegemonic majority coalition.

## The People

### The Plurality of Their Interests

Now in the age of globalization, the traditional concepts of national citizenship or class belonging do not represent the plurality of social categories and groups representing the interests and identities of their members. In terms of interests, the globalization process is but a process of vertical stratification of the world division of labor which creates a global level, as well as dependent and excluded levels. Although their boundaries are fluid and a rigid definition of different categories is unrealistic, the differences, if not the opposition of the interests of peoples cannot be ignored at any level.

Even within civil society, defined as the society composed of the people, there exists divergences among the interests of peoples. The global division of labor in production, reproduction and consumption creates a variety of interests based on gender, production relations and patterns of consumption. The emergence of social

movements representing different interest groups, from feminists to minority liberation movements, is but a partial representation of the diverse interests among the peoples in different countries both in the traditionally defined North and South.

The North-South opposition of state's interests no longer reflects the opposition of two groups of states. It presents the different sectors of both the developing and industrial societies. Labor migration, another consequence of the process of globalization, creates new enclaves of South communities in societies of the North, while the accelerated processes of industrial growth creates high consumption enclaves in impoverished societies.

### The Crisis of Human Security

Different institutions which have protected the interests of different groups of peoples in the Western modern model societies, such as governments, unions, political parties, and representative civil associations, have lost their capacity to guarantee the security of these interests in view of the process of globalization. This capacity, after all, was based on a presupposed world divided by individual states with an unquestioned capacity to back up these institutions. The demise of the "Socialist states" adds to the confusion since socialism had been proposing a state model which guaranteed human security for its citizens.

The emergence of global issues, such as environmental issues, adds to the burden of states, especially to the hegemon. The difficulty to provide public goods does not only weaken the base of hegemonic rule, it also creates serious problems for the global economy. Unfortunately, it is the peoples in the dependent and excluded sectors that suffer most from this weakening of the hegemonic capacity to pay the global bill. Structural adjustment and other neo-liberal policies seeking to force the peoples in the dependent and excluded sectors to foot the bill is but an example of this global financial crisis.

It is within this global hegemonic context that a serious "human security" crisis has arisen among the different interest communities of peoples, including those in the global sector.<sup>5</sup> This crisis is more serious for those in the dependent sector where unemployment looms over the heads of the peoples as a permanent source of insecurity. The excluded sector is comprised of peoples with different security interests. The process of globalization is accompanied by an increase in family violence, sexual exploitation and trafficking, and other forms of violence against women. Global industrial development is accompanied by an invasion of the lands of the indigenous peoples which endangers their very livelihood. Industrial hazards generate permanent insecurities for workers and inhabitants of industrial countries. A variety of victims of global development demand that their security interests be respected by states and transnational firms.

## The Diversification of the Peoples' Identity Communities

The global age is contradictorily an age of diversification of identity communities. We've already seen that a vertical stratification of global society was dividing the people of the world into three levels. Globalization also generates horizontal diversification of the people of the world.<sup>6</sup>

The process of globalization produces insecurities and deprives the state and other security institutions of the power to protect the security of the peoples. This is true especially with the security of the peoples whose interests clash with that of the global economy, either in the dependent or excluded sectors, who have to rely on themselves to guarantee their own security. This is why the contemporary process of globalization causes the fragmentation of nation states into distinct security communities composed of peoples sharing security interests and trust each other thanks to their common identity within closed security communities.<sup>7</sup> The communities lack a common discourse to build a peoples' alliance, stressing each of their epistemic specificity in opposition to the universalistic pressure from the global economy.

The common identities shared with different security communities, are defined in terms of gender, classes, and other social categories in relation to the economic division of labor within the global economy, as well as in terms of subjective bases for mutual confidence such as language, history, and religion. The identity communities fragment the peoples who do not have a common epistemology and discourse which permits them to define their common interests in the face of the stratifying and diversifying effects of the global "borderless" economic mega-competition.

The pernicious effects of the global economy are many, but one of the worst consequences is that the liberal technocratic hegemony unifies the transnational interests and divides the peoples into competing security/identity communities. Their epistemological diversity, which has been in traditional societies a rich source of human development and cultural innovations, has become one of the causes of conflicts among peoples.

Ethnic conflicts are but a manifestation of the divisive nature of the process of globalization which sharpens the differences between ethnic communities by forcing them to define their security interests in terms of access to the financial resources trickling down from the global economy.<sup>8</sup>

This is why, under the pressure from globalization, these ethnic communities often engage in violent conflicts to protect their interests against other security communities and/or to assume state power, the only guarantee for a lasting solution to their chronic state of insecurity. In this way, the homogenization and standardization of the global sector intensifies conflicts among different identity communities in the dependent and excluded sectors, i.e. the traditional multi-ethnic regions as well as

the host regions to labor migration where new multi-ethnic contacts generate conflicts of interests.

The diversification of identities, which is accompanied by the emergence of different epistemic communities, has a health function to play in the face of the domination of a monolithic universal epistemology of the technocratic global elite. In the face of the technocrats who play the role of "father knows best," feminists claim that they know gender realities better. The indigenous peoples denounce the technocrats who want to teach them to "modernize." This poses, however, an epistemological problem to the peoples when they want to create alliances, since any alliance must be based on the constructive interaction among different epistemic communities sharing some epistemological common ground.

## The Common Heritage of Post-Colonial Asia and the Pacific

### The Historical Process Which Led to Globalization

It is important, when one wants to understand the regional characteristics of globalization in the Asia Pacific region, to take into account the historical process which led the region into the global age.

Globalization in the West is an extension of their endogenous economic development where states gradually adjust themselves to both the growing power and the transnational firms of civil society. In the Asia Pacific region, most states are post-colonial and, therefore, have experienced national liberation and nation building processes. Even in the non-colonized states like China, Japan and Thailand, the primary objective has been national independence. In all these societies, the primary concern has been to build a strong and wealthy nation-state which can resist colonialist pressure from the West or Japan.

The political demands of different ethnic, linguistic, and/or religious communities have been sacrificed to the need to unify the people and build a homogenous nation. The economic demand for individual well-being has been sacrificed to the building of national wealth. The feudal cultures were mobilized to build a strong modern state. Thus, the government elite and the bureaucracy, of which the contemporary global technocrats are the emulators, have reinforced their authoritarian ethos in the service of the developing and developmentalist state.

The Cold War has only strengthened these tendencies. Development despotism in the "Free World" has been encouraged by the hegemon providing military and economic assistance for as long as they were anti-Communist. State of emergency regimes came into vogue as was started by Japan during the last phase of its expansionist adventure, i.e. from the 1930s to 1945. It soon spread over a large part of the region, and developmentalism was associated with the exploitation of the impoverished sectors. The socialist states, who were more concerned with the welfare

of their peoples, nonetheless shared the idea of state centered economies with their capitalist authoritarian neighbors. The end of the Cold War led them to join the bandwagon of global neo-liberal development.

### Development Nationalism

Development nationalism, i.e. the state-centered ideology of national development defined as the increase of its wealth and power, is the predominant ideology of practically all the authoritarian technocratic elites of the region who believe that national economic growth is the object of all states. They believe that this justifies the use of any means to reach this goal.<sup>9</sup>

This attitude towards national/state development permits, among other negative trends, the discrimination of any "minority" which is either expected to be sacrificed to the "higher objectives" of State development. Any discrimination against such peoples is legitimized by development nationalism so long as it supports such growth.

This kind of discrimination hampers the formation of civil societies in states dominated by development nationalism. It includes the discrimination against the intellectuals (defined as any citizen with a will to express their opinion publicly) who disagree with the state project sacrificing the people to its acquisition of power and wealth. The "anti-development nationalism" of intellectuals has become the object of a variety of legal and extra-legal persecutions. The State of Emergency has been an attribute of many of the unstable developmentalist authoritarian states and legitimized the use of any internal suppression (and external expansion in the case of Japan) as a "necessary evil" to achieve national power and wealth.

### Development Racism

Development racism where "racism" is defined in its broader definition of discrimination based on ethnic or national origin, as well as descent, is an obstacle to the guarantee of peoples' rights. It is widespread in the Asia Pacific region where national/state development justifies such. Development racism thus logically follows from development nationalism. Many "majority peoples" faithful to the state find themselves indoctrinated with this belief. They are convinced that "minorities" can be exploited and/or sacrificed to fulfill the national objective of economic growth through accelerated industrialization.

Sometimes, the culture of a minority represents an obstacle to national development. Other times a given minority is forced to renounce certain privileges considered by the national majority to be obstructing national development. Or they may simply be considered useless in its pursuit. In some cases, a given minority is used to perform certain jobs indispensable to national development and yet are despised by the majority, e.g., migrant workers.

## Development Sexism

Besides development racism, and often combined with it, exists another discriminatory ideology in the service of the developmentalist state: gender-based discrimination. This strengthens the patriarchal domination in the family, society, and state as a means to strengthen the state that is often led by a patriarchal ruler who rules over and integrates the society. The family as an institution for the *reproduction* of a labor force has a role to play in national development. Women are assigned the role of reproduction and of subordinated support to men specializing in *production* and in providing other services (e.g. military service) to the patriarchal developmentalist state. Under this so-called development, the state profits from women's unpaid work, thus over-exploiting the labor force where they take an active part in production on top of reproduction. Women are further used as shock absorbers in times of economic crises. They are forced to manage the crises of their family since they cannot leave their children unattended as many men do.

Women are also performing specific roles, often under threat. Among others, prostitutes and other "sex workers" are expected to provide extra-marital satisfaction of the perceived needs of the male citizens of the developmentalist authoritarian states. These reinforce the concentration of the reproductive role of women in families. The double standard of permitting while condemning its existence provides an informal space uncontrolled by patriarchal morality that provides a "safety valve" for suppressed anti-systemic feelings and permits the developmentalist authoritarian state to have a tighter control over society. Women prostitutes are thus forced to play the role of sexual slaves in the service, ultimately, of the patriarchal state. The above description of the different aspects of development sexism proves the difficulty faced by any attempt to build a more gender-equitable society without eliminating the patriarchal structures in state and society.

Trafficking of women is a regional and global extension of this form of development sexism. It has a racist dimension since the foreign women, sometimes coming from indigenous communities, are discriminated against not only because they are sex workers, but also because they are "illegal migrant women." The globalization of the economy is accompanied by the development of sex industries including sex tourism.<sup>10</sup>

## Regional Integration in the Asia Pacific Region

### Development Regionalism and Regional Development

Development nationalism, racism, and sexism have been State ideologies based on the supremacy of State development. However, as the world economy globalizes, these ideologies also acquire a global dimension. State development is but an integral part of regional and global development. Now that global interdependence is so strong, the mega-competition among states has become a pre-condition for the development of the regional and the global economy.



On the other hand, globalization strengthens dependence of the less developed States on the more developed ones, and development racism and sexism are intensified by the cross-national discriminatory processes. Development racism victimizes the migrant workers, and sexism the trafficked women. Development regionalism thus combines racism and sexism with a legitimate concern over mutually beneficial economic growth.

The underlying ideology of development regionalism is, however, as questionable as its national counterpart. For the good of both the developing and industrialized nations, who have joined the international race towards industrial growth, all human groups must be mobilized or else eliminated. This is the social Darwinist law, the "survival of the fittest," and the "unfit" ethnic groups are the losers who must be sacrificed.<sup>11</sup>

This is also the basic belief of neo-liberalism, represented in the Asia Pacific region by the APEC project. Any opposition to this golden rule of global development is considered to be a dangerous challenge to both the individual states and to the community of states as a whole. In the age of globalization, any ethnic and "minority" group which does not agree to collaborate with the national and global development process is considered dangerous and becomes the target of development nationalist control. Development nationalisms cannot operate in a vacuum. In order to assume an advantageous position in the global competition, especially in the age of mega competitions, it is necessary to create a regional market where one can benefit from an advantageous regional division of labour. The creation of such an economic region can be based either on a vertical division of labour with a regional hegemon, or a horizontal division of labour where a group of regional countries create an economic space where they benefit from their transactions. Regional integration can take two modalities. It can be forced by the regional hegemon in a top-down manner, or it can emerge from the local economic activities in a bottom-up way.

The development nationalism of Japan chose to create a vertical integration through a violent top-down process. Using military invasions of Korea, China, and then the South-East Asian Countries, trying to create the so-called "Great East Asian Co-Prosperity Sphere". The vertical bottom-up alternative was chosen by the ASEAN countries which developed a loosely integrated regional division of labour. APEC is, in a sense, a combination of the two types of division of labour, vertical and horizontal. The verticality of APEC corresponds to the three sectors of the global economy, the global, dependent, and excluded. It is important to realize that APEC corresponds to the three sectors of the global economy, the global, dependent, and excluded. It is important to realize that APEC is trying a complimentary bottom-up process by generating a hegemonic alliance with the national technocratic elites, to a certain extent co-opting a part of the dependent level of the member societies.

This regional developmental structure makes the apparently unrelated cases of development racism and sexism closely interrelated, thus making it a regional problem to be fought on the regional level. In fact, this region is poorly prepared to

conduct this struggle, lacking any human rights institutions on a regional level. Development racism and sexism, involving different actors in the regional development process, must be systematically fought or it will not disappear. All of these actors operate in different national settings and are so intensely interacting that their discriminatory activities cannot be handled unless it is at the regional system level. The problem is structural in the sense that the regional economic division of labour determines the process of development racism and sexism, so that it will survive under different guises unless the regional economic/social structure is made more equitable through appropriate human rights regimes.

### The Asia-Pacific as a Future Core Region of the Global Economy

In the Trilateral "division of labour," Europe concentrates on its integration and on helping its Eastern brothers and sisters. A new bi-polarity emerges between this new Europe and the Asia-Pacific region (which includes North America in its APEC version), especially the Pacific which is becoming the major pole of industrial development under the combined leadership of the United States and Japan. This pole is believed to "trickle-down" industrial development, from Japan to the NIEs, and the NIEs to the other developing economies of China and the ASEAN group. This is the so-called "geese-flight" model led by the goose leader "Japan". This model is built on the assumption that, unlike the Western model of capitalism, Japan and the NIEs (or the JapaNIEs) are conducting accelerated industrialization thanks to their social discipline, conformism, collectivism, and respect of authority. This is the course of national development followed by authoritarian developing states starting with Japan and followed, *mutatis mutandi*, by the Asian NIEs. These JapaNIEs "geese" countries provide the economic infrastructure of a future core region of the global economy.<sup>12</sup>

### Confucianism as the Ethos of the Asia-Pacific NIEs

The background of this miraculous geese flight was found to be the Confucian legacy. This was, indeed, a great finding since the orthodox development theory believed that Capitalism had to be born in the West, where the Protestant ethos made this first miracle possible. Then it was supposed to be emulated by countries in the non-Western regions. Japan was found to be a good emulator, imitating well the Western tradition of Capitalism. The American revisionists of the 1960s first pointed out the fact that the Japanese Capitalism had been developed through a path quite different from that of the Western Capitalist countries. Then came the geese following Japan. It so happened that practically all of them were found in the Pax Sinica countries, all influenced by the Chinese civilization, i.e. the Confucian Civilization.

APEC is an interesting experiment in this connection. The global partners led by the United States are strongly objecting to the Confucian technocrats "rules-of-the-game," on the grounds that they are against the principles of free competition. The Confucian technocrats insist that their game is played in accordance with the

principles of the neo-liberal hegemonic alliance. Thus APEC is a global economic space where neo-liberal and Confucian-authoritarian technocrats develop a game of competition and cooperation, ignoring the security interests of the peoples in the dependent and excluded sectors.

### The Clash of Civilizations

This gap is perceived by the global hegemon in a particular way well captured by the civilizational theory of power politics proposed by Professor Samuel Huntington, the 'Clashes of Civilizations.'<sup>13</sup> This hypothesis stresses the important role of civilizations in the post-Cold-war world, and predicts the clash between the Western Civilization which supports the universal values of human rights, freedom and democracy, and those who are not based on the same values, eg. the Muslim and the Confucian civilizations.

According to the proponents of this theory, the clash between civilizations have to be faced through political means, and this theory supports the U.S. approach to China, putting pressure on this country to liberalize politically and uphold international human rights norms and standards. This approach is characterized by a carrot and stick strategy, penalizing those countries which refuse the universal values of the West through "stick" policies which eventually include the threat and actual use of military force (in the case of Iraq), but invite the anti-Western states to participate in the global market economy by adopting a free market policy, i.e. adopt economic liberalism. This carrot is not ignored by countries such as China, Singapore, Malaysia, and Indonesia who refuse to comply with the pressure of US human rights diplomacy.

### The Sub-regional Economic Zones

There is an official economic alliance, i.e. APEC and a counter-project EAEC seeking to build a kind of "bloc," economic for the moment, which aligns the regional states around the United States or Japan. Yet there are also self-organizing sub-regions cutting across sub-national regions such as the Baht Zone, the "Growth Triangles," the "South China Zone," the "Yellow Sea-Rim Zone," the "Sea of Japan Rim Zone," the "Cross-Litoral Zone" (China mainland and Taiwan), etc., which prove that there exists important counter-trends to a JapaNIEs integration of Asia *a la* APEC. These zones are formed by small and middle commercial entrepreneurs in the dependent sectors, who try to survive by creating sub-spaces of the global economy. They do this based on their control of the local markets and their knowledge of the local business cultures which are clearly less accessible to the transnational firms of the global sector.

### The Daoist Ethos as a Link Among Local Cultures

The important aspect of these zones is, as we just said, that they are not the creation of state and transnational technocrats but rather the results of locally based entrepreneurs, often Chinese or over-seas Chinese. Hidden behind the geo-economic

zoning of the region, we can find complex patterns of cooperation and competition between the centralizing regional integration efforts led by the transnational interests represented by United States and Japan in cooperation with the APEC globalist technocrats who constitute the globalizing core of the regional economy, and the non-technocratic business led by the over-seas Chinese creating new economic development patterns of local interactions and trans-border integration in the dependent sectors of the region.

Daoism, whose capacity for hybridization has facilitated the introduction of Buddhism in China in the past, is now helping the overseas Chinese entrepreneurs to develop hybridized economic zones linking across cultural borders of the growth triangles and quadrangles. It is interesting to observe the interactions between the globalizing and the dependent sectors of the APEC regional economy. There the globalizing core is composed of neo-liberal and Confucian-authoritarian technocrats, while the growth triangles and quadrangles, on the dependent level, are led by business people whose initiatives are not only based on Confucian values but much more on their counter-poise in the Pax Sinica cosmology, Daoism. This side of the Chinese culture has been ignored by technocratically oriented modernists, since Daoism does not support authoritarian development nationalism. The overseas Chinese activities in the dependent sectors of the APEC region are creating widening gaps between the rich profiting from integration and the majority of the people who are, so to speak, pushed down onto the excluded level. In spite of this negative role played by them, it is interesting to find that the underlying ethos of the dependent sectors of the APEC region includes Daoism which is an "ideal" counter-culture to Confucian bureaucratic rationality.

Confucianism or Daoism are not in any way an "ethos" which can be treated as Calvinism. Capitalism in the Asia Pacific region is not a mode of production endogenously developed in the local societies thanks to a pre-existing ethos, but is rather a part of the colonial institutions exogenously imposed by Western colonialism. Confucianism was mixed with the Capitalist ethos by the colonized bureaucrats, and a mixture of Confucianism and Daoism was mixed further with the same exogenous ethos by the over-seas Chinese constituting commercial social group in the periphery of the Chinese world.

What is important to grasp, in order to understand the core region of the JapaNIEs capitalist development in the global age, is the hybridization of a multiplicity of cultural/religious traditions rather than one or another religion.<sup>14</sup> Creativity in this part of the world is based on hybridization much more than on a homogeneous capitalist ethos. This pluralism in the dependent sector of the globalizing JapaNIEs economy is at the root of the fact that this region is more dynamic than the homogenous West. In more general terms, the JapaNIEs economy is more robust than the homogenous Japanese economy, and this is one reason why the Japanese multinational firms tend to shift their dependent subcontracting sectors out of Japan into the neighboring countries. They find there not only cheap labour but also technical skills of different kinds. Cultural pluralism in the subcontracting pyramid of the

Asia Pacific division of labour is an advantage for the regional economy in its effort to globalize. It may, also, become a strength for the peoples in its dependent sector, if they succeed in developing their hybridized culture into an alternative culture to the global technocratic one. The input from Daoism may play a different role from activating local zones of development.

## The Preconditions of Peoples' Alliances

### The Cultural Pluralism of the Asia-Pacific Region

Daoism, easily transformed through hybridization into an ethos opposed to authoritarian developmentalism may well provide a post-modern alternative ideology to technocracy stressing self-organization and ecological symbiosis.

In the Pacific region, the "Pacific Rim" does not pay due attention to the micro-states of the Pacific Basin. The Polynesian and Melanesian civilizations are not taken seriously by the theorists of the "clash of civilizations." Their role in power politics may be limited, but their civilizational message cannot be ignored. There is currently a small but interesting trend among sociologists and anthropologists reevaluating "animism" as both an epistemology and a way of life. Their non-dualistic discourse enable the animist civilizations of the Pacific to interpret the present world crisis much more realistically than the rationalist epistemology of the liberal technocrats. Their ways of life, embedding the human individuals in their social and natural environment, provides an alternative much more eco-sensitive and gender-sensitive.

The Asia Pacific region is thus a vast reservoir of alternative civilizational currents, Confucian, Daoist, Islamic, Buddhist, and Animist (including Shintoism). The economic growth combined with crisis brings to the forefront religious extremisms, be it Muslim, Hindu, or Buddhist, or others. It is true that some of these religions contain extremist elements who engage in ethnic-religious conflicts. These conflicts can be interpreted as manifestations of the "clash of civilizations" internalized in the non-West. Their conflicts, however, are accompanied by internal movement for a search of the authentic values hidden in each of these religious and civilizational currents. They all propose, each in their own way, a particular set of universal values, different from the Western universal values and yet universal. It is but a sign of ethnocentric particularism to ignore the existence of universal categories in animistic civilizations such as the concept of "the (Mother) Earth" or of "the (all-purifying) Water."<sup>16</sup>

These civilizational heritages can provide such a rich source of innovative concepts and projects to build an alternative vision which receive the support of the peoples of Asia. It is, of course, too easy-going to believe that these religious traditions will easily come together. A critical dialogue, encouraging each one to dig deep into its own tradition to find anew some forgotten universal values will have to be developed. It is a dangerous path full of traps and pitfalls, and yet, the peoples of Asia will have to take it, because any peoples' alliance cannot last unless it is rooted

in endogenous values, historically rooted and shared by the peoples in the excluded sectors of their societies where Western values are unknown or the object of allergic rejection.

### The Sharing of Global Values

Another source of common values can be shared even with the technocrats. The principles of democracy, human rights, ecologically healthy and sustainable development are accepted even in the global sector as legitimate. The endogenous movements are increasingly formulating their claims using these terms. A gradual process of network-building is progressing among different non-state actors from popular movements to local governments. A realistic optimism can find its base in this fact. The diverse endogenous movements can build confidence among themselves, and combine forces in view of promoting a pluralistic non-hegemonic regional order. These counter trends to technocratic rule, be they of the liberal or the Confucian variants, are undoubtedly working to erode the now dominant technocratic globalism in the Asia Pacific region.<sup>17</sup>

These trends take complex forms in opposition to the neo-liberal version and the regional hegemonic Confucian authoritarian version of global technocracy. The future of global economy in the Asia Pacific region will be determined by the complex subtle interactions between the technocratic hegemony and the peoples' counter-hegemonic alliances. The technocrats, especially the authoritarian technocrats in Asia and the Pacific, are opposed by a variety of non-state actors which exercise influence on the global and regional arenas. These factors cover a wide range of political, economic, and socio-cultural activities that contribute not only to the destabilization of the "New World Order" but sometimes also to the search for new alternatives. They include anti-systemic elements (terrorists), anti-social movements (human trafficking and drug Mafias), ethnic movements, issue-oriented social movements and political emancipatory movements.

### The Limits of Global Governance

The objective of global counter-trends working towards decentralization are many. They destabilize technocratic institutions and turn the schemes for regional integration into a castle built on quicksand. To begin with, there is the global economic trend sometimes called casino-economy which widens the gap between the global financial flow and the world productive economy. The global system of speculation characterizing the world "free" financial market generates debts and trade imbalances both among the industrializing countries and among the industrial states. The G7 interventions have so far succeeded in avoiding a total collapse of the system, but they have not found a solution to the endemic sense of insecurity. A crisis with an ever-widening economic gap between the rich and the poor in the South and the North, and the uncontrollable trends of growth with unemployment in the labour market of both parts of the world system. The crisis is further complicated by the new vertical division of labour created by the shift of the poles of technological

development from the Atlantic to the Pacific. If the shift should not lead to the emergence of a new hegemon, a drastic transformation of the present global order is indispensable, and this would include the restructuring of all vertical relations, global, regional, national, and local.<sup>19</sup>

In spite of optimistic views held by the believers of the JapaNIEs miracle, the international reality is highly unstable and full of uncertainties. The Asia Pacific region is full of open and latent conflicts, ethnic, religious or involving democratization. There are vast sectors where poverty prevails. They spread now from the developing to the industrialized parts of the region. Law and order are often maintained by suppressing civil liberties.

The insecurity of world economy lead to a social insecurity and human insecurity. This is one of the major motivations underlying the global demographic trend of massive migration from impoverished peripheral societies into the poles of industrial development of the world system. In Asia and the Pacific, Japan is a major focus of such insecurity. As some observers have stated, the late-comer/aspirant NIEs have nothing to export to a shrinking world market except their labour. This is still possible in Japan where the sub-contracting structure allows for flexible enlargement of its bottom layer including foreign cheaper labour often undocumented. This creates chaos in this country which has lived with an extremely conformist cultural discipline based on the myth that Japan is a nation state that is homogeneous, speak a single language, and live according to a single ethos called "the Japanese way of life."

The insecurity of industrial development is intensified in both the sending and the receiving countries by the migrants who become easily the object of exploitation and discrimination. Structurally, the migration from the South to the North generates within the rich countries of the Trilateral regions a hierarchical division of labour with migrants at the bottom. This discriminatory stratification is especially clear in Japan because of the combined effects of the exclusivistic homogenous culture and of its sub-contracting hierarchy. It intensifies economic and social ties of subjugation/dependence within and between the countries sending and receiving the migrants since the remittance from the migrant workers constitute an important part of the GNP of the sending countries.

From the point of view of the peoples of Asia, the crisis is highly ambivalent. It is too easy to hope that the positive trends will prevail over the negative ones since the same trends combine both positive and negative aspects. On the one hand, universal values which should strengthen peace and development, such as democracy, human rights, freedom, and ecological sustainability, are used to justify a highly unstable technocratic order. On the other, the social forces fighting for non-hegemonic peace and development are divided and fight in local-specific situations without sharing universal global values uniting them as was the case in the "good old days" of the Cold War.

## Asia-Pacific Region in Search of a Peoples Alliance

### Hybridization as a New Phase of Globalization

It seems quite contrary to the cultural dynamics of the region to assume that different civilizations are monolithic entities which clashes against one another. Professor Huntington assumes that religions will exercise their influence and power on the political scene by creating coalitions of co-religious States, as was the case during the Crusades. In reality, the different religions are each experiencing a process of transformation where different intellectual and spiritual movements compete in redefining their spiritual messages so as to meet the needs of the peoples they serve. In each religion, there are fundamentalists and modernists, Westernizers and Anti-Western "nationalists", rationalists and mysticists, institutionalists and individual-salvation-seekers, as well as secular-oriented movements and believers in a sacral order.

The present globalization, which is predominantly economic reaches the world of information and communication, and as a result, a variety of fusions occur, not only in music but also in the realm of ideas and beliefs. As some sociologists call it, we have entered an age of hybridization, and the different religions and civilizations are also generating different kinds of hybrids — some material like hybrid rituals in half-Western, half-Shinto weddings, or other more spiritual like the fusion of Zen meditation among Christians. In any event, the different currents share a common objective, to adopt to the globalizing world and make relevant contributions to the post-modern situation where new spiritual needs are becoming more and more pressing.

This search for new spiritual needs is most striking in the rapidly industrializing societies of Asia and the Pacific, where material needs satisfaction create alienation for some and impoverishment for others. Although a large sector of the new middle classes are dominated by achievement-compulsion, and others fall deep into anomie, an active minority, often belonging to the different discriminated strata of the Asia Pacific societies, develop different movements in search of alternative life-styles and alternative epistemologies which have universal relevance in transcending Western modernity.<sup>18</sup>

The impacts of exogenous forces, i.e. of Western modernity, generates a diversity of civilizational quests based on the various religious traditions in the region, in search of firmer ground for their identity, and in search of symbiosis among the different civilizations and cultures. What emerges now in the Asia Pacific region is not a clash among monolithic civilizational blocs, but a dynamic and dialectical process of intra-civilizational and inter-civilizational currents.



## The Counter-hegemonic Alliances in the Face of the Hegemonic Alliance

The hegemonic alliance in Asia and the Pacific takes a complex form under technocratic governance based on the unholy alliance between the neo-liberal and the Confucian authoritarian technocrats. They exercise a considerable power of attraction over different dependent sectors who see an advantage in taking an active part in the global economy. The commercial strata building the growth triangles and quadrangles tend to join the APEC alliance, accepting to play their dependent role within it. The future of global economy in the Asia Pacific region will be determined by the complex and subtle interactions between the technocratic hegemony and different social groups and categories of the region. It is within this regional context that the role of the people's counter-hegemonic alliances have to be defined.

Any alliance must rely on the epistemic communities whose claim is that they know their own problems and interests better than the globalist technocrats. They are often represented by activist-intellectuals engaged in epistemological fights over a wide range of political, economic, and socio-cultural issues. They include feminist activists resisting the technocratic patriarchal governance ("Father knows best!") through an epistemic claim that they know better gender inequities than the gender-biased technocrats. Many local ecological epistemic communities claim that the national, regional, and global planners do not understand their eco-cultural realities.

Such epistemic counter-hegemonic and counter-technocratic movements contribute not only to the destabilization of the global neo-liberal project, but also to the search for new alternatives. Beside the social movements who pose their claims with readiness to dialogue, there are also quite a number of anti-systemic (terrorist groups) and anti-social movements (human trafficking and drug Mafias) which have their own way of countering the global hegemonic order. The peoples' alliance cannot ignore, as the technocratic elites do, the significance of these movements with their ambivalent impacts on the human security of the peoples.

### A Tentative Conclusion

The above considerations lead to the conclusion that people's alliances cannot be formed unless some conditions are met in coping satisfactorily with the challenges of the global age. It is necessary to counteract the efforts of the technocratic global elite who invite a large sector of the dependent sectors to join their hegemonic alliance. It is, therefore essential to make the epistemic and ethical claims of the counter-hegemonic alliance more convincing than the hegemonic one. The more open-minded part of the liberal technocrats must be convinced by the universal logic of the peoples' alliance.

This means that a discourse universalistic enough to convince the technocrats must be developed. On the other hand, the peoples who live in a non-western environment must be convinced to join in by using correctly their respective discourse

and epistemologies. This is where organic intellectuals have an important role to play, i.e. to bridge the gaps between the universalistic discourse of human rights and democracy, and the epistemology of the different non-Western civilizations.<sup>19</sup>

Let us hope that ARENA will play its role to activate a critical dialogue among organic intellectuals, which is an essential precondition for the emergence of peoples' alliances capable of meeting the challenges of the global age.

## Endnotes

<sup>1</sup> The emergence of the dependent sector is, according to Robert W. Cox, a characteristic of Post-Fordism: "post-Fordist employment structures and politics have left a large part of the population relatively satisfied, while another large part has been economically and socially marginalized, fragmented, and, in effect, depoliticized." Robert W. Cox, Timothy J. Sinclair, Approaches to World Order (New York: 1996), p. 286.

<sup>2</sup> The excluded sector is composed of all sectors which cannot benefit from global economic development except through assistance. The informal sector, partially subsistent rural communities, and the culturally discriminated peoples such as the indigenous peoples and some religious communities are part of this sector. On the informal economic sectors, cf. Alejandro Portes et al. (eds.) The Informal Economy: Studies in Advanced and Less Developed Countries, (Baltimore: 1989) pp. 11-37. On partially subsistent rural communities, cf. Robert Chambers, Rural Development: Putting the Last First, (Essex: 1983). On the discriminated sectors, cf. Kinhide Mushakoji, Tenkanki no Kokusai-Seiji (International Politics in a Changing World) (Tokyo: 1996), pp. 230-233.

<sup>3</sup> On the technocrats, cf. Kinhide Mushakoji, Global Issues and Interparadigmatic Dialogue: Essays on Multipolar Politics, (Torino: 1988) pp. 125-142.

<sup>4</sup> In defining the hegemonic alliance in the age of the global economy, we may refer to the Gramscian analysis of the bourgeois hegemony and the works based on this theory. Cf. Robert W. Cox, Timothy J. Sinclair, op cit. pp. 124-127. On the advantage of the polarization following the creation of the hegemonic global alliance, cf. Samir Amin, El Futuro de la Polarización Global, Colectión, El Mundo Actual: Situación y Alternativas, UNAM (Mexico: 1995).

<sup>5</sup> The concept of "human security" has been proposed by the UNDP in the Human Development Report 1994 as a tool for policy analysis. It could be more broadly interpreted as the interaction among different human individuals and groups in search of their security, and this would provide a powerful analytical tool in looking at the contemporary global crisis. Cf. Kinhide Mushakoji, "Human Security as an Integrative Concept for UN Policies," Prime, Vol. 2 (November, 1994) pp. 39-52.

<sup>6</sup> Horizontal diversification can be seen as a negative consequence of globalization as "fragmentation." It may also be argued that the benefits of the global economy from diversification in the world economic (and socio-cultural) division of labor which generates more surplus than a less diversified division of labor. Then the problem would be the homogenizing pressure of the global economy which absorbs the surpluses and does not permit the diversified local economies to profit from their mutual differences. Pierre Joseph Prouhon has developed the theory of "force collective" with such an implication.

<sup>7</sup> The concept of a "security community" first produced by Karl Deutsch in his analysis of the North Atlantic community could be applied *mutatis mutandis* on the different social units defining their own "human security." Such communities include women defining gender security, ethnic groups defining their security centered on their specific identity, and the large excluded peoples in the different informal communities such as the peoples mobilized by "fundamentalist" leaders.

<sup>8</sup> The ethnic conflicts are often closely related in terms of targets aimed at by the conflicting parties and of the hidden power competition supporting them in the sovereign state system. Cf. Kinhide Mushakoji (1996), op cit. pp. 116-124.

<sup>9</sup> On development nationalism and racism which follows cf. Kinhide Mushakoji, "Development and Racism in Asia and the Pacific," Peoples for Human Rights, IMADR Yearbook, Vol. 4 (1992) pp. 15-30.

<sup>10</sup> On human trafficking as a typical case of development sexism cf. Seiko Hanochi, Kinhide Mushakoji, Human Trafficking and human Security (paper presented at the International Seminar on Women Migrants in Asia, Chulalongkorn University) Bangkok, 1996.

<sup>11</sup> On social Darwinism, the critique made in the following report raises some of the problems of this ideology. Cf. Immanuel Wallerstein et al., Open the Social Sciences: Report of the Gulbenkian Commission on the Restructuring of the Social Sciences. Stanford, 1996. pp. 29-30.

<sup>12</sup> On the JapaNIEs model and Confusianism, Cf. Kinhide Mushakoji, "Post-Modern Cultural Development in Asia: Beyond the Japanese Version of Confusianism," in Eleanora Barbieri Massini, Yogesh Atal, eds. The Futures of Asian Cultures. Bangkok, 1993. pp. 61-68.

<sup>13</sup> Especially on Islam, China, Japan and the West, cf. Samuel Huntington, The Politics of Civilization: Islam, Japan and the West, Kuala Lumpur, 1996.

<sup>14</sup> "Hybridization", according to Jan Nederveen Pieterse, is a creative process of cultural intermingling sometimes called metissage or cultural cross-over, it "reflects the post-modern sensibility of cut'n'mix, transgression, subversion. It represents in Foucault's terms a 'resurrection of subjugated knowledges' because it foregrounds those effects and experiences which modern cosmologies would not tolerate". Cf. Jan Nederveen Pieterse, Globalization and Culture (Paper presented at the Meiji Gakuin Symposium on "Perspectives on International Studies") Tokyo. 1995.

<sup>15</sup> On the animist belief that humans can communicate with nature, and feel pain and suffering of nature, cf. Kazuko Tsurumi, "Animism and Science," IIR Research Papers, Series A-58. 1998, pp. 2-5

<sup>16</sup> On the possible role for Daoism in generating a new discourse working across different endogenous movements, cf. Eleonora Barbieri Massini, Yogesh Atal. eds., op.cit, pp. 73-75.

<sup>17</sup> The transformation of the global world order requires the revision of conventional ontology towards a post hegemonic, post-Westfalian, and postglobalization perspectives. Cf. Robert W. Cox, Timothy J. Sinclair, op. cit. pp. 150-156.

<sup>18</sup> The Asian life-styles and epistemologies, Daoist, Zen, and Lama Buddhism are used to transcend Euro-centric approaches to human rights, as in the case of the ISS (the Hague Institute of Social Studies) Human Rights Programme, "Workshop on Pedagogy, Transformative Learning and Human Rights". Cf. Joost Kuitenbrowere et al., "Workshop on Learning from Each other" (ISS Human Rights Programme, 18 and 19 May 1995), The Hague, 1995, pp.117-128.

<sup>19</sup> As a condition for a posthegemonic order, Cox states that it is necessary "to move beyond the point of mutual recognition towards a kind of supra-intersubjectivity that would provide a bridge among the distinct and separate subjectivities of the different co-existing traditions of civilizations." Robert W. Cox, Timothy J. Sinclair, op.cit. p. 152.

# **Sustaining Ecology, Equity and Plurality in the Age of Globalization : From the Gender Balanced Perspective**

**Jung Ok Lee**

## **Why do they Emphasize "Globalization" instead of "Capitalism?"**

Economic liberalization, commonly referred to as "globalization," has been in fashion in defining the economic restructuring process. The Uruguay Round concluded in 1994 and the GATT, an agreement on tariffs and non-tariff barriers to trade, aim to liberalize world trade by breaking down barriers which impede the free flow of goods and services among nations. Globalization is not a new phenomenon. It was started, as the Braudelian or Wallersteinian version, in 1492 and is the very process which capitalism follows to guarantee huge benefits with little cost and perpetuate inequality (Fernand Braudel, 1969 : I. Wallerstein, 1991).

If globalization relates with the very nature of capitalism and started several hundred years ago, why then has it become fashionable only after the 1990s? Does 1990s globalization have a different meaning?

In 1989, we witnessed the collapse of the Berlin wall, which became the starting point of demystifying the realities of socialist countries. After that, capitalism, which contains multi-dimensional theoretical implications, became less popular as a terminology and has been replaced with a more descriptive level of conceptualization: "globalization."

The economic liberalization process, which emphasizes the free market system, naturally has an optimistic version of the process and believes in the old "invisible hand" (Lee, 1996: 25). As a matter of fact, the conceptualization based on "globalization" has emphasized the positive side of that process: "global dreams" which gives the image of a "world citizen and world universal culture" and cultural relativism using, for example, the term Afro-American instead of "negro" (Richard J. Barnett & John Cavanagh, 1994). The positive aspects of "foreign capital" have also been exaggerated. Even Vietnam and mainland China indiscriminately received "foreign capital" as a "Midas hand" to solve their economic backwardness which, they believe, will lead to social conflict. Before the 1990s, there had been a certain consensus guiding social movements. This was based on a strong anti-foreign capital feeling and anti-TNCs sentiments. Nowadays, "foreign capital" has been welcomed without any hesitation.

Another positive aspect, which has been nurtured under "globalization," was the image that the nation-state barrier will be weakened and everybody can cross national boundaries very easily. This new image emphasizes cultural universalism. Under globalization, "cultural universalism" and "world citizens" have been discussed as substantial dimensions. Who are "world citizens?" They are mostly managerial level TNCs persons, professionals, high-level bureaucrats and also artists who are working with filmmaking, broadcasting systems, and who cross borders and create new cultural images at the world level. According to Professor Appadurai's analysis, the bases on which to build up "world culture" are 1.) the *ethnoscape*, made up of the exchanges of migrant workers, tourists, and immigrants, 2.) the *technoscape*, made up of the exchanges of technologies initiated by TNCs and governments, 3.) the *finanscape*, made up of the exchanges of currencies and stocks, 4.) the *mediascape*, made up of the exchanges of information and images stimulated by mass media, (5) the *ideoscapes* which is related to the exchanges of ideology such as "democracy," "welfare" and "social justice" etc. (Mike Featherstone, 1990: 20). World culture could be an ideal image created on such bases.

The globalization process especially in Asia-Pacific zone has been accelerated because the "miracle economies" of so called NICs have given rise to an "Asian model of development." Under these positive images, from the late 1980s on, NIC-hood has overwhelmed the Asian setting. Thailand, the Philippines, and Indonesia adopted the NIC-type development model and accelerated their structural adjustment to accommodate foreign capital and build up export processing zones (EPZs). To enable the establishment of new factories, industrial estates, or export processing zones, land zoning policies had to be implemented in the lower-growth of economies. Many governments in lower-growth countries, eager to increase domestic earnings, often offer a host of incentives to attract TNCs. For example, foreign investors may be granted tax holidays and exemption from trade and labour laws. Such governments often legislate against the rights of workers to organize unions within the EPZs. The use of women's un-unionized labour in EPZs has become a most common method for low-growth economies to jump-start their economies.

EPZs had fueled the growth of NICs. So-called NICs such as South Korea, Taiwan and Hong Kong established EPZs in late 60s and early 70s. Nowadays, factories owned by companies from Japan, Hong Kong, Singapore, Taiwan and South Korea are a common sight in lower-growth countries such as Indonesia, China, Thailand, Sri Lanka and the Philippines. The development strategies of other countries that try to be NICs have been focused on establishing EPZs (Export Processing Zones) to welcome foreign capital with preferential treatment. In 1995, there were 21 IEATs (Industrial Estate Authority of Thailand) in Thailand, and 4 EPZs and 8 special zones in the Philippines. The situation after accepting NIC-hood policy has been well explained as follows:

".... since 1987, NICs mentality has been the name of the game. The government policy put emphasis on three main industries: those of export, tourism and agri-business. A great influx of overseas capital, especially from Japan, turned Thailand into a new export production base. A scramble for lands in strategic locations such as the eastern seaboard and sites for the tourists resorts, golf courses and agri-business brought about waves of land speculation and a consequent rise of land prices" (Suthy Prasartset, "The rise of Ngos as a critical social movement in Thailand," Asian Exchange, vol 11, no.2, 1995 p. 82)

These tendencies have impacted on other South Asian countries. In India, which has been hostile to foreign capital, the new economic policy (NEP) was established to emphasize the market rather than plan allocations of resources for economic and social development. Advocates of the NEP argue that because the Indian economy had been sheltered from the market forces and denied competition, it became inefficient. This resulted not only in high cost and poor quality of products and services which was unfair to customers, but also restricted growth, hence, it was necessary to restructure the economy both domestically and globally. ( Gopal Guru, 1995 : 50 )

Socialist countries such as mainland China and Vietnam hurried to restructure in order to make "special zones" to actively receive foreign capital. China has become a forerunner in receiving foreign capital through TNCs. For example, among the Japanese and German TNCs, the 25 investment sectors in the 1980s, have increased to become 231 sectors in 1995. Most of the new investment was made during the 1990s. In Vietnam there are already 6 EPZs , not to mention of many joint venture enterprises in scattered areas.

## Can The Globalization Process Sustain Ecology, Equity, and Plurality?

Though there is emphasis on the positive side of "globalization" by media and government policy advertisements, no one can deny that the protagonists of the process are TNCs which already outnumber the nation state's capacity in size and income. Three hundred big enterprises were reported to account for more than one-fourth of world GNP.

The process of globalization, mediated mostly through TNCs, has been accelerated in terms of the mobility of capital and services mostly from G-7 countries into Asia, along with relentless pressure on these countries to dismantle barriers in the name of the "free market" to give free access to their goods, services and capital.

Through GATT, rich capitalist countries are able to control the market economies of 117 out of a total of 188 countries around the world. The ill effects of globalization, as seen in terms of social inequality, wealth polarization between and within nations, ecological destruction, gender inequality, deprivation of traditional knowledge and skills and unsustainability, have been reported. For example:

"In Thailand, the transnationalized model has resulted in the maldevelopment of Thai society. Such maldevelopment is manifested in 1) a dual process of concentration of political and economic power in corporate and state sectors, and the marginalisation of the popular sector; 2) widening gaps in the regional and sectoral distribution of gains from the development process; 3) the rapid depletion of natural resources which constitute the popular sector's life support system; and, 4) the rapid erosion and decay of the environment and ecology." (Suthy Prasarsat, "The Rise of NGOs as a Critical Social Movement in Thailand," *Asian Exchange*, vol. 11, no.2, 1995 p.76)

"In the Philippines, ...the more immediate impact of a globalized economy is the heightened and intensified competition which may cause the death of local industries due to the dumping or the flooding of cheap imports. Imports come in cheap due to the removal or reduction of tariff required by the government. Added to this, the uneven competition offered by TNCs may force local companies to either fold up or be bought out by their competitor. With this comes the dislocation of workers... More importantly, the globalized economy has given rise to changes in employment structure. Management has adjusted to economic globalization by adopting practices which in effect decimate the ranks of organized labor. Due to the unstable condition of production, companies no longer hire permanent workers." (AMRC, 1995 : 25 )

"Development" that focuses on intensive industrialization for monetary returns, neglects issues of environmental and social viability. This has already led to direct as well as indirect costs borne by communities and individuals. It becomes particularly dangerous when such developmental change takes place rapidly and the impact is "hidden." These environmental and social costs do not emerge as a cost item in the foreign investor's development projects.

The environmental and social costs include: 1) the degradation of the environment and the loss of livelihood resources for local communities; 2) Massive population displacement as communities are moved out of areas designated for industrial estates, housing estates, golf courses, hotels and resorts, reservoirs and roads; 3) the influx of migrant workers from other parts of the country, thereby increasing population density and pressures on resource use; 4) the rise of strong materialist way of life, thereby increasing the level of consumption; 5) With the rush to sex tourism, the bases for family life has been disrupted; 6) the erosion of the bases of indigenous cultures, knowledge, wisdom and skills ; and, 7) the speeding-up of competition, which makes people run without any reflections on why they should run.

According to I. Wallerstein, cultural universalism should be regarded as coming out from the very nature of capitalism. (Wallerstein, 1991: 158-183) One of the fundamental contradictions of capitalism comes from the widening gap between cultural universalism and growing inequality, inherent in the very nature of capitalism. In Asia, we have witnessed the growing imbalances in many contexts: 1) between women and men; 2) between the poor and the rich; 3) between rural and urban; 4) between lower-growth and higher-growth economies; 5) between debtor and creditor; 6) between south and north; and, 7) between citizens and non-citizens. With these growing imbalances, the minorities become vulnerable to cultural universalism, which justify their discrimination by attributing their unjust treatments and lack of rewards to their own inferiority measured by the so-called universal standard. Borrowing from Wallerstein, the cultural arena becomes the "ideological battleground." The disruption of endogenous cultures should be looked into with keen eyes.

About 25 years ago, there was a debate in development discourse about whether the economy is a "constant pie" or a "growing pie." At a time when technological optimism was more credible and the awareness of environmental limits was absent, it was felt that a "growing pie" would have enough for all, even if some had more than others. However, such a belief is not founded in an analysis of what constitutes the ecological base of this "growing pie." In considering the ecological base, it is clear that ecological unsustainability and social inequity converge. The transfer of resources into a growing stockpile depletes not just a self-renewing natural environment, but also somebody else's livelihood base. This relationship between sustainability and equity was understood fifty years ago by Mahatma Gandhi. When a British journalist asked Gandhi whether it was his ambition for an independent India to enjoy Britain's standard of living, Gandhi answered, "If it took Britain half a globe to attain the standard of living that it did, how many globes does India need?" Gandhi's wisdom is much needed in our current crisis of sustainability and equity. (Vivien Wee and Noeleen Heyzer, Gender, Poverty and Sustainable Development, ENGENDER, Singapore, 1995, P. 30-31)

## Victimization of Women and their Responses

Within the sectors which are marginalized during the developmental processes there also exist strata. The bottom layers in the rural sector, the poor, the community, the indigenous sector are composed of women. The victims of degradation of environment and industrial malfunctions have largely been women. Women in rural and indigenous communities are thus confronted with a crisis of survival on two related levels: 1) on the ecological level -- the loss and degradation of their livelihood resource base; and, 2) on the economic level -- the feminization of poverty or the increasing impoverishment of women.

Women's resource and their increasing impoverishment have to be understood at three levels: 1) in terms of persisting gender inequalities derived from the historical



past, which have traditionally subordinated women; 2) in terms of the reinforcement of existing inequalities to serve the context of the present, such that women are excluded and disenfranchised from increasingly scarce resources; and, 3) in terms of new processes that have resulted in women's loss of livelihood resources and that have objectified women as resources to be appropriated.

The ongoing violations of women's human rights are not accidents. Under the unequal value system, the lives and rights of the rich and powerful have been prioritized over all the others. Such an unequal valuation of lives is evident, for example, in the unequal allocation of social resources, including education and health, and disposal of environmentally hazardous waste in the habitats of the poor and powerless (Vivien Wee and Noeleen Heyzer, 1995 : 30-35 ). The global feminization of poverty must be understood in terms of this hierarchical framework, where the lives of women, the poor and other vulnerable people have become expendable.

Export processing zones have been designed to use women's labour and keep it cheap. Most workers who are working in export processing zones have been reported to be women. For many EPZ women workers, their experience is defined by long working hours, forced overtime, unsafe working conditions, the underpayment and non-payment of benefits and bonuses. Rather than long-term employment involving skills acquisition and new opportunities, women workers face a high degree of job insecurity, the growing casualization of work and minimal training. The high incidence of industrial accidents and work related illnesses reflect both the intensity of the work regime and the widespread use of hazardous equipment and materials in these zones. Close monitoring and surveillance of workers reinforce physical isolation in the zones. There is no doubt that the greatest challenge faced by women workers is plant closure. The second challenge is that throughout Asia, TNCs are seeking to move beyond the reach of existing government regulations through a dramatic shift to subcontracting, particularly in the extension of their activities into the informal sector of home based production. The casualization of work involves an increased number of casual and part time workers and the reduction of the permanent "core" workforce.

The gap between rural-urban realities is also true for women at the global level. Some middle and upper class women in the urban sector have undoubtedly experienced positive changes. But these improvements are piece-meal. On the whole the lives of poor women and rural and indigenous communities are increasingly at risk because their livelihood resources are becoming increasingly scarce. The number of rural women living in poverty have increased by 50 % in the last 20 years compared to 30% for men. (Jazairy et al., 1992, Quoted in the UN commission on the status of women 1995, paragraph 97)

Living in direct interaction with the natural environment, women in indigenous communities become doubly disadvantaged because of the ecological crisis. Deforestation, the scarcity of firewood, the loss of common property resources directly affect women (Heyzer 1987:3-4). The loss of land, food, water, shelter, fuel, and fodder means a loss of livelihood for women more than men.

As the marginalization process has been sped up and the degradation of the environment has become a threat to their daily livelihood base, women have not remained as passive victims. In India, from 1972 to 1985, the strong peasant movements emerged around the question of remunerative prices for their products. It came outside the formal political structure, and at the forefront of those movements were women. Independent mobilization of women on various issues has been related to environmental degradation. For example, in 1973, rural poor women in the mountainous region of north India took upon hugging trees so that the contractors would not be able to chop them down. This started the Chipco movement. "Chipco" means to cling to a tree. (Gopal Guru, "Social Movements Response to the New Economic Policy in India," Asian Exchange, vol 11, no. 2, 1995 p.51) Within the Bhopal victims' resistance and the anti-Narmada Dam campaign, women were not passive victims. They started to raise questions for the restoration of their socio-cultural life which had been subverted due to the displacement. (Vinod Raina, 1995 : 65)

The example of the Chipco movement should be differentiated from middle-class based so-called environmental movements which emphasize conservation. Their reaction was saying that they required trees for fuel wood, it's for their use. They can't take it away to make hockey sticks and cricket bats. It was conceptually a very different kind of movement of contending claims to natural resources rather than mere conservation. This was a movement that raised the question of who has the right to decide to set a dam which will displace two hundred thousand people, the state or the people? What is the process of decision making before such things are set up? (Vinod Raina, Ibid, P.66)

### Is it Only by Chance that Most Alternative Experiments have Been Connected with Women's Initiatives?

With the victimization process accelerated, women have not remained passive. They have resisted strongly, challenged the existing value system, and finally tried alternative ways of life. Among many alternative experiments, several cases were chosen among those presented at the workshop "Integrating Alternative Development Efforts in Asia" held in Kerala, India in early march, 1996. Three cases in point are the organic farming experiences in Thailand, the Okitama Women's Network in Japan, and the Women's Cooperative Credit Union in China [for descriptions and details of these cases, as well as others presented in Kerala, refer to the book "Integrating Alternative Development Efforts in Asia," co-published by ARENA, RUA, and KSSP -- eds.]

The above three cases were chosen among thousands of alternative experiments all over Asia (in India, it is estimated that over twenty thousand field groups are engaged in resisting the mainstream or building toward alternatives). The reason for choosing these three cases among those presented is very simple. These

cases were based on women's initiatives, especially the Thai and Japanese cases which were initiated by the victims themselves from their own serious confrontation of environmental degradation which threatened their own health. Starting from their own personal interests, those women became more and more socialized and active in organizing the others. They started to raise questions with regard to the existing patriarchal system. Especially in Japanese case, we can infer that even after economic development has been achieved, the patriarchal system is not loosened automatically. On the contrary, economic development could be achieved on the basis of patriarchal systems. It is not a coincidence for Japan, South Korea, Hong Kong, and Taiwan where the Confucian tradition emphasizes women's domestic role and oppresses women's public roles. Economic success usually went contrary to both equity and sustainability dimensions. It can achieve its goal based on discrimination either on caste, nationality, class, or gender. Among the other dimensions such as class and race, gender is the final dimension to be used in that it can be labeled as "natural phenomena," so it is "hidden" and not recognized easily. And even within the class and race dimensions, there still remains more space for discrimination based on gender. Women are "the last colony."

The other alternative experiments are different from the above two cases, because they were started not from victims themselves, but by intellectuals, activists or NGO organizations. Those alternative experiments initiated from above could reach the national and sometimes international levels. Although they reach out far beyond the community level, at least in terms of size, they leave more serious questions unanswered, for example the question of organizational democracies, etc. In the Jiangxi women's cooperative credit union, they were conscious about women's initiatives and organizational democracy over other achievements.

Another important thing to be noted is that even the alternatives initiated by male activists or intellectuals couldn't help mobilize women as substantial participants, as exemplified in the case of alter trade which was dependent on consumer's cooperatives mostly composed of women. In the Our Wheat revival movement, it was not successful in mobilizing women consumers to buy Our Flour and Our Flour products with overpayment based on environmentally sensitive cost. Because alternative experiments have challenged the market-oriented system, they became inevitably related with consumer-producer relationship which happen to involve women. As shown in the Japanese experience, women proved to be more flexible in getting out of the existing network and organizational burden than men did. So for alternative experiments to be more successful, they should mobilize women participants. Before gender sensitivity became visible at the societal level, male activists with good intentions or charismatic leadership easily mobilized women. But after gender sensitivity became more and more sharpened, women began to demand more gender-balanced agenda and organizational democracy.

## How to Sustain Ecology, Equity and Plurality?

At the heart of the sustainability issue is the gender equity issue, and at the heart of the gender equity issue is the sustainability issue. There is a dialectic between them. Both women and environment are the "shadow subsidies" that enable profits to be made, because both are taken as free goods. This undervaluation is the basis of the market-oriented developmental process as clearly identified in the workshop "Victims of Development" organized by ARENA in Kathmandu in September 1996.

Women constitute the majority of the poor. They are also the reproducers of the next generation. Women, thus, bear the largest share of this transferred burden. The industrial pyramid has been built on women's undervalued labour, their unpaid work, and their reproductive function. Under the market economy, what has no market value is treated as being of no value and therefore "free." This is how women and environment came to be appropriated as "free resources." The market economy penalizes women simply for being women, because they are engaged in reproductive life processes -- biologically and socially -- that are usually not traded or systematically priced. The market economy appropriates natural resources as "free" goods because while animals, plants and land can be bought and sold, nobody owns, and therefore nobody sells, the bio-diversity of the forests, the topsoil, the rivers and the sea.

To get out of the vicious circle of undervaluation of women and environment, a new economic system based on an equally new value system should be brought in. Under the new value system, the core of human existence -- life love and care -- should exist beyond the market and cannot be priced according to market values. It should be differentiated from market values. In this new value system, life cannot be bought and sold. Under the new economic system, "economy" should be used in the historical sense of the word denoting the careful management of resources to avoid waste and more importantly to enhance life.

Women have managed resources so as to provide sustainable livelihoods not just for themselves, but for families and communities they nurture, and for the children they bear. Resources in this economy are valued according to their life enhancing qualities and their significance to the people who use the resources, and not according to market transactions.

It is not enough to bring women into men's positions. Market-oriented, materialism-oriented and competition-oriented value system should be replaced with a revaluation based on life, love and care. To change the value system, we need alternative education that guides critical thinking and promotes self-reflection. As women have least benefited from, and least integrated into, the existing system, they are in the best position to critically look at the existing system. That is the reason why women themselves have initiated many alternative experiments from their own immediate concerns. As proven in alternative experiments, women can develop a

new type of organizational democracy as well as a new definition of natural resources. And without women's participation, NGO activities cannot build up viable agenda. Existing NGOs should stop mobilizing women only for their own purposes, they should invite women as active participants and encourage them to be protagonists in developing alternative ways of life.

At the educational and NGO organizational level, more women as active participants could be the basis for movement viability. For a long time, women have been "invisible." Little opportunity has been offered to develop leadership, not to mention venues for women to articulate their own ideas and feelings. Women have shouldered the burdens of daily livelihood, including the reproduction functions. These made women stay inside the vicious circle in this competition-oriented society. Without new considerations based on alternative value, women could not find a way out. The more institutionalized NGOs, which have been initiated by men, should encourage women as participants and try to learn from micro-level alternative trials initiated by women, though they seem not as successful according to existing standards.

Where will change come from? To think about changes, we can analytically divide sectors into three, such as market, state and civil society. As for the scope of change, three layers could be brought in like macro - middle - micro levels. However, these divisions of different sectors and different scopes are only for easy understanding, not in terms of importance. The sectoral differences converge and the same with micro levels of alternative experiments which have become more important in challenging the existing system in depth. The existing system doesn't allow any space for challenging at the macro or middle ranged levels.

Many former activists have felt frustrated with the decline of communist and welfare states and the rise of corporate and "booty" states. The growing convergence between state and market has serious implications for the issue of sustaining ecology, equity and plurality. The environment transcends national boundaries, and national sovereignty is evidently not an obstacle where resource extraction is concerned. An increasing trend is that governments are evolving more and more into the management teams of capital and labour in the global economy of "nation-states incorporated." In such a context, citizens primarily become workers and employees, and natural resources become trade commodities. The increasing degree of trade deregulation is part of this scenario. If government is reduced to labour management, then the issue of human rights, civil rights can also be trivialized as "labour problems" to be resolved through management techniques. In this situation women must actively define and claim their political space and identity, rather than become marginalised by changing political economic processes.

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# **Toward the Socio-Political Development of Democracy and National Unity in Korea**

**Samuel Lee**

The ghost of globalization is moving around the world. This situation is enjoyed and welcomed by some countries and people, feared and resisted by others.

In December 1994 after the APEC summit meeting, Korean President Kim Young-Sam declared that the priority goal of government policy would be "globalization." People, surprised and confused, asked "what is the difference between globalization and internalization?" As the word globalization was translated into Korean by the words "Worldlyzation," people doubted that there was any difference.

This civilian government is now trying to highlight the policy of globalized expansion of Korean goods and the building up of national competitive power from which the people will feel proud. The issues of democratization and unification seem to be hidden behind the government's parables of globalization.

However, I think, it is very important to ask what is really being globalized in practice and what should ideally be globalized.

I believe that any development or globalization of the Korean political economy and technology without democracy and unification will be harmful both to Korea and the world. Korean politics, economy and society should be democratized and the divided nation and people should be united before they can enjoy globalization and boast of development.

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Nobody can deny that there has been remarkable development and progress in Korea during the last ten years (since 1987) with regard to democracy and national

unity. These two have been lacking and so much aspired for as primary national goals in last half century since national independence and division in 1945.

The people's movement for democracy, led by the students, intellectuals and Christians, and the political pressure of a strengthened civil society, have been successful enough to force the military dictators to end their despotic rule and constitution. In 1987, the political freedom and rights of the people to elect the president and organize political parties, which had been suppressed since the military coup of 1961, were restored.

According to Samuel Huntington, during the 16 years between 1974 and 1990, some 35 countries had gone through the transition from dictatorial rule to a democratic political system, which he characterized as the third wave of democratization: a global phenomenon of political development in the late 20<sup>th</sup> century.

The democratic change in Korea in 1987 could well be traced to the cases of the falling dominos of authoritarian regimes in the third world. The people did not recognize their legitimacy, and the democratization of Korea was influenced by the victory of the people's struggles against dictators in Greece, Brazil and the Philippines.

Huntington also analyzed the different structures and procedures of democratic changes and differentiated between successful and unsuccessful democratization.

In whatever terms Korean democracy may be classified or evaluated, I think the political development of democracy in Korea is, and has been, related to two important factors: the economic situation and the situation of the division between North and South Korea. The failure of the democratic government established after the successful April Student's revolution of 1960, was conditioned by the poverty of the people, whose per capita income was less than 100 dollars. The success of the military coup in 1961 owes much to the anti-communist fear of the people and fear of possible aggressive invasion from North Korea.

The rather successful development of democracy since 1987, as indicated by the majority seats of the democratic opposition in the parliament in the general elections of 1988, the establishment of a civilian government with president Kim Young-Sam in 1992, the purge of military leaders and the anti-corruption campaign, and the punishment of the two former military presidents Chun and Roh, might not have occurred if the Korean economy had remained underdeveloped and suffered from mass poverty and increased foreign debts, or if the North Korean threat and the high level of tension in the DMZ had prevailed over the mood of detente and dialogue.

Fortunately, the process of the political democratization over the last ten years has been supported by continuous economic growth, up to 10,000 dollars per capita income and 100 billion dollars worth of exports per year, and also by the eased tension and productive dialogue between North and South Korea since 1988. These have enabled the joint membership of both Koreas in the United Nations and the



signing of the joint agreement on Reconciliation, Non-Aggression, Exchanges and Cooperation in 1992.

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The peaceful, non-violent transition to political democracy seems to have been initiated by the authoritarian rulers and the ruling party as the democratic constitution and elections were a result of concessions by the military dictators (Statement of June 9, 1987). The merger of the ruling party with the two opposition civilian parties (1991) and the peaceful transfer of the power from the military president Roh to the civilian president Kim (1993) appeared to be a unique and sophisticated way of political change, one that avoided bloody revolutionary tumults. However, it was not the military rulers, nor the military-civilian ruling party that had been the driving force to save democracy in the 1980's, but people's power and the strengthened and expanded civil society.

It would not have been possible to put the two former presidents in jail and to prosecute the military criminals of the Kwangju massacre if the cries of demonstrating students and democratic citizens had not been supported by the broader civil society.

If the students and Christians had not cried courageously for the freedom and right to discuss unification and contact North Korea for the purpose of peaceful Reunification since 1988, the dialogue between North and South would not have progressed so much as to produce an agreement in 1992. This sets the basis for further developments toward national unity, even though its credibility and validity had already been damaged and threatened by recent aggressive antagonism and tension between the two Koreas.

We have learned that both in democracy and national unity, development and progress could be made only when the people's consciousness have been raised and their will and aspirations are mobilized into organized action.

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The civilian government of President Kim Young-Sam, although he was chosen as the successor of the military president Roh by the ruling party, has successfully purged the political military leadership and brought many reforms like the "real name" system in bank savings accounts in order to control the underground economy and corruption. The anti-corruption campaign and the efforts to break the collusion between politicians and businessmen were highly appreciated. Many laws, rules and policies have been reformed to look more democratic, fair and liberalized, at least in form and procedure.

However, an evaluation of the results of President Kim's reform politics shows ambivalence. People believe that he has contributed a good deal to political democratization with respect to fair elections and the elimination of surveillance

and increased individual freedom. But he is also criticized because his reform politics are not based on any philosophy and principle so that his policies run left and right in confusion. He has also not gotten rid of the authoritarian and dogmatic style of rule and governance. Although he proclaimed democratic reform loudly and demonstrated a few showcases like the arrest and punishment of corrupt former generals and politicians, he has given way to the complaints of the reactionary ruling class with the release and amnesty of the detained. In spite of this weakness, his will and efforts to change the undemocratic political system has been believed and appreciated. Especially his promise that he will never receive any money from businessmen. If seriously kept, this can be an important milestone in the history of democratic political development.

Compared to the results of political democracy, reform work in the socio-economic area has been very disappointing. His neo-liberal economic policy has benefited the rich and privileged especially big business or big money interests (*Chaebols*). Common people remain in poverty. Maybe not absolute but relative poverty. Many of his economic reform policies proved to have betrayed democratic principles, for example, the privatization of government run enterprises and the release of the green zone for further construction of the rich people, and the arbitrary opening of the agricultural market, that destroys farmers lives. Of course, wages have increased considerably, but there has been an even greater increase in prices for consumer's goods and housing. Middle and small businesses are suffering from the high interests of bank credits and severe international competition in trade, and so more than twenty thousand small and middle-scale enterprises per year are falling into bankruptcy.

Social welfare policy for the poor, old, unemployed people is still below the standards of developing countries. And grand reforms in ecological, educational policy and in the relations of labor and management have been propagated loudly, but nothing substantial has yet been realized or even conceptualized.

The strengthening of national competitive power in the age of globalization was the motto of President Kim's latest policy, and concretely this means higher productivity and economic efficiency for export expansion in the era of the free market. However, the economic index of 1996 indicates a decrease in growth rates and exports. The trade deficit will amount to fifteen billion dollars by the end of this year. Even the liberal economic policy has not helped strengthen the economy. People are worried about the possibility of stagnation and depression and even an economic crisis.

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The most critical point in the policies of Kim's civilian government lies in his unification policy that failed to make any progress from the achievements of former president Roh. His confused policy must also be partly responsible for the worsened relations with North Korea.

The cold war has never disappeared from the Korean peninsula, even after it had gone away in Europe. The South Korean government and people envied the sudden German unification, in the form of West German absorption of East Germany, in 1990. President Kim's unification policy was too hasty in applying the German model to Korea. Kim's government believes that North Koreans without Russian aid for energy and military equipment will sooner or later collapse and can be integrated easily by the South Korean economy and military power. His unification policy concerned itself with preparations for peacefully absorbing North Korea, that means preparing money to help integration easily along, as the West Germans did for East Germany.

Since the fall of communist Russia and Eastern Europe, North Korea has been located in a very difficult situation both economically and diplomatically. Oil supply and favourable price arrangements from Russia stopped and the energy shortage seriously damaged industry and people's lives. Foreign trade has fallen from 5 billion dollars in the 1980s to 2 billion dollars in the 1990s. The sudden suspension of the NPT (Non-Proliferation Treaty) membership and the development of nuclear reactors in 1993 seems to have been a kind of survival strategy for the North Korean system.

Some are of the opinion that the death of charismatic leader Kim Il-Sung further narrowed political space in North Korea. So they have avoided any direct contacts with the South and showed their fear of the infiltration by the South Korean economy and ideology.

In this serious conflict situation, the peace and unification movement of South Korean Civil Society, including churches and students have appealed to the government to seek ways of peaceful settlement. Some phrases of the church's declaration in 1955 are quoted here for reference:

"We believe that the major cause of the failure to implement the worthy agreements between North and South Korea, lies in the inability to build basic mutual trust. An order of stable peace capable of eliminating mistrust and instability should be established as a matter of high priority. The bases of German reunification were implemented only when a peace system was secured by the Basic Treaty of 1972.

We should also note that open policy, exchange, and cooperation cannot be achieved under the unstable conditions of the ceasefire armistice agreement, because unlike the two Germans, North and South Korea fought against each other in war."

This was a harsh critique of Kim's policy on North Korea. President Kim declared in August 1994 that the unification of two Koreas should be under the flag of liberal democracy. This has, of course, excluded ways of unification that transcended any ideology, which had been the core content of the joint communiqué of July 4, 1972 between the governments of North and South Korea and also the main line of dialogues and agreements of the two Koreas.

Also, the many aggressive words and expressions exchanged were strong enough to worsen the mistrust and antagonism between North and South Korea. Even the South Korean sailors of the ship that carried the relief rice for the flood-affected North Korean people were arrested and detained for inspection.

President Kim's policy on North Korea seems to be turning to the extreme conservative and anti-communist line. The student's festival and symposium for peaceful unification held in Yonsei University in August 1996 was raided by riot police and more than 5,000 students were arrested and detained for their suspected pro-north Korean stance and activities. On the other hand, the recent infiltration of the North Korean submarine with spies and military equipment has only fueled an anti-North sentiment among South Koreans and helped push conservative politics for confrontation and militarization. It is quite sure that this will have a negative effect on the development of political democracy and social reform.

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The ultimate aim of democratization is not just the achievement of formal procedural democracy, but the realization of the democratic values and structures in all of the social, economic and cultural fields related with human life.

In this respect, the people's struggles in Korea over the last ten years have achieved much in terms of political democracy, but none of the substantial goals of social and economic democracy. Even in the realm of political democracy, only the basic forms are furnished. The structures and content of concrete political institutions like the Parliament, the party and judicial organs are very far from being embodiments of democratic principles.

Last year I had the chance to participate in the organizing work of founding the New Reform Party, which has merged with the Democratic Party and gained only 11.2 percent (2.3 million) votes in the election of April 1996. I have experienced how much the political parties are undemocratically structured and how difficult it is to reform them. Unless people's consciousness of elections and their behaviors are changed, all the parties will remain undemocratic and the process of selection of candidates for Parliament will remain authoritarian or dependent on money. Under such circumstances, it also follows that the president or party leaders are becoming authoritarian and dictatorial.

In order to realize participatory democracy, people and normal citizens should participate in political work and effectively reform the basic structure of political parties, which again could change the Parliament and government. The power of the almighty President in Korea should be limited and reduced in order to prevent an authoritarian-dogmatic presidentship and to activate and normalize spontaneous parliamentary work. In order to make people participate, it is again necessary to conscientize and organize people, and to strengthen civil society. This is the job of the people's movement.

For the project of social economic reform, and also for the task of peaceful unification, it is tremendously important to democratize the press and mass media and liberate them from the control of government, conservative ideology, and the interests of the big business.

Unless people are enlightened about the value of social justice, peace and national unity, and unless the mass media are saved from a manipulating role, we can hardly expect to see the democratization of the economy and society or a peacefully unified nation in the near future.

It depends on how successfully civil society becomes an important counterforce to the existing ruling power, and on how efficiently alternative stepstoward true democracy and unification is conceptualized and practiced.

# **Social Movements in Korea**

**See Jae Lee**

## **Growth of Civil Society in Korea**

If a societal world were divided into state, market and civil society, what would be the major indicator of the growth of civil society? It would be the growth of a civil society movement organization that will demonstrate the strength and nature of civil society. The concept of civil society has become increasingly popular since the socialist countries in Eastern Europe collapsed at the end of the 1980s. This collapse inevitably impacted on the social movements in Korea.

In Korea, as in many other Asian countries, nation-building and the liberation from colonial powers have been the foremost agenda in the modernization process. Economic development was instrumental to this goal. Civil society did not develop in Korea where nation-building was consistently pursued. One hundred years of Korean history since 1894 can be called the century of nation-building, considered to be the national dream during the colonial period. The division of the country in the postwar period imposed a new task on nation-building. After the 1960s, economic development policy and competition between countries in the cold-war period also drove Korea to follow in the road of nation-building. The state demanded people's loyalty. It was the view that civil society and individual life could not exist without the nation. When the nation was imperiled by colonial powers and cold war conflicts, it was conceivably the nation that protected civil society.

The Korean government's strategies for economic development were auxiliary to nation-building. The government sacrificed agriculture, restricted the rights of working people, and inhibited democratic development for the sake of economic development. Korean business people accumulated massive capital under the patronage of the government. In the late 1980s, when political freedom was allowed to some extent, civil society began to substantially develop.

On the other hand, due to the fact that economic policy was considered as auxiliary to the nation-building policy, some Korean business groups were able to grow into world-level *Chaebols* (giant conglomerates). The Korean *Chaebol* crossed national borders, and developed themselves as transnational corporations. They are now virtually independent from government support. With the globalization of Korean business, Korean capital also became free from government control. Due to the development of communication and transportation, not only capital but also labor and information began to cross the borders of nation-states. Nation-states cannot control the flow and traffic of capital, people and information as much they did in the past. The world has long been integrating into a single market system. People's lives are increasingly dependent on foreign countries, information, commodities and capital without any mediation by the nation-state.

In the 1990s, there has been an active citizen's movement in Korea that has challenged market domination. The labor movement has demanded more distribution within the "market," consumer's movements monitored the productive activities of businesses, and environmental movements worked for environmental preservation.

However, as the majority of the people lead their lives under the influence of government policies, and while the functions of the government in capital accumulation remain important, the existence of the state cannot be ignored. As long as Korea is divided, the idea and drive toward nation-building will continue. As long as the myths of nation-building and economic growth continue, there will remain a majority who will consider it more important to build the nation and develop the economy than to build up civil society.

In traditional Asian societies, the concept of and social space accorded to civil society had not been developed. Individuals, families, states and the world exist in the ideals of the Chinese classics, but there was no intermediate social space between the family and the state. Although there were massive numbers of villages and communities beyond the family in traditional Asian countries, they were generally conceived as subsystems of the state.

Nevertheless, the trends are clear: separation of market and civil society from the state, and the re-orientation of civil society to confront the market.

## Social Movements in the 1990s.

In the 1990s, the major actors of social movements in Korea have changed from students and workers to environmentalists, consumers and women. The democratic movement in the 1970s had contributed to the collapse of the dictatorial regime. Since the 1960s, Korea's student movement fought for democracy and reunification. The student movement in the 1980s was crucial in overcoming cold war domination. Citizen's participation in the June 1987 struggle, and the worker's massive struggle in its aftermath brought forth the realization of a formal democracy by the end of the 1980s.

However in the 1990s, the labor movement, in general, failed to expand worker's participation. Its influence *vis-a-vis* the government and business substantially decreased. It is claimed that the decline in the labor movement was due to intensified government oppression since 1989, and the differential treatment, that is support of moderate civil movements, by the government. I think that labor movement organizations in Korea failed to overcome company-based unionism, and develop a new agenda for increased participation of workers. Worker's concerns have also been differentiated. After substantial wage increases in the 1990s, workers tended to demand better working conditions rather than higher wages. Some workers tended to identify themselves not as labor *vis-a-vis* capital, but as citizens. Labor unions could not develop programmes more responsive to worker's demands. Labor unions were not allowed to participate in political parties, but there were many other ways to influence politics during elections.

Labor unions in Korea are now trying to develop new agenda to diversify their activities. Labor unions try to seek solidarity with civil movements and take up local issues other than workplace problems. Some labor unions took up the problems of foreign workers in Korea. However, these new attempts have not yet achieved the goals that they aimed for.

The student movement has changed a great deal. In the middle of the 1990s, the student movement virtually changed its entire character. The national body of student movements has been reconstructed again and again, but has failed to substantially win support from the mass of students. University student organizations have diversified their activities into environmental movements, opposition against tuition fee hikes, campus welfare, etc. In the summer of 1996, Hanchongryun, the national center of Korean university students organizations, mobilized tens of thousands of students for the reunification movement and several thousand occupied the Yonsei University campus for about a week. Hanchongryun clearly demonstrated that it still had the capability to mobilize students. The Korean government and the majority of mass media extensively campaigned against Hanchongryun, denouncing them as pro-North Korea. There are claims that the government and mass media actually manipulated information, and stirred up "public opinion" to unitarily denounce them. As a consequence, Hanchongryun could not get support from the public. Some social movement organizations tried to support them, not on the ground of their cause, but by denouncing the way the government treated them. It has become a trend that the social impact of the student movement in Korean society has drastically decreased since 1990.

## Civil Movement Organizations

Political opportunities for civil movement organizations to emerge and grow have expanded significantly since 1987. The first step was the partial liberalization achieved during the Roh Tae Woo government, providing opportunities for major civil movements in Korea. Although these opportunities did not continue for very long, it was an irreversible trend for the expansion of civil society. Kim Young Sam's



government provided the second political opportunity for Korean civil movement organizations to acquire partner status *vis-a-vis* government and business. As civil movement organizations expanded in number and size, the government used a collaborative policy with civil movement organizations. The third opportunity came in 1995 when full-scale local autonomy was implemented in Korea and local and regional struggles found their political arena in local governments.

Most civil movements in Korea started in the end of the 1980s. The progressive Korean Federation of Women's Organizations was formed in 1984 as part of the democratic movement. It transformed into a civil movement in 1995. With its roots dating to the period of democratic movement before June 1987, the Korean Federation of Anti-Pollution Movement (KFAPM) was organized in September 1989 with an aim to realize economic justice within the market economy. It later expanded its objectives to the environment (1992), unification (1993), and spiritual moral movement (1994). Green Korea, formerly Baedal Green Federation, started an environmental research institute in 1991, and incorporated two other small environmental movements in 1994 and changed its name into Green Korea. The People's Solidarity for Participatory Democracy (PSPD) was organized in 1994 with the participation of scholars, lawyers and social movement activists.

These organizations have varied objectives that have not been taken up by labor, student, or the democratic movements: women's rights, environment, economic justice and legal assistance, and human rights. The strategies of these organizations tend to be moderate because they have to win public support. Most of these organizations are mass oriented because they claim that their justice and power are from mass participation.

The following are the major characteristics of Korea's civil movements:

a) Korea's civil movement organizations largely inherited the traditions of the democratic movement. To be more specific, movement included movement not only for democracy, but also for people and nation (*Minju*, *Minzok*, *Minjung*). Some organizations however have already detached themselves from this tradition: CCEJ uses "citizen" instead of "people," PSPD uses "citizen" in Korean, but "people" in English. But most of the civil movement organizations feel, whether they use the words or not, that they are accountable to the people and concerned for the nation and democracy.

b) Korea's civil movements have been fostered by Korean society in general. Democratic movements have been relatively dependent on established institutions such as religious organizations and universities. There have been many social organizations financed by foreign donor agencies whose activities are largely dependent on foreign grants. Korean civil movement organizations in the 1990s, however, have raised their funds from domestic sources, either through participant fees or donations from business, or revenue from government projects. In short, Korean society has been large and diverse enough to financially support civil

movements. Business and government grants aside, Korean civil society can sustain civil movement organizations.

c) Korean civil movement organizations have grown fast and tended to expand into national organizations. Larger-scale organizations imply larger impacts and financial demands. The power of the CCEJ or the KFEM originated not from their organizational capacity but from people within and without the organizations who are all together potential supporters of civil movements. Some large organizations also mobilize mass media to make issues public. On the other hand, these organizations are so large that they need more finance to maintain themselves: salaries of activists, office rent and other expenses.

d) Participants and activists of civil movement organizations are not particularly victims of development, environmental destruction and the patriarchal society. Participants are more or less the privileged class in Korea. They are interested in movements in terms of "ideas" not material interests. They are professionals, white-collar workers, students and some self-employed shop owners. Women participants in civil movement organizations other than those engaged in women's movements make up a relatively small portion. Therefore, Korean civil movements have accountability problems. Whose interests do Korean civil movements represent? Korean social movements are criticized for being generally too mass media-oriented, and not directly responsive to the voices of victims. It is not common that victims for whom civil movements have fought would become members of organizations.

e) Civil movement organizations have grown such that government or business cannot but accept them as wrestling partners. Wrestling rings are set up between government and civil movement organizations, although the latter are not sufficiently empowered to change the government. This marks the institutionalization of social conflicts.

Because of these characteristics of Korean civil movements, they have various weaknesses. Korean civil movement organizations fail in organizing mass participants and do not develop the know-how to mobilize the masses. I think that there are many more potential participants that are left behind. Furthermore, in order to be financially self-sufficient, civil movement organizations should, among other things, be responsive to their members.

Korea's civil movement organizations fail to advance new alternatives on the levels of behaviour, values, organizational culture and structure and they do not try to overcome the difference between the *avant garde* and the masses. Korea's civil movements try to technically cooperate with struggling local groups. But their ties are weak and inconsistent at best.

## Prospects and Tasks Ahead

Korea's civil movement organizations have so far greatly expanded in terms of their influence and membership. But they have expanded not so much because they

were able to solve people's problems, but because they won favorable treatment from the mass media. Civil movement organizations have so far recruited their passionate participants from former democratic movements, and their ideologies for mobilizing people are still variations of democratic movements.

Unless Korean civil movement organizations uphold new and relevant objectives, they will be faced with a crisis of legitimacy. Human rights and democracy are still problems to be solved, but as issues are not sufficient to attract the general public. Korean social movements should present a new vision of the world which will inspire people to participate in movements.

In this line, I propose the following:

1) Korea's civil movement organizations, mostly recruited from intellectuals and the middle class, should seek to be accountable to the grassroots people.

2) It is an urgent task for the Korean civil movement organizations to institutionalize the social movement: fund raising, training activists, mass campaigning, professionalization and development of alternative organization.

3) Korean civil movements should have the following new fronts:

a) Develop a transnational perspective and activities. Korean civil movement organizations remain caught in the trap of nationalism (*Minzok!*). There are some positive aspects, however, some organizations like PSPD are developing programmes for foreign workers and monitoring Korean business activities in China and southeast Asian countries.

b) In order to change society, civil movement organizations should change themselves first: their individual behaviour, social relations, organizational culture and world view.

c) Korean civil movement organizations should orient themselves toward new alternatives: ecological world view, women's perspectives and life world orientedness.

4) Korean civil movement organizations have taken ambivalent attitudes toward the government.

5) While Korean business is more powerful *vis-a-vis* the state and civil society, civil movements should use state apparatuses to check business activities, although role of the state remains limited.

6) Korean civil movement organizations should seek solidarity with labor movements. Both sides try to seek solidarity, but the mode of solidarity is not set up such that any one of the parties could make use of the other party as an opportunity to expand their own activities.

In the 1990s, civil society in Korea have grown to the extent that the government and business cannot ignore their existence. However, they are still very vulnerable. For example, when reactionary elements within the government started to take a reverse course towards the cold war system *vis a vis* North Korea. Civil movement organizations kept silent on it. Korean civil movements also tend to be more active when the Korean economy takes an upturn, whereas their voices are very weak when Korean economy falls in a great recession as is the case now. Korean civil society movements are still very much dependent on the state and market. It will take a long time and a great effort for Korean civil society to stand on its own feet.

# **Industrialization, Market Deepening and Institutional Reforms in the Korean Economy**

**Rhee Sung Sup**

## **Introduction**

In this research, social activities are classified into two classes, namely the competitive processes of decision-making (CPDM) and the non-competitive processes of decision-making (NPDM). It is construed that the attributes of individual development stages may be identified with compositional changes between CPDM and NPDM systems.

Also, it is noted that definitions of property rights of respective economic activities and ownership entitlements are ambiguous at the early stages of development. As definitions of property rights and ownership entitlements are determined, the scope of activities determined according to the CPDM system also tends to expand.

This is called the market deepening process through market expansion. At the completion of the market deepening process through market expansion, the market deepening process through institutional reform starts. In Korea, the watershed years are between 1987 and 1988.

Section II attempts to divide the development period of Korea into four stages. In this section, the statistical trends of major economic indicators are looked at. In section III, government policies in the first three stages are investigated according to the adopted analytical framework. Section IV applies analysis to the fourth stage of development, namely the stage of institutional reform. Section V concludes the paper.

## Division into Four Stages of Economic Development

### Market Expansion Stage vs. Institutional Reforms Stage

A prominent attribute of this paper is its attempt to view the development process as the process of market deepening. However, the mode to advance market deepening differs among different stages of economic development. Most of all, the stage of market deepening through market expansion can be distinguished from the stage of market deepening through institutional reforms.

The fundamental ingredient that divides the two stages are the slacks in production resources. The stage of market deepening through institutional reforms is well symbolized by binding resource constraints. In Korea, such a stage of binding resource restraint began around 1988. Since this period, labor intensive industries such as the apparel industry began to show a rapid decline mostly due to the shortage of manpower needed for the machines. This was precisely the period when foreign workers began to be imported to fill the gap of domestic labor shortage, particularly in construction sites and the industries operated by small and medium scale businesses. The long-term trend of unemployment shows a rock-bottom of around 2.3 to 2.5% since 1988. The unemployment rate reveals a steady decline until it reaches this stage.

The extraction of overwhelming evidence, which is convincing enough to symbolize the arrival of the stage, is hard to attain. However, the provision of numerous small evidences may combine to bear a meaningful indication to the same extent.

The long-run trend figure of the ratio of exports in goods and services to GNP is shown in Table B1. The ratio indicates the importance of export activities, which is assumed in GNP production. The trend of the figure reveals ever-increasing shape until reaching the peak at the ratio of 39.3% in 1988. Since 1988, the ratio shows a rapidly declining trend. The indication seems to be that the economy has replaced the activities of outward expansion with the activities of intensified development on the internal market of domestic economy.

Similar indication is implied in Table B2 which compares annual average growth rates among GNP production, production in the manufacturing sector and total export amounts. A distinctive feature is the robustness of export activities and manufacturing production. Being measured in terms of magnitude as the trend reveals, strong export activities led the activities of manufacturing production, which in turn pulled the growth of GNP production.

However, the figure shows an ambiguity in the direction of the causality chain since 1989. In fact, 1989 export activities showed the poorest performance among the three with an annual growth rate of 2.95%. Likewise, manufacturing production recorded the median performance with an annual growth rate of 4.2%. The annual

growth rate of GNP production achieved the highest performance among the three with a rate of 6.9%.

The subsequent trend was unable to reactivate the previous pattern. It was only in 1994 that the export leading pattern appeared again after a lapse of several years. Clearly, the indication is that outward expansion lost relative significance as an engine of growth.

In terms of the three constituent industries, that is agriculture and fishery, manufacturing, and services, the trend shows parallel ascending shapes for both the manufacturing and service sectors until the end of 1980s. However, the manufacturing sector reveals a reversal of trend and begins to show a decline after 1988. In contrast, the service sector demonstrates even an augmented vitality and gained compositional share since 1988.

The service sector consists mainly of non-tradable businesses. But the manufacturing sector is composed mainly of tradable industries. Therefore, the service sector's outstripping performance over the manufacturing sector seems to reflect the apparent outgrowth of the restrictiveness condition on domestic resources. Due to a progression of rapid wage hikes, industrial competitiveness in the world market has been seriously impaired. While manufacturing industries encounter resistance from resource restriction, efforts to develop internal sources of growth in domestic economy gained force.

Light industries are mostly labor-intensive and do not possess technological sophistication. Therefore, wage hikes are a serious blow to business. There is a degenerating trend of light industrial activities since the late 1980s. Other statistical evidence such as changes in labor market condition or savings behaviour of Table B1 seem to confirm the change of development stages around the year 1988. Policy concerns frequently recurring in the stage of market deepening through expansion are the devising of measures to better mobilize resources in order to expand market activities. However, as the resources which remain underutilized disappear, the need for institutional reforms becomes more apparent. At the stage of market deepening through institutional reform, policy reforms seek the source of growth from the enhancement of efficiency in the operation of the social system.

### Three Stages of Market Expansion

The early 1960s are considered to be the beginning years of full-fledged development of the Korean economy. Market activities continued to expand until the economy hit the boundary of resource endowment in 1987. Despite the view that the period 1962-87 was the period of market deepening through expansion, the period can be distinguished into three different stages according to the modal difference of policy measures by which market expansion was sought.

1962-72 is the period wherein market expansion was sought through the introduction of export promotion measures. Hence, the period is called the stage of

export promotion. Table B2, reveals a robust growth of exports which leads manufacturing growth and eventually the growth of GNP production.

Heavy-chemical industrialization was sought through the implementation of purposive policy measures during the period between 1973-79. However, the conflict of policy effects between heavy-chemical industrialization and export promotion adversely affected the economy's export performance all through this stage. Such policy conflicts eventually impaired macro-economic stabilization.

The period between 1980-87 is considered the stage of economic stabilization and import liberalization. The direction of policies, enforced during this period, aimed at undoing the distorting effects of heavy-chemical industrialization policies. At the same time, every policy endeavor was made with the intention to normalize the operations of price mechanism. Particularly, price stabilization and import liberalization were the prominent policy objectives.

The remarkable performance of exports and manufacturing production during the years 1986-89 should be considered the outcome of the successful operation of stabilization and liberalization policies.

All through the three stages of development, policy authorities pursued the expansion of market activities. Such a direction of policy, of course, expands activity classes belonging to the system following CPDM. The steady declining trend of unemployment during the first three stages of development reflects the successful operation of policies which are conducive to the expansion of market activities.

The decline of the trend was particularly rapid during the stage of export promotion from 1962 to 1972. The declining trend continues until the end of the heavy-chemical industrialization stage. However, during the years 1979-80, the unemployment trend rapidly picks up, reflecting the unstable political and social conditions of those years. Economically, it was during this period that all the side-effects of distortionary heavy-chemical industrialization erupted. It was also this period that structural adjustments of ailing industries as well as realignment attempts on policy direction were pursued.

During the stage of economic stabilization and import liberalization, from 1980 to 1987, efficient operation of the market mechanism revitalized industrial activities and reduced the unemployment rate rapidly until it hit bottom at around 2.3%.

Despite the difference in directions and contents of policies, all the policies implemented during the first three stages of development had bearing on the mobilization of resources with a purpose to achieving the expansion of market activities.

Table B5 reveals the growth-rate trend of real wages. The trend indicates the steady increase of real wages since the start of the development process. The trend



reveals violent fluctuations until the early 1980s, which indicates erosion on the improvement of real wages due to rampant inflation.

As inflation was stabilized since the 1980s, the growth-rate trend of real wages also reveals a stabilized shape. During the stage of economic stabilization and import liberalization, the trend shows a stable but moderate growth pattern of real wages. However, during the fourth stage of institutional reform, the trend shows a stable and strong growth pattern in real wages, which seems to indicate the arrival of the age of labor shortage.

Due to the stabilization of inflation since the 1980s, the GNP share of labor income shows a steeply rising trend. This rise of labor income's share in the GNP signifies the aggravation of the squeeze on the business operations of industrial firms. The manufacturing sectors were particularly affected. Table B5 shows a declining trend in the ratio of manufacturing workers in total employment.

During the first three stages of development, industrialization processes advanced remarkably. Data drawn from Table B3 reveals the trend of compositional change among three major industrial groups, i.e. agriculture and fishery, manufacturing and services. The most prominent feature is the emergence of manufacturing industries as the national economy's engine of growth. The share of the manufacturing sector continued to increase until the late 1980s. Such robust growth in the manufacturing sector reflects a successful advancement of industrialization, which buttressed the growth of the national economy.

The same data reveals a magnified picture revealing structural changes in the manufacturing sector, showing a picture of the remarkable enhancement of industrial structure. The share of heavy-chemical industries outweighs the share of light industries around the late 1970s. By the early 1990s, heavy chemical industries became a dominant component of the manufacturing sector. It was only in the fourth stage of development that the share of the manufacturing sector began to wane. In contrast, the service sector began to gain shares during the same period. The steady declining share of agriculture and fishery represents relative diminution due to the growth of other sectors.

## Government Policy and Market Expansion

The process of market deepening was detected from the trend statistics of major economic indicators in the previous section. However, the progression of the process on market deepening turns more apparent when investigation is extended to the inclusion of policy factors.

Government policy never fails to make changes in existing structures of property rights for a society, with property right schemes that tend to create an environment encouraging specific types of economic activity. So, export promotion policy tends to encourage export activities unless other ingredients interfere with the environment.

At the same time, the specific structure of economic environment, which was entailed at a given stage of social development, also dictates the direction which government policy design should follow. The introduction of a conceptual structure enhances our perception of the problem. Already, CPDM is distinguished from NPDM in connection with our understanding of economic activities of society.

Probably due to cultural or historical reasons, the NPDM system operates actively at the early stage of economic development. However, as market activities continue to expand, the CPDM system tends to penetrate into every aspect of social activity. In fact, it is precisely the process of market deepening. The prevalence of NPDM indicates ambiguity in the system of property rights. That is, in some fields of economic activity, property rights may not be properly defined, most likely due to the legacy entailed from traditional culture or previous history.

However, such an environment is inadequate to the prosperity of economic activities. That is, there is slack or inertia in the social structure. Of course, personal network relations of individuals, which are attributed by traditional culture, dictate the direction of operations of such NPDM system. However, such a system is loosely webbed and is not supported by spontaneous order, *a la* F. Hayek, so that it is vulnerable to the new order of CPDM. Through the enforcement of incentive policy measures, the government can capitalize on the slack of the NPDM system. Eventually, all the slack of a NPDM system is doomed to be filled with market activities, which expand as the development process advances.

### Stage of Export Promotion: 1962-1972

Three important government policy directions were adopted during the stage of export promotion. Among them, the export promotion policy was most prominent because it was effectively implemented and had notable achievements. This stage of export promotion, the early stage of development, was the period when NPDM assumed a dominant role in social activity. Also, slacks prevailed in the operation of the economic system due to the prevalent ambiguity in definition of property rights for many economic activities. Also, ownership was not clearly determined of each unit of property or definition of property right. At the same time, there are prevailing slacks in the operation of the system as well as in resource use and unemployment rates remained significantly high.

The government effectively exacted benefits from such slacks. Most government policies frequently carried strong incentives and created new definitions of property rights. The prevalence of slacks in the operation of the system and in resource use and the existence of unenployed resources ensured the effectiveness of policy. Due to the sufficiency in resource supply, crowding out among conflicting policies was effectively avoided. Policies of export promotion were pursued simultaneously with industrialization efforts, which are often considered conflicting in effects. However, symptoms signifying the confusion of policy conflict were not visible.

### **Stage of Heavy-Chemical Industrialization: 1973-1979**

The NPDM system remained potent during this stage. However, economic activities expanded significantly due to the successful expansion of industrial activities, which expanded the CPDM system to a great extent. However, by the late 1970s, the economy encountered a resource shortage. Resource waste, due to an excessive industrialization drive, was the prime reason for this outcome.

Apparently, slacks in systems operation as well as in resource use disappeared as industrial activities continued successful expansion. The unemployment rate dropped. As economic activities expanded, ambiguity in the definition of property rights disappeared. Also, ownership entitlement relations were resolved. That is, the scope of the society for sustaining NPDM was reduced significantly.

In such a society which came to grips with competitive tension, it is comprehensible that an excessive industrialization drive incurred significant troubles in the economy. Most of all, these efforts prompted resource waste. Resource shortage, which is the outcome of abuse and waste in use, created crowding-out conflict with export businesses.

Economically, the enforcement of heavy-chemical industrialization offsets the incentive effects of export promotion policy. Moreover, the abuse of policy enforcement unavoidably created macro-economic instability. Due to such confusions, the incidence of incentive measures became ambiguous. It became apparent that by the end of the 1970s, discretionary government policy was more likely to create confusion in the competitive mechanism of society. As competitive mechanism is sufficiently built up as the dominating decision-making system of the society, the government should endeavor to foster the normal operation of the CPDM system and not confuse it by introducing an alternative property right creating scheme with incentive policy measures.

### **Stage of Economic Stabilization and Import Liberalization: 1980-1987**

The recognition that discretionary government policy is more likely to create confusion in the competitive mechanism of society was the starting motivation leading to the ideas of stabilization and liberalization policies. In the late 1970s, import liberalization policy began to appear. The need for the stabilization policy was apparent.

In a competitive society, where property rights are properly defined, where ownership claims for the property rights are resolved to a system of entitlement structure, and where slacks in the operation of the decision-making system of the society are filled with an emerging competitive spirit, the enforcement of discretionary incentive policy is like insisting on alternative schemes to the operating spontaneous order of society's competitive mechanism.

Any discretionary operation of government policy to create an alternative property rights scheme was more likely to create confusion and distortion. That is, room for the government to make effective interruption into the market mechanism seems to have already disappeared. Although the economy encountered resource shortage in the late 1970s, the dismantling of distortions in the competitive decision-making mechanism of society, which was enabled through the implementation of stabilization and liberalization policies, enhanced efficiency in the use of resources. Although physical units of resources are all employed, the recovery of the competitive mechanism from distortions could create new efficiency units of resources. Such a creation of efficiency units in resource use secured a new source of growth during the stage of development in years 1980-1987.

However, resource shortage in physical as well as efficiency units signifies the outgrowth of a new situation. Until then, the process of market deepening progressed through the expansion of competitive, mostly industrial, activities. The expansion of industrial activity requires resource mobilization. At first, resources were mobilized from slacks of the operation in social systems and unemployed resources. The government proposed incentive measures to attract resources. In later stages, the reliance on the operation of spontaneous order, which is the outgrowth from the operation of competitive mechanisms of the society, was pursued to avoid distortion. The benefit of such reliance on spontaneous order is the enhancement of efficiency in resource use.

This is the approach in pursuing market deepening through market expansion. So far, all the sources were utilized to mobilize the resources needed for market expansion. However, the instability experienced by the Korean economy in the late 1980s, seems to confirm that such an approach reached the capability boundary.

So far, the economic development process progressed through the expansion of industrial activities, which extended the scope of the CPDM system as an operating mechanism of the society without affecting the core of the NPDM system. In fact, any attempt to make changes in the market-conflicting class institutions of NPDM tends to foster resistance from vested interest groups.

However, as the economy grew, harmful effects stemming from the persistence of the market conflicting institutions became more pronounced. For instance, the persistence of the fictitious-name financial transaction system sustained an environment where corruption and irregularities remain at large. Such an environment sustained the persistence of a dual structure of the economic system.

## Stage of Institutional Reforms

### Dual Structure of the Economy

Before the implementation of interest-rate liberalization for bank loans in 1993, the government determined interest rates on bank loans. On the other hand, the interest rates for corporate bonds was determined from daily transactions in the bond market.

The former carries the attribute of policy-loan rate. The difference between the two figures reflects benefits accruing to those who are lucky enough to obtain bank loans.

Securing bank loans was the shortcut leading to business success. Access to bank loans was allowed for the beneficiaries of policy loans, e.g. exporters, industrialists in designated fields of industries, etc. Those who have personal network connections could also obtain access to bank loans.

Those who were denied access to bank loans had to seek finances in an unregulated curb market. The curb-market interest rate is usually much higher than the interest rate of corporate bonds. This dual structure of the financial market persisted until recently. In fact, the dual structure penetrated deeply into the national economy. The bank has not been an adequate place to deposit people's savings because the deposit interest rate has remained low. The generally accepted favorite choice for storing savings has been the purchase of real estate. The outnumbering trend of land price hikes vindicates the safety and profitability of storing savings in land purchase.

Real estate speculation and curb-market loans were two pillars supporting the underground structure of the dual economy. The representative attribute of this underground economy is a high interest rate. Sustainability of such a high interest rate may essentially be chased up to high profitability of nation's industries, particularly the export business, because they are the final users of savings.

Such high profitability of industrial and export business has ceased to exist since the late 1980s. However, old institutions supporting the underground economy persisted until recently, since any attempt to dismantle the supporting institutions had to encounter strong resistance from vested interest groups attached to the benefits of the system.

### Reform Policy Issues

By the enforcement of the real-name financial transaction act (August 1993), real-name transaction of real estate (January 1995), interest rate liberalization (November 1993), and stepwise raise of tax rates on real estate possession, old institutions supporting the underground economy have been removed. That is, the old structure of underground economy has disappeared. However, a new structure of saving mechanisms have not been established. Financial institutions in Korea are not competitive enough to provide an elastic supply of the demanded financial services to the society. The management of financial institutions remains under the control of government and is still restrained from making independent and flexible decisions. This is why reform policy, e.g. deregulation policy, should be extended to the financial sector.

This process of reform enforcement would be considered the replacement of NPDM with CPDM. The replacement process requires careful design of institutional change. Institutional reform at this stage of development should provide an

institutional structure to enforce rules that will ensure fair, transparent, and rational competition for all participants.

Interest-rate liberalization seems like a simple concept. However, real-name financial and real estate transaction schemes are complex even at the conceptualization stage. First, the objective should be determined. Then, the operational fitness of the new system to the designed purpose needs to be tested.

Confronting reform policy issues include reform enforcement in educational service, legal service, labor-management relations, etc. Those are typical examples of areas where a traditional NPDM system operated. Devising an institutional system that will turn the areas into competitive systems requires careful design of institutional change. Difficult as it may be, the next-round source of growth to Korean economy will be contingent upon successful pursuit of reforms in those areas.

## Concluding Remarks

This research introduced an institutional approach to analysis in its attempt to investigate the relation between development stages and institutional changes. Property rights is the key concept to lay a fundamental structure needed to undertake analysis. At the same time, CPDM (competitive process in decision making) and NPDM (non-competitive process of decision making) are distinguished when applying analytical structure to the understanding of social activities.

At the early stage of development, NPDM system takes an important role in the process of decision-making of individual constituents. Competitive mechanism is not welcome to the society at early stage of development, probably due to cultural or historical reasons. At the early stage of development, property rights are not clearly defined in many areas of social activities. Also, ownership entitlement is not definitely determined in many instances. The outcome is ambiguity in the property rights relationship.

On the other hand, traditional culture exercises strong influence in the decision-making processes of social activities. At the same time, historical legacy determines network relationships among social constituents. In such situations, decision-making processes tend to follow an organizational, rather competitive, logic prevailing in society. Such a stage of social structure would contain plenty of slacks, since it is not a competitive system. However, the organizational logic that fills slack is vulnerable to the invasion of the market system, because it is not the outcome of spontaneous order.

By enforcing incentive measures, the government can effectively penetrate into a NPDM system and fill the slacks with market activities. There is not much resistance from traditional society because such policy is not addressed directly to the traditional society. For instance, export promotion policy or industrialization policy creates separate domains of society, by encouraging industrial activities, the decision process of which follows the rule of competition. But it never attempts to

destroy traditional society. However, as market activities expand, slacks continue to be filled. Also, as industrial activities expand, the unemployment rate declines. By the late 1970s, such slack-filling processes seem to have been completed. This is the process of market deepening through market expansion.

From then on, the enforcement of discretionary incentive policy tends to bring distortion and confusion to the competitive mechanism of the society. It is advisable to confine the government's role to the recovery of fair, transparent and rational rules by which competition should take place.

By the late 1980s, it became apparent that old institutions should be dismantled because their harmful effects became so apparent, as revealed in the size of the underground economy before enforcement of the real-name financial transaction act. The latter signifies the arrival of the stage of market deepening through institutional reform.

This is the replacement process of NPDM system with CPDM. Future source of growth of Korean economy will be contingent upon successful pursuit of reforms in this direction.

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## APPENDICES

**Table B1:**  
**General Statistics on the Performance of Korean Economy**

Year	GDP (Billion Won)	Per Capita GDP (Won)	Population (Million)	Export (Billion Won)	Import (Billion Won)	Current Account (Billion Won)	Balance of Payments (Billion Won)
1953	67	13.1	3.2	-67.8			
1954	70	10.4	2.1	-33.4	31.8		
1955	65	10.3	2.9	-36.3	62.1		
1956	66	8.6	2.3	-23.1	34		
1957	74	13.9	2.2	-2.6	22.2		
1958	80	12.8	2.8	37.7	-1.3		
1959	81	10.8	3.4	16.4	1.3		
1960	79	9	4.1	13.4	11.7		
1961	82	11.7	6.3	33.1	14		
1962	87	11	6	-55.5	18.4		
1963	100	14.4	5.4	-143.3	29.3	8.1	
1964	103	14	6.7	-26.1	30	7.7	50
1966	125	16.6	11.9	-103.4	14.5	7.1	41.4
1967	142	15.4	13.6	-191.9	15.6	6.1	43.6
1968	169	18.2	14.7	-440.3	16.1	5	48.5
1969	210	21.4	15.4	-548.6	14.8	4.7	80.7
1970	253	18.1	14.9	-622.5	15.6	4.4	29.7
1971	289	16.1	16.1	-847.5	13	4.4	33.4
1972	319	17.3	20.5	-371.2	17.2	4.5	7.5
1973	396	22.6	29.7	-308.8	13.7	3.9	5.8
1974	541	20.3	28.1	-2022.7	31	4	18.7
1975	594	18.1	28	-1886.9	25.7	4.1	25.5
1976	802	24.2	31.2	-313.6	22.5	3.9	24.9
1977	1011	27.5	31.8	12.3	16.2	3.8	50
1978	1400	29.9	29.8	-1085.2	23.5	3.2	79.1
1979	1647	28.5	28	-4151.1	20.2	3.8	22
1980	1597	23.2	34.6	-5320.7	24.3	5.2	17
1981	1741	22.9	37.5	-4646	17.3	4.5	7.1
1982	1834	24.4	35.5	-2649.6	6.8	4.3	5.6
1983	2014	27.6	36.3	-1606	5.6	4.1	31.7
1984	2187	29.9	36.5	-1372.6	5.4	3.8	21.6
1985	2242	29.8	35.3	-887.4	4.7	4	7.8
1986	2568	33.7	39	4617	4.8	3.8	6.4
1987	3218	37.3	41.1	9853.9	6.9	3.1	13.9
1988	4295	39.3	38.9	14160.7	5.3	2.5	29.8
1989	5610	36.2	33.2	5054.6	10	2.6	30.5
1990	5883	35.9	30.3	-2179.4	10.2	2.4	27
1991	6757	36.1	28.8	-8727.7	10.2	2.3	13.5
1992	7007	34.9	29.5	-4528.5	6.1	2.4	-2.6
1993	7513	35.2	29.7	384.6	5.1	2.8	-8.1
1994	8483	35.2	30.5	-4777.8	5.4	2.4	-0.8

Sources: Bank of Korea, *National Accounts*, respective issues  
Office of Statistics, *Major Economic Indicators*, respective issues



**Table B2:**  
**Annual Percentage Growth of Industrial Sectors**

	GNP		Manufacturing		Export
	1953-54	1954-55	1955-56	1956-57	1957-58
1953					42.80576
1954	-5.1	8	18.1	1.2	-36.7758
1955	4.5	1.5	21.6	6.1	-29.4821
1956	-1.4	6.9	15.2	2.9	42.93185
1957	7.6	9.4	7.1	4.6	-22.9249
1958	5.5	7.3	10.3	2.9	-11.2821
1959	3.8	0.3	9.2	6.5	14.45087
1960	1.1	2.1	8.2	2.6	66.16162
1961	5.6	12.2	4	-0.6	21.58055
1962	2.2	6	11.7	8.1	37
1963	9.1	9.5	16.1	6.9	58.39416
1964	9.6	15.6	9.9	3.2	38.24885
1965	5.8	1	20.5	8.4	46.33333
1966	12.7	11.6	17.3	11	42.59681
1967	6.6	5.9	21.6	12.4	33.66613
1968	11.3	1.3	27.2	13.4	45.29429
1969	13.8	10.5	21.6	11.6	35.36911
1970	7.6	-1.4	19.9	12.6	34.01185
1971	8	3.1	18.6	9.5	28.34958
1972	4.6	2.8	14	3.7	48.06147
1973	12.6	7.5	29.5	8.5	95.12675
1974	8	6.9	17.2	4.5	38.02158
1975	6.1	3.7	12.4	5.2	10.80596
1976	11.9	9.3	23.5	8.3	56.19828
1977	10.1	3.1	15.3	8.4	28.56064
1978	9.4	-9.7	22.2	8.7	26.51769
1979	6.8	7.3	10.1	6.5	15.68691
1980	-3.9	-19.4	-1.6	3.3	17.0662
1981	5.5	14.3	10.1	4.5	20.081333
1982	-7.5	7.2	6.9	6.6	1.007702
1983	12.2	7.8	15.3	7.9	11.13458
1984	8.5	-1.4	16.9	7.7	13.49213
1985	6.6	3.6	6.2	7.6	0.40593
1986	11.9	4.7	19.5	10	28.25747
1987	12.3	-6.1	19.5	11	36.35929
1988	12	8.9	13.8	10.6	28.98637
1989	6.9	-1	4.2	8.4	2.951472
1990	9.6	-4.6	9.7	9.5	2.792601
1991	9.1	0.4	9.1	9.7	10.23056
1992	5	6	5.1	7.3	8.030727
1993	5.8	-2.9	5	7.3	7.689964
1994	8.2	1.2	10.4	8.7	15.72133

Sources: Bank of Korea, *National Accounts*, respective issues  
 Office of Statistics, *Major Economic Indicators*, respective issues

**Table B3:**  
**Trend Changes in Industrial Composition (%)**

Year	Manufacturing	Construction	Services	Other	Total
1953	47.3	9	42.6	77.9	21.1
1954	39.8	11.8	47.5	78.4	21.6
1955	44.5	11.6	42.9	79.9	20.1
1956	46.9	11.6	40.4	80.2	19.8
1957	45.2	11.2	42.1	80.5	19.5
1958	40.7	12.8	44.9	78.6	21.4
1959	33.8	14.1	50.3	78.4	21.6
1960	36.8	13.8	47.3	76.6	23.4
1961	39.1	13.6	45.4	73.7	26.3
1962	37	14.4	46.6	71.4	28.6
1963	43.4	14.7	40.3	70.3	29.7
1964	46.8	15.6	35.8	69.6	30.4
1965	38	18	42	68.6	31.4
1966	34.8	18.6	44.7	65.9	34.1
1967	30.6	19.1	48.4	65.3	34.7
1968	28.7	20.1	49.7	62	38
1969	27.9	20.3	50.4	62.4	37.6
1970	26.6	21	50.9	60.8	39.2
1971	28.2	21.1	50.3	59.6	40.4
1972	26.7	22.2	49.8	63	37
1973	24.9	24.9	48.9	59.1	40.9
1974	224.8	25.7	48	50.1	49.9
1975	24.9	25.9	47.6	52.1	47.9
1976	26.5	27.4	47.7	50.7	49.3
1977	22.3	25.8	49.3	48.5	51.5
1978	50.4	56.7	51.3	47	53
1979	19	27.5	52.1	45.1	54.9
1980	14.7	28.2	55.6	46.4	53.6
1981	15.5	28.5	54.4	45.6	54.4
1982	14.4	28.1	56.1	44.9	55.1
1983	13.2	29	56.5	42.9	57.3
1984	12.5	29.9	56.5	41.9	58.1
1985	12.5	29.3	57	41.5	58.5
1986	12.2	30.8	57	40.4	59.6
1987	10.1	31.4	57.6	40.1	59.9
1988	10.2	32.1	56.9	36.8	63.2
1989	936	31	58.7	35.8	64.2
1990	8.7	29.2	61.9	34.1	65.9
1991	7.7	28.5	63.3	31.7	68.3
1992	7.4	27.8	64.5	30.6	69.4
1993	7	27	65.7	28.4	71.6
1994	7	26.9	65.8	26.9	73.1

Sources: Bank of Korea, *National Accounts*, respective issues  
Office of Statistics, *Major Economic Indicators*, respective issues

**Table B4:**  
**Variety of Attractions for Saving Promotion (% , index)**

	Inflation Premium (% of Real)	Normal Return (% of Real)	Interest Premium (% of Real)	Income Premium (% of Real)	Corporate Profit (% of Real)	Corporate Profit (% of Real)	Normal Return (% of Real)
1953	120	4.8	18.3				
1954	31.8	87.9	12	18.3			
1955	62.1	62.9	12	18.3			
1956	34	33.7	12	18.3			
1957	22.2	18.5	12	18.3	46.8		
1958	-1.3	26.8	12	17.5	27.6		
1960	11.7	-3	10	17.5	33.6		
1961	14	60.7	15	17.5	30		
1962	18.4	24.9	15	15.7	21.6	196.4	
1963	29.3	7.4	15	15.7	24	109.7	
1964	30	14.8	15	16	22.8	106.9	50
1965	6.2	52.7	26.4	26	22.8	96	35.3
1966	14.5	61.7	26.4	26	28.8	100.1	41.4
1967	15.6	61.7	26.4	26	30	144.4	43.6
1968	16.1	72	25.2	25.2	32.4	201.5	48.5
1969	14.8	61.4	22.8	24	31.2	270.3	80.7
1970	15.6	27.4	22.8	24	31.9	280.1	29.7
1971	13	20.8	20.4	22	26	376.5	33.4
1972	17.2	33.8	12	15.5	22.9	162.1	7.5
1973	13.7	36.4	12	15.5	21.8	308.5	5.8
1974	31	24	15	15.5	21	303.3	18.7
1975	25.7	28.2	15	15.5	20.1	79.9	25.5
1976	22.5	33.5	16.2	18	20.4	97.9	24.9
1977	16.2	39.7	14.4	16	20.1	113.4	50
1978	23.5	35	18.6	19	21.1	143.7	79.1
1979	20.2	24.6	18.6	19	26.7	120.6	22
1980	24.3	26.9	19.5	20	30.1	108.8	17
1981	17.3	25	16.2	17	24.4	126.3	7.1
1982	6.8	27	8	0	17.3	122	5.6
1983	5.6	15.2	8	10	14.2	127.7	31.7
1984	5.4	7.7	10	11.5	14.2	131.9	21.6
1985	4.7	15.6	10	11.5	14.2	138.9	7.8
1986	4.8	18.4	10	11.5	12.8	227.9	6.4
1987	6.9	19.1	10	11.5	12.6	417.6	13.9
1988	5.3	21.5	10	13	14.2	693.1	29.8
1989	10	19.8	10	12.5	15.2	918.6	30.5
1990	10.2	17.2	0	12.5	16.5	747	27
1991	10.2	21.9	10	12.5	18.9	657.1	13.5
1992	6.1	14.9	10	12.5	16.2	587.2	-2.6
1993	5.1	16.6	8.5	12.5	12.6	728.2	-8.1
1994	5.4	18.9	10	12.5	12.9	965.7	-0.8

Sources: Bank of Korea, *National Accounts*, respective issues  
 Office of Statistics, *Major Economic Indicators*, respective issues

**Table B5:**  
**Developments in Labor Market (%)**

Year	Annual Rate of Increase (%)	Unemployed Persons ('000)	Unemployed Persons (% of Total Population)	Unemployed Persons (% of Labor Force)
1953		25.8		
1954		31.4		
1955		30.1		
1956		28.6		
1957		30.3		
1958	8.214263	34.1		
1959	6.977901	38.6		
1960	-12.55532	37.4		
1961	-1.98621	34.5		
1962	-11.8849	36.1		
1963	-14.903	30.7	7.946582	8.1
1964	-7.98235	28.1	8.183944	7.7
1965	12.34072	31.8	9.418146	7.3
1966	3.337838	33	9.837838	7.1
1967	6.906659	36.7	11.60714	6.1
1968	10.40079	37.5	12.72486	5
1969	19.37359	38.7	13.1287	4.7
1970	11.29297	41.4	13.18498	4.4
1971	2.422579	41.4	13.18498	4.4
1972	0.282144	40.8	13.6333	4.5
1973	-2.2231	41.2	15.82892	3.9
1974	0.86169	39.5	17.31022	4
1975	3.777801	40.6	18.60246	4.1
1976	13.01359	42	21.30197	3.9
1977	15.85959	44.2	21.57352	3.8
1978	11.52641	46.5	22.26364	3.2
1979	8.09471	48.9	22.78341	3.8
1980	-0.89342	52.1	21.88847	5.2
1981	3.385797	51.9	20.38793	4.5
1982	8.968295	53.2	21.09326	4.3
1983	5.432559	54.7	22.51637	4.1
1984	3.309757	54.4	23.20327	3.8
1985	4.520396	53.9	23.40681	4
1986	3.427998	52.6	24.67591	3.8
1987	3.235199	53.5	27.00257	3.1
1988	10.17954	54.7	27.66613	2.5
1989	11.11275	57.5	27.80182	2.6
1990	8.611678	59	27.1551	2.4
1991	7.293761	60.2	26.83215	2.3
1992	9.086843	67	25.46279	2.4
1993	7.075653	60.4	24.16247	2.8
1994	7.301859	60.4	23.66789	2.4

Sources: Bank of Korea, *National Accounts*, respective issues  
Office of Statistics, *Major Economic Indicators*, respective issues