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THE CONDITIONS OF LABORERS IN SOUTH KOREA

by

Pahn K. Oh

**A Thesis Submitted to the Faculty of the Institute of Social
and Industrial Relations in Partial Fulfillment of
the Requirements for the Degree of Master of
Social and Industrial Relations**

June

1964

LIFE

Pahn K. Oh was born in Taejon, Republic of Korea, December 25, 1929.

He was graduated from Taejon Public High School, Taejon, Republic of Korea, March, 1950, and from Roosevelt University in Chicago, June, 1958, with the degree of Bachelor of Arts in Labor Relations.

He began his graduate studies at Loyola University in fall, 1960.

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CHAPTER I

INTRODUCTION

A. Purpose

The liberation of Korea on August 15, 1945, accelerated the changes in the political and social structure of the country. As changes in the political, economical, and social institutions are taking place, the basic agricultural orientation of the Korean economy sought industrial development. The economic development of this country, unlike that of the Western nations, bypassed the urban merchant-craftsman stage, and industrial workers were transplanted rather violently from agricultural work in the village to industrial work in the urban areas. Numerous workers came to the city unprepared for work in the factory. Industrial workers are predominantly unskilled, and the mechanical skills and habits of the industrial life are not easily acquired.

More important is the fact that the poverty of the industrial worker is especially marked in South Korea. In the midst of the unbalanced development of the economy, conditions of the industrial worker are often worse than of the farm laborer. While the latter's income is lower and he is often near starvation, at least he approached it gradually

and can always gather some food from the land. In the industrial town, the situation is different. Industrial workers are faced not only with a subsistence level of living, but also with a constant threat of unemployment. The inadequacy and irregularity of the earnings of a large proportion of adult male workers, which necessitates the employment of children and women, are indicative of the poverty among the workingmens' families.

The condition of labor in South Korea is different in another sense. Korean cities, as centers of industry, have on the whole grown rapidly and in a disorderly fashion. They have not yet created adequate housing, health, and other welfare facilities.

In this social and political climate, demands of the wage earners are often meant to cure general social ills rather than to fill their own needs as members of a special group. All these forces have combined to bring about the development of a labor movement which is often bent on the achievement of social improvements rather than on economic gains, and is consequently oriented toward political action.

Within this framework, the aim of this thesis is to attempt to analyze the conditions of the South Korean workers from the points of view of wages and living conditions, consumption patterns, protective labor legislation, and institutional settings, and to seek an explanation of the poverty

and subsistence standard of living due to increasing unemployment and under-employment. Such analysis would lead not only to understanding the emerging Korean labor scene with its complex problems, but also to trace the basic and primary factors for the poor conditions of labor.

B. Methodology

The method employed in handling this thesis was a library survey. It was found through this survey that most of the work was done by the United Nations, Government of Korea, Bank of Korea, the United States Department of Labor, academic personnel, and private organization, and contains a broad subject matter of Korea's economic, historical, political, and social aspects. The writer has, therefore, limited this study to a systematic survey of the pertinent materials concerning the current condition of labor in South Korea.

The major primary sources used for this thesis were Economic Survey, Development of the Korean Economy, and Korean Reports by the government of the Republic of Korea, Monthly Statistical Review, Annual Economic Review, and Economic Statistics Yearbook by the Bank of Korea, and Agricultural Yearbook by the National Agricultural Cooperatives Federation of Korea. These sources contain various statistical data on economics and industrial relations.

Secondary sources consist of a number of articles and bulletins published by the United Nations, the United States Department of Labor, as well as by private organizations. Other secondary sources include books, entitled A Handbook of Korea, Korea Today, and Korea: Its Land, People, and Culture of All Ages.

The study of the factors that testify to the poverty-ridden conditions of labor in South Korea will be presented in four parts. The first part will deal with the current economic situation, as well as the historical and political development.

The second part is intended to be a critical discussion of various data on the Korean population and the labor force, as well as other economic data concerning standards of living and wage scales. The writer will appraise them from the point of view of labor conditions. The presentation of the data has been confined to the conditions of wage earners because comparable data for the salary earning populations are not available.

The third part of the thesis will discuss trade unionism, or more specifically, the operations of labor organizations in South Korea.

The final part will summarize the material and indicate probable future trends.

Due to the lack of sufficient current data, this study will limit its coverage to the period before 1960. The limitation is largely attributable to the abrupt changes in government administration from April, 1960, to May, 1961.¹

¹The administration of Syngman Rhee was overthrown by revolt of University students in April, 1960. From May, 1960, to August, 1960, the administration was in the hands of the care-taker, Huh Chung until Jang Myun was elected to head the administration on August 15, 1960. This elected administration was taken over in May, 1961, by a military coup d' etat. For further detail, see K. C. Chung, New Korea (New York: The Macmillan Company, 1962), pp. 115-117.

CHAPTER II

THE DEVELOPMENT OF KOREA

The first part of this chapter will discuss the historical background and the current developments of South Korea. Conditions of the wage earner can be understood accurately if seen from both the historical and present situations. The second half of this chapter will be devoted to the discussion on the economic structure before and after 1945, with emphasis on the recent economic development of South Korea.

A. Historical and Geographical Background

Korea is located on a peninsula bordered by Russian Siberia on the north, China to the west, and Japan, 120 miles by water to the east. It is peopled by a race which many centuries ago became unified as a distinct group with its own physical and cultural characteristics.

The peninsula of Korea is roughly 150 miles wide and 600 miles long and has an area of 85,228 square miles, of which the present territory of South Korea is about 38,000 square miles.² Northern and eastern Korea are largely mountainous territories, whereas the southern and western sections are

²McCune, George M., Korea Today (Cambridge, Mass.: Harvard University Press, 1950), p. 8.

for the most part hill and valley country, and are, therefore, suited to farming.

While a detailed analysis is beyond the scope of this study, it might be well at this point to mention several historical highlights which help shape the present situation of Korea. For centuries, Korea depended upon China and shut herself off from the rest of the world. Not until 1882 did Korea end its policy of isolation and sign its first diplomatic treaty with a Western nation, the United States.³ This paved the way for the conclusion of similar treaties with other major powers, ending with the Japanese annexation in 1910, at which time Korea became a colony of Japan.⁴

When World War II terminated in August, 1945, the Koreans found themselves liberated from thirty-five years of Japanese domination, but the country had to face a tragic division of the land at the 38th parallel.⁵ The United Nations tried to unify the divided country by free elections, but the Communists were uncooperative in negotiations, which resulted in the

³Kyung Cho Chung, Korea Tomorrow (New York: The Macmillan Company, 1956), p. 157.

⁴Weems, Clarence N., History of Korea, Volume I, (London: Routledge and Kegan Paul Ltd., 1962), p. 55.

⁵The Cairo Declaration of December 1, 1943, appeared to have guaranteed the foundation of an independent Korean nation, but the Potsdam Meeting of 1945 confused the issue of an independent nation. When the Japanese finally surrendered on August 14, 1945, Russian forces had already landed in northeast Korea and were rapidly moving southward. For further details, see Kyung C. Chung, New Korea, (New York: The Macmillan Company, 1962), pp. 12-13.

establishment of a Republic of Korea government south of the 38th parallel on August 15, 1948, and that of the North Korean government in September, 1948.⁶

Thus, the division at the 38th parallel, which was originally for the sole purpose of demilitarizing the Japanese army through the occupation of the United States and Russia, had created two separate states. Two governments adopting divergent patterns claimed sovereignty over the entire country, the result of which was the Korean War which began on June 25, 1950, with the invasion of the North Korean forces. After three years of devastating war, an armistice was signed on July 27, 1953, without a solution to the problem of division.⁷ The partition thus became fixed.

After the Armistice, the South Korean government, modeled after the framework of American democracy, pursued its independent action. But lack of a tradition of self-government, widespread poverty among the people, and the ever-present military threat from North Korea have tended to withhold from South Korea the broad political freedom to be expected in a modern democracy. In April, 1960, Syngman Rhee's administration was toppled by a student revolt, with the result that

⁶U. N. Bulletin, Volume V, No. 10, (November 15, 1948), p. 412.

⁷Goodrich, Leland M., A Study of U. S. Policy in the United Nation, (New York: Council on Foreign Relations, 1956), pp. 62-63.

Chang Myun took over the administration. Inheriting a virtually empty treasury, Chang was barely able to avert total economic collapse. Production lagged badly and unemployment grew; official corruption was as rampant as ever. Within nine months of his administration, however, Chang's regime was overthrown by a military junta headed by Major Gen. Park Chung Hee. This regime, although it has not produced any miracles, has maintained itself in power since that time. By December, 1963, a civilian government headed by the President, Park Chung Hee, was restored.

B. Structure of the Economy

1. Economic Conditions Before 1945

Factories, as they are understood in the West, were unknown in Korea until the turn of this century.⁸ Farming, handicrafts, and fishing were predominant. With the annexation in 1910, the economy of Korea went through several stages of development, each of which was significant in establishing certain institutions and procedures.

In the first decade, 1910-1920, the Japanese created the administrative machinery of control and set the pattern of colonial exploitation, building new ports and mining

⁸Underwood, Horace G., The Call of Korea, (New York: Fleming H. Revell Company, 1904), p. 64.

industries; in the second decade, 1920-1930, they established a special form of social and economic organizations by building an alliance between themselves and aristocratic Korean groups; and in the third decade, 1930-1940, the Japanese built up various industries in Korea to feed their growing war machines.⁹ A rapid development of Korean industry thus did occur after 1931, but they were all Japanese enterprises in which Koreans could hope only to be employed as workers. Japanese developments did not aim at making the peninsula an integral whole, nor did Korea share either in the direction or in the benefits of these developments.

2. Current Economic Development

Because Korean industries were developed and supervised by the Japanese and Koreans were not given technical or administrative training, a serious lack of qualified personnel occurred when the country was liberated in 1945. Additional setbacks were suffered because of the separation of the industry of the North from the agriculture of the South. Comparative figures in the distribution of industry illustrate the economic interdependence of the North and the South.

As shown in Table 1, South Korea virtually monopolized the nation's light industries, while North Korea contained most of the heavy industry. In general, the industries in the

⁹Chung, op. cit., p. 95.

TABLE 1
 DISTRIBUTION OF INDUSTRY, NORTH AND SOUTH
 (in percentages)

INDUSTRY	SOUTH	NORTH
HEAVY INDUSTRIES:	14	86
Chemicals	12	88
Metals	15	85
Ceramics (including cement)	30	70
Gas and Electric	15	85
Fertilizer	0	100
LIGHT INDUSTRIES:	74	26
Textiles	86	14
Machines	17	83
Lumber	70	30
Food Processing	65	35
Printing	90	10
Miscellaneous	76	24

Source: Jai Hyan Lee, A Handbook of Korea, Office of Public Information, (Seoul: Republic of Korea, 1955), p. 173.

North and the agricultural sections of the South encountered unprecedented difficulties due to the complete blocking of trade between South and North Korea.¹⁰

In addition to the political division of the country, the South Korean economy suffered the destruction wrought by the 37 months of Korean War; cities were destroyed, 70 per cent of the textile plants were destroyed, villages burned, about 600,000 homes destroyed, and bridges and railways damaged.¹¹ The economy of the nation, which had been adjusting to the condition imposed by the separation, was completely shattered.

With the end of the war in 1953, the Korean economy entered a period of recovery and reconstruction largely due to foreign assistance.¹² The repairing of the ravages of the

¹⁰For instance, the Fertilizer plant whose products were most needed in the agricultural South Korea was located in the North, and the flow of chemical fertilizers to South to North was completely halted in 1945. The South Koreans had to rely upon fertilizer imports through the aid of the United States. See Lee, A Handbook of Korea, op. cit., pp. 151-152.

¹¹U. N. Bulletin, Volume XIII, No. 10, (November 15, 1952) p. 434.

¹²South Korea received some economic aid through the U. N. Command in Korean Reconstruction Agency. This U. N. Agency was established in October, 1950. See U. N. Bulletin, Volume XIII, No. 9, (November, 1952), p. 394. But the bulk of the aid was made to the country by the U. S. During the period covering 1945 to 1960, South Korea received approximately three billion dollars in economic aid from the United States. See New York Times, May 23, 1961, p. 9.

war was said finally to be over by the end of 1959. Personal favoritism, corruption, and a fundamental lack of capital are said to have held back measures intended for the rapid development of her economy.¹³

Nevertheless, by the middle of 1956, the economy was completing its recovery. By continuing efforts for currency stabilization, by maximizing industrial investment, and by enlarging the economic structure, the economy slowly entered a stage of development. This trend can readily be seen through the growth of the Gross National Product, the best known and most widely used of the various statistical measures, developed to gauge the economy's performance.¹⁴

From Table 2, it is apparent that from 1955 to 1960 the Gross National Product grew at an annual average rate of 4.7 per cent. This table also shows that the monetary value of the nation's total output of goods and services increased by 242.1 billion hwan, from 950.2 billion hwan in 1955 to 1,192.3 in 1960.

It is particularly interesting to note that the secondary industries, the development of which are characteristic of modern industrial development, increased at an annual average rate of 13.6 per cent, while the primary and tertiary industries made progress at an annual average rate of 3.3 and 3.0

¹³"Korean Outlook," The Commonwealth, December 11, 1959, Volume 121, No. 11, p. 314.

¹⁴Peterson, Wallace C., Income, Employment, and Economic Growth, (New York: W. W. Norton & Co., Inc., 1962), p. 56.

TABLE 2
GROSS NATIONAL PRODUCT OF SOUTH KOREA BY INDUSTRY, 1955-1960
(at 1955 constant market price)

In Billion Hwan *

INDUSTRY CLASSIFICATION	1955	1956	1957	1958	1959	1960
Primary Industries (agriculture, forestry, and fisheries)	402.0	578.4	411.5	442.1	448.4	455.9
Percentages (%)	42.3	39.7	39.7	39.9	38.5	38.2
Secondary Industries (manufacturing, mining, machines, metal, chemical, construction)	144.4	162.0	189.6	206.4	233.8	245.0
Percentages (%)	15.2	17.0	18.3	18.7	20.0	20.5
Tertiary Industries (electricity, water, trans- portation, communication, wholesale and retail, fin- ance, government monopolies)	403.8	412.4	434.2	458.5	482.6	491.4
Percentages (%)	42.5	43.3	42.0	41.4	41.5	41.3
Gross National Product	950.2	952.8	1,035.3	1,107.0	1,164.8	1,192.3
Rate of Growth		+0.3	+8.7	+7.0	+5.2	+2.3

Source: Research Department, Korean Reconstruction Bank, A Guide to Investment, (Seoul: 1961), p. 28.

* The exchange rates of Hwan to U.S. Dollars was 180 hwan to one U.S. dollar from December, 1953, to July, 1955. This ratio was changed in August, 1955, and 500 hwan to one U.S. dollar was maintained until December, 1960.

per cent respectively. As seen from Table 2, the relative importance of the primary industries appears to be decreasing, while the secondary industries appear to have made substantial gains. In view of this rapid increase, the record of economic growth in South Korea from 1955 to 1960 seems encouraging in developing nations. The structure of industries, however, has not yet been sufficiently modernized to elevate the country into self-sufficiency.

CHAPTER III

THE LABOR FORCE AND THE CONDITIONS OF LABOR TODAY

It is a well-known fact that the growth and subsequent changes in the proportion of population influence greatly the actual and potential size of the labor force. As a consequence, the labor force has a continually changing age and sex composition. Whenever the birth rate is high, over a large period, the proportion of young people is high, relative to the number of people in the labor force. The changing ideas and mores also induce a greater participation by females in gainful employment. Increasing mechanization has opened up many semi-skilled jobs which do not require heavy physical energy. On the other hand, a restriction on child labor is likely to influence the labor force by delaying the entry of young people into remunerative employment.

Thus, it may be said that there is a rather close relationship between the changing rates of population and its composition, and the size of the labor force. Since the end of the Korean War, there have been significant changes in the size of the labor force in relation to the total population, as well as in its general composition. Before discussing the labor force, it seems pertinent for this writer to examine the population statistics of South Korea.

A. Population

Changes in the total population of the Republic of Korea are indicated in Table 3. The average annual net rate of population growth is estimated at approximately 2.9 per cent and the density of population shows about 650 inhabitants per square mile.¹⁵

As it is shown in Table 3, total population from 1946 to 1960 increased by 5,624,847, and the result of this upsurge has undoubtedly created pressure on the existing work force for greater output. The rapid increase in the South Korean population was due partly to the fact that about 2.4 million people were repatriated to South Korea during the period from October, 1945, to April, 1948, while emigrants numbered 886,203.¹⁶ It was also due partly to the fact that before and during the Korean War, more than a million refugees from North Korea were added to South Korea.¹⁷ The impact of this upsurge by the influx of refugees was strongly felt in urban areas. Over two million refugees moved into such major cities as Seoul, Pusan, Taegu, Inchan, and Taejan, causing a 10-20 per cent increase in the population.¹⁸ The magnitude of the

¹⁵ A Guide to Investment in Korea, (Seoul: Research Department, The Korean Reconstruction Bank, 1961), p. 5.

¹⁶ Jai Hyan Lee, op. cit., p. 46.

¹⁷ Ki-Jun Rhee, "On Population--Labor Force in Korea," Koreana Quarterly, Volume IV, No. 2, (Seoul: International Research Center, Winter, 1962), p. 72.

¹⁸ Ibid., p. 73.

TABLE 3

POPULATION, 1946-1960

YEAR	POPULATION
1946	19,369,270
1947	19,886,234
1948	20,027,393
1949	20,188,641
1950	20,356,000
1951	20,441,000
1952	20,526,705
1953	21,546,248
1954	21,913,000
1955	21,526,347
1956	21,324,000
1957	21,321,136
1958	21,909,742
1959	22,973,992
1960	24,994,117

Sources: Some census figures for the years 1946 to 1956 were taken from Annual Economic Review, 1958, by Bank of Korea, p. III - 10, and figures for the years 1957 to 1960 were compiled from Economic Statistics Year-book, by the Research Department, Reconstruction Bank of Korea, p. 138.

influx into these major cities has produced not merely the change in size of the population at present and the prospect of substantial increase in the future, but also caused great changes in the conditions of the labor market.

Although it is questionable that South Korea's expanding production will keep pace with the ever-increasing population, there seems to be little fear among South Korean authorities who feel that economic growth should result in the expansion of markets and investment. As Professor Florence Peterson states: "A rapidly expanding population means not only an increase in the supply of available labor, but also an increase in the number of consumers or purchasers for the goods produced. Millions of additional homes must be built and furnished...in addition, of course, to the constantly increasing volume of food, clothing, and other consumers' goods which are required."¹⁹

B. The Labor Force

The labor force, as defined by the Bureau of Labor Statistics and the Bureau of the Census of the United States, includes "persons 14 years old and over who were employed, unemployed, or in the Armed Forces during a specified week.

¹⁹Peterson, Florence, Survey of Labor Economics, (New York: Harper and Brothers, Revised Edition, 1951), pp. 21-22.

Employed persons include those who did any work for pay or profit during the week, worked without pay for 15 hours or more in a family enterprise (farm or business), or did not work or look for work, but had a job or business from which they were temporarily absent during the week. Unemployed persons comprise those who did not work at all during the week but were looking for work or were on layoff from a job.²⁰

The labor force in South Korea includes all persons who have jobs or who are actively seeking jobs, excluding boys and girls under 14 years of age, those over 65 years of age, high school students, housewives, the physically disabled, and persons in the Armed Forces.²¹

1. Industrial Composition of the Labor Force

On a close examination, Table 4 shows that agriculture, forestry, and fisheries account for approximately 67 per cent of the total labor force; clerical, technicians, and professional workers, 11 per cent; wholesale and retail trade, 5 per cent; civil service, 3 per cent; service, 2 per cent; manufacturing, 1.5 per cent; transportation and communication, 0.8 per cent; construction, 0.6 per cent; and mining, 0.3 per cent. Thus, it may be said that almost seven out of ten

²⁰Bureau of the Census, U. S. Dept. of Commerce, Statistical Abstract of the U. S., 1960, pp. 201-202.

²¹Ki-Jun Khee, op. cit., pp. 88-89.

TABLE 4
LABOR FORCE BY INDUSTRIES (a)
As of December 31, 1959

INDUSTRY	MALE	FEMALE	TOTAL
Agriculture, forestry, and fishery.	3,147,029	3,171,683	6,133,712
Mining	27,109	2,803	29,912
Construction and Building	51,986	2,808	54,794
Manufacturing	100,336	39,373	139,709
Wholesale and Retail Trade	249,050	139,003	388,053
Finance, insurance, and real estate.	12,253	2,333	14,586
Transportation, communication, and public utility.	66,818	4,051	70,869
Services (b)	127,230	63,831	191,061
Civil Service	252,962	22,272	275,234
Others (c) 11 per cent	673,672	497,701	1,171,373
Unemployed 6.5 per cent	257,254	339,365	596,619
TOTAL	4,965,699	4,285,223	9,250,922

Source: Economic Statistics Yearbook, 1961, (Seoul): Research Department, The Bank of Korea), p. 140.

- (a) Those establishments which had less than five employees are also included.
- (b) Included in this category are those employees who engage in electrical work, other water utilities, restaurants, bars, coolies, scaffold erectors.
- (c) All the salaried employees within various industries, teachers, and other professional persons are included.

persons who are gainfully employed or seek employment can be categorized into agriculture, forestry, and fishing.

This higher proportion of the agricultural employment is due to the high labor requirements in the methods of cultivation. But the pressures of the population on land have been so severe for decades that the marginal product of labor of the agricultural area used is reported to be less than the minimum subsistence requirements.²²

As Professor Paul Sultan stated: "The productivity of the hands depends on the resources and materials made available to workers,"²³ the application of additional workers to limited agrable land and to a relatively fixed, scarce supply of capital in South Korea does not promise a substantial increase in total production. In other words, abundant man power does not assure productivity. Instead, this maladjustment of the labor force may not only result in lowering the per capita income of labor, but also in jeopardizing the achievement of economic development in the future.

2. Sex Composition

The lack of adequate data, such as age distribution and

²²Lewis, John P., Reconstruction and Development in South Korea, (United Nations, 1958), p. 81.

²³Sultan, Paul, Labor Economics, (New York: Henry Holt and Company, Inc., 1957), p. 1957.

and definition of all industrial groups, makes it impossible to analyze thoroughly the South Korean labor force according to sex composition. But it can be inferred from Table 4 that a high proportion of female workers to the total labor force is not so much a result of a rapid extension of opportunities for female participation in industries, as it is rather a result of the inclusion of female farm workers in the total labor force. Thus, female workers consist of about 45 per cent of the total labor force. About 75 per cent of the female workers are employed in agriculture, forestry, and fisheries. The remaining 25 per cent, 1.13 million, are employed in secondary, tertiary industries, and in civil service. Over half of the women employed in the manufacturing and service industries are engaged in the textile, chemical fiber, and service industries. The participation of women in the labor force has increased in recent years because of the general poverty, population movements, and the entrance of war widows into the labor market. In general, however, women hold the less skilled jobs in industry.

3. Growth Trend of the Labor Force

In 1946, there were reported to be about 3.5 million people who were participating in the labor force of South Korea, and by 1956, the number increased to 7,827,000; in

1957, 8,101,000; in 1958, 8,440,000; and reaching at 9,250,922 by the end of 1959.²⁴ Over a ten year span, the South Korean labor force has increased by more than 4 million. For an anomalous statistics in the labor force, it would be impossible to elucidate the major factor for such rapid growth. But as it is seen in Table 3, the growth of the labor force as compared to the growth of population does not seem to be an unusual pattern.

At the end of March, 1959, Korea had approximately 1300 factories and workshops employing more than 260,427 workers. Of these establishments, 87.1 per cent (11,297) were small size workshops or plants with less than thirty employees; 10.4 per cent (1,349) were medium size workshops or factories with thirty to ninety-nine employees; and 2.5 per cent (325) were large size factories with over one hundred employees.²⁵ In view of the fact that the predominantly small size establishment is characteristic of the South Korean economy, the trend for rapid growth of her labor force in terms of active employment would probably be unlikely.

C. Problems of Unemployment and Underemployment

Unemployment lies at the root of a great number of economic, political, and social problems. Because of its

²⁴Economic Survey, 1959, op. cit., p. 122.

²⁵A Guide to Investment in Korea, op. cit., p.62.

failure to keep its citizens employed, society undergoes a loss in production and in material wealth. Such a stagnant situation exists in South Korea, as the scarcity of capital continues to pervade her economy and as the population continues to grow rapidly.

Although unemployment may be classified in terms of its causes, incidence, duration, and effects, a lack of consistent data, together with an unreliable data on unemployment, would make it impractical for the writer to discuss the problems of unemployment from these perspectives. Instead, it would seem practical to analyze the problems in terms of involuntary unemployment and underemployment. The distinction has been itself a difficult problem in South Korean labor statistics.

Paul Sultan states that, "Involuntary unemployment arises when the worker is anxious and able to work, not only at existing wage rates but at lower wage rates, and is unable to secure a job."²⁶ The wording of Sultan's definition is such that his conceptual schemes would seem to be the one, approximately followed by those compiling the labor statistics in South Korea.²⁷

²⁶Sultan, Paul, op. cit., p. 495.

²⁷A definition of unemployment described by The Bank of Korea is as follows: "The unemployed are those who are willing to work, but unable to find jobs for their livelihoods." See Economic Statistics Yearbook, 1961, p. 140.

The present unemployment figure is set at a level of about 600,000, constituting 6.5 per cent of the total labor force in South Korea.²⁸ If it were taken as an accurate picture of the idle manpower, it would appear that the level of unemployment at 6.5 per cent would not constitute an alarming problem to the developing stage of Korean economy, but rather be interpreted as a normal pattern.

The involuntary unemployment was estimated at 358,000 in 1956, and 553,000 in 1959.²⁹ While the reliability of these statistics is questionable, the increase in the level of unemployment would seem to be modest, in that, during the same period, the members of the labor force increased at a much faster rate, by 1.4 million (7.8 million in 1956 and 9.2 million in 1959).³⁰

As it was pointed out in the early part of this Chapter, the growth of the urban population by the influx of refugees

²⁸Ibid., p. 140. See also Table 4 for the estimate of unemployment and its proportion.

²⁹Economic Survey, 1959, op. cit., p. 152.

³⁰The exact number of unemployed in South Korea was not known until 1956 because the Bureau of Labor, Ministry of Health and Social Affairs had difficulty in making a distinction between involuntary unemployment and voluntary unemployment. An accurate compilation of involuntary unemployment by the Bureau of Labor was further complicated by the unavailability of the registration of unemployed persons.

from North Korea created an increase in involuntary unemployment because there was no substantial increase in the demand for labor in the towns; there was nothing for some of the refugees to do except to engage in very small trading, begging, or in the armed forces. It is, therefore, hard to say whether these refugees were included in the unemployment figures. But it can be said that urbanization in South Korea, together with the influx of repatriates and refugees, since 1945 have not resulted from an extension of employment opportunities at a higher level of income from a rising level of production.

Underemployment

As Walter Krause notes, "The underemployed are members of the labor force who are employed, in some sense of the word, but who have only a tenuous claim to this status in that their efforts contribute very little to the total output and certainly fall something short of what might reasonably be expected of them."³¹ The implication of this definition is that underemployment exists when workers are being underutilized or inefficiently employed.

The incidence and volume of this type of underemployment in South Korea are particularly high. Thus, the numbers of the unemployed, if the underemployment was taken into

³¹Krause, Walter, Economic Development, (San Francisco: Wadsworth Publishing Company, Inc., 1961), p. 19.

consideration, was estimated at more than two million, representing over 21 per cent of the labor force, 9.2 million at the end of 1959.³² The question may arise as to why there were reported to be such a vast pool of underemployed in the country. This high rate of underemployment is due partly to the seasonal nature of the productive process in agriculture, coupled with the fact that there is a lack of alternative employment outlets.

The manner in which underemployment is generated in South Korea can be readily illustrated. In the apparent absence of better alternatives, workers in South Korea are likely to find themselves involved in one or another of the following situations. The farm plot of the family may already have more than enough workers on it to handle the production involved, but when a younger member of the family reaches working age, he may simply join the others in the family, whether or not the presence of an additional person adds anything to total production. In the technical sense, no unemployment shows up, but underemployment is induced.

Another peculiarity with respect to the underemployment in the country is that over 60 per cent of the total population live in farming areas. During the farming seasons, from April to September, these people would be actively engaged in

³²Ministry of Reconstruction, Republic of Korea, Economic Survey, 1960, (Seoul: 1960), p. 42.

work. However, upon completion of the sowing and harvesting, some of the farm workers are no longer needed and customarily migrated to urban areas, seeking employment for additional earnings.³³ It must, however, be remembered that these migrant workers should not be counted as unemployed persons, because they had not been trained for work in the manufacturing industry, and because they would return to the farming areas in April. Since these migrant workers were often taken into consideration by the government agencies,³⁴ the volume of unemployment was an alarmingly high percentage of the country's labor force.

Another peculiarity is that the country's economy is marked by the dichotomy of modernized production running parallel with the manual production methods carried over from previous eras. Among the members of the labor force there are a great number of people who are in a vagrant status. Some of these are manual workers, hand-processing workers, domestic workers, petty store-keepers, peddlers, servants, salesmen, or sellers of lottery tickets; these typically perform low productivity and earn low personal income in South Korea, as

³³Chang Hwan Seung, Korean Economy, (Seoul: Chang Won Company, 1960), p. 48.

³⁴The estimate of underemployment is usually not included in official statistics of the labor force. But, as a foot note to tables of labor statistics, government agencies explain their estimates without clarifying a specific time in which the estimate was made.

they do in many underdeveloped countries.³⁵ These employments are subject not only to seasonal fluctuations and daily working hours, but also to a high frequency of bankruptcy.³⁶ There is a great deal of casual employment, part-time or temporary full-time jobs predominating. These low-paying jobs enable workers to somehow subsist; in addition, the extent of the underemployment problem is disguised, since there are no statistics.

The mere fact that these people became unemployed does not mean that they were accordingly added to the total unemployment figure. The market contexts of the country operate in such a way that these people would still be engaged in earning through some form of business while they were actually out of work. For instance, some of the unemployed would engage in certain business trading as brokers through linkage to friends and relatives. In other instances, they would engage in the removal of goods or other manual services for wages for a short duration of time. The difference in this

³⁵ Leibenstein, Harvey, Economic Backwardness and Economic Growth, (New York: John Wiley and Sons, Inc., 1957), p. 60.

³⁶ According to the data made available by the Chamber of Commerce of Korea during the year 1959, out of 2,757 factories, workshops, handcraft stores, or small stores, only 35.4 per cent operated to capacity, and 30.9 per cent below the capacity or a half of a year's interruption and the remaining 33.7 per cent closed down. The major causes of bankruptcy, representing 33.7 per cent closed down, were due to the lack of funds (48.0 per cent), inventory problems (31.9 per cent), and the rest, the inadequacy of managerial skills. See Economic Survey, 1959, p. 39.

particular case would be that the engagement of some kinds of gainful tasks on part-time jobs, if not a full-time job for a short duration of time. This pattern of employment is repeated with an interval ranging from several days to several months. Krause states regarding the chronic conditions of such a case: "In the underdeveloped world, it is more a case of many persons being caught in a lifetime of poor employment than it is one of complete idleness for a lesser number, now and again, as tends to be the case in developed countries."³⁷ The broad implication of this statement seems to well summarize the situation of the underemployed in South Korea.

It should be also noted that, because of their part-time employment or temporary full-time employment, these underemployed workers are not included in the official statistics of the country's labor force by the Bureau of Labor or by the Research Department of the Bank of Korea. It is, therefore, apparent that the unemployment figure in South Korea would tend to underestimate the incidence of unemployment within employment and the underemployment outside of her total labor force. As figures of the underemployed are not included in the official data of unemployment under the total labor force, the government of South Korea has not considered the underemployment problem, and statistical agents of both the government

³⁷Krause, Walter, op. cit., p. 19.

and the bank usually do not include the underemployed in their data on the labor force. In view of this fact, one probable effect of the unemployment data, as it is shown in Table 4, tends to obscure the loss to the South Korean economy arising from such under-utilization of workers.

Thus, the agricultural workers find the existence of the chronic underemployment affecting the whole population. Unless absorbed elsewhere in the economy, the surplus agricultural workers will increase steadily, year by year, with the continuous growth of the rural population, and consequently, the living standard as a whole will deteriorate. As it is recalled from Table 1, Gross National Product, in Chapter I, the contribution to Gross National Product by the agricultural sector has been declining since 1955.

D. Wages and Living Conditions

1. Wage System and Composition of Income

The Korean wage system is contrary to the American's "equal pay for equal work" practice. While the basic wage varies according to sex, age, education, and experience, there are a series of special allowances, bonuses, and payments in kind. For instance, the current practice includes the employer's birthday bonus, a product of traditional paternalism and the incentive payment of the modern wage

system.³⁸ There are family allowances, commodity price allowances, and payments in kind such as food, clothing, shoes, and housing, etc.

Wages are, only in rare instances, established by collective bargaining. They are more often established unilaterally by the employer, or in the case of the nationalized plants, by the appropriate Ministry. The wages of such government plants tend to lag behind those of private industry.³⁹ Although the Labor Standard Law of 1953 provides machinery for the establishment of a minimum wage, no minimum wages have been set as of 1960. This law, however, does stipulate that the basic wage must be paid at least once a month and that during a work stoppage attributable to the employer, the employee shall receive an allowance of 60 per cent of his average wage. Nevertheless, it is not uncommon for the lack of funds to cause employers to be two or three months behind in wage payments. At the end of 1957, there were 74 cases of violation of the Labor Standards Law in the South Korea. Of these, 23 cases were reportedly concerned with deferment of wage payment.⁴⁰ The

³⁸The employer's birthday bonus is a payment made to employees in the form of food or necessary goods as an expression of the employer's good will on the latter's birthday. This sort of payment is common in small establishments.

³⁹Nathan, Robert R., Associates, An Economic Programme for Korean Reconstruction, prepared for the United Nations, Korean Reconstruction Agency, March, 1954, p. 47.

⁴⁰Korean Research and Information Office, Korean Report, Volume V, Reports from the Cabinet Ministries of the Republic of Korea for 1957, p. 190.



Labor Relations Board had no recourse until the government made arrangement for a bank loan for the industries involved.

A worker's total income is made up of several components; the basic wage, a side income, income of other members of the family, gifts from relatives, loans, and sales of possessions. The following table shows a breakdown of the monthly income and expenditures of an average Seoul wage earner.

TABLE 5
AVERAGE WAGE EARNER'S INCOME AND EXPENDITURES IN SEOUL
 Unit: 5,000 Hwan = \$10.00 in U. S. Funds

	<u>1955</u>	<u>1956</u>	<u>1957</u>
Sample Size (No. of families)	52	77	63
Average No. of persons per family	4.6	4.6	4.7
1. Total Receipts	50,230	64,946	70,980
A. Income	35,599	42,243	48,839
1. Main income of householder	26,702	34,349	36,869
2. Side income of householder	4,754	4,790	7,449
3. Income of other members	2,160	1,550	2,432
4. Gifts or aids from relatives	1,983	1,554	2,089
B. Other Receipts	14,631	22,703	22,141
1. Balance from previous month	7,326	8,538	9,531
2. Money borrowed	5,600	11,469	9,560
3. Deposits withdrawn	1	89	476
4. Loans collected	196	140	581
5. Bonds sold	---	---	115
6. Collections on insurance policies	219	62	---
7. Proceeds from sale of household goods	185	62	28
8. Others	1,104	2,343	1,850
2. Total Disbursements	50,230	64,946	70,980
A. Expenditures	33,961	43,524	48,001
1. Goods	15,973	21,042	22,721
2. Residence and Furniture	4,098	4,720	4,884
3. Fuel and Light	2,594	3,043	3,301
4. Clothing	3,541	4,591	5,391
5. Miscellaneous expenditures	7,755	10,128	11,704
6. Other Disbursements	16,269	21,422	22,979

Source: Research Department, Bank of Korea, Annual Economic Review, 1959, P. III - 298 --- III - 299. These statistics are based on the survey of wage earners' families in Seoul City by random sampling. Income and expenditures include income and expenditures in kind as well as in cash. The official exchange ratio was 500 hwan to one U. S. dollar during the years 1955-1957.

The preceding table indicates that the wages of the head of a family roughly accounted for only half of the income his family needed to live on. The balance was made up of income from other family members, illegal bonuses, loans, sales of possessions, aids from relatives and the like.⁴¹ It must be remembered that the other income or receipts from the sale of household goods, aids from relatives, and loans can not be continued for a long period of time. Therefore, a worker would have to let his children work or forestall the purchasing of some of the family's necessities.

Although the way of living among Korean workers is so simple that problems of different models of radios, cars, and refrigerators do not exist, there can be little doubt, as the former table shows, that almost all of the worker's income from his main occupation is absorbed in food expenditures and that there is little left over from his wages for any future saving. Furthermore, the itemized expenditures in the above table make no provision for alcoholic beverages, amusements, expenses of births, burials, etc.

⁴¹The writer believes that the illegal bonuses by pilfering is often tacitly approved as a means of supplementing inadequate wages in the case of industrial workers. On the other hand, persons in administrative positions augment their own inadequate salaries by wages of the corruptive practices.

TABLE 6

MONTHLY MONEY EARNINGS IN MINING AND MANUFACTURING
1956-1960

in 1000 hwan

Classification	1956	1958	1960	Money Increase 1956-1960	% Increase 1956-1960
Mining:					
Coal	26.3	38.8	45.3	19.0	72
Metals	26.9	35.3	30.3	3.4	12
Stone and Sand	25.5	19.9	21.2	-4.3	-20 ^a
Manufacturing:					
Food Processing	20.1	23.8	27.7	7.6	32
Wood & Cork Products	23.2	27.0	26.5	3.3	14
Textile Products	14.0	16.9	22.9	8.9	63
Paper & Paper Products	21.1	27.0	31.1	10.0	47
Printing & Publishing	28.8	37.4	44.6	15.8	54
Garment and Wearing Apparel	21.6	20.9	24.7	3.1	14
Leather Products	19.6	23.1	20.5	.9	4
Furniture & Fixtures	28.5	32.8	29.3	.8	3
Rubber Products	18.7	23.4	24.4	5.7	30
Glass, Clay, and Stone Products	17.0	21.2	28.4	11.4	67
Chemicals	17.4	18.5	20.5	3.1	17
Metal Products	24.4	23.6	25.9	1.5	5
Machinery	21.5	23.4	23.4	1.9	8
Electrical Machines and Tools	19.3	24.8	24.9	5.6	28
Transportation Equip- ments	22.0	24.2	28.0	6.0	27

Sources: Above earning data for 1956 and 1958 were edited from Annual Economic Review, 1959, Bank of Korea, P. III - 290 --- 292, whereas the data for the year 1960 was obtained from Monthly Statistical Review, Volume XI, No. 2, February, 1962, Bank of Korea, p. 60-61.

^a The earnings in this industry show a reduction of 20 per cent from 1956 to 1960.

Table 6 gives an overall survey of the average monthly wages of the mining and manufacturing industries from 1956 to 1960. What seems apparent from this table is that there exists a wide range of rates for different types of industries and for different types of work, and that there is a wide gap, except for wages in the printing and publishing industry, existing between the average money wages of the mining industry and those of the manufacturing industry. It appears that the higher wages of the mining industry are due to the hazards and skills of this occupation.

It is also noted in Table 6 that the earnings of workers employed in wood and cork products, printing and publishing, paper and paper products, and furniture and fixtures industries, which are characteristic of small scale enterprises, are considerably higher than those engaged in large scale industries. With the exception of workers in the food processing industry, the highest and most consistent increases appear to have taken place in the coal, paper and paper products, and printing and publishing industries. In terms of the increase in per cent, these industries again show greater gains than other industries, except for the gains in the glass, clay, and stone products industry.

2. Wage and Price Relationships

Since the end of World War II, the most salient feature

of the Korean wage and price levels has been the continuing inflation, sometimes slight, sometimes wildly spiralling. The index of retail prices in Seoul as calculated by the Bank of Korea (1947 = 100), averaged 4,841 in 1952, and in 1955 reached 14,900.⁴² Since then, the Bank of Korea has made 1955 the base year and from that year measures the price and wage index.

The steady upward trend in price since 1955 continued unabated because of the inflationary effect of the money increase caused by budget deficits, the issuance of government bonds and loose control of commercial credits. In 1955, the total money supply, consisting of currency in circulation and monetary deposits was 93.5 billion hwan; 1956, 120.9 billion hwan; 1957, 145.2 billion hwan; 1958, 192.6 billion hwan; 1959, 209.9 billion hwan; and by the end of 1960, the total money supply reached 219.1 billion hwan.⁴³ Thus, the annual rate of increase up to 1958 was about 27 per cent, but dropped sharply during the next two years. As it will be apparent from Table 7, the price level increased 70 per cent by 1960, from 1955 as the base year of 100.

To combat this inflationary trend, the efforts of the government were focused on increasing time deposits, restraining the expansion of low priority loans, and reducing administrative expenditures. But the financial stabilization program has not

⁴² Research Department, Bank of Korea, Monthly Statistical Review, February, 1955, p. 51.

⁴³ A Guide to Investment in Korea, op. cit., p. 104.

TABLE 7

AVERAGE MONTHLY EARNINGS OF EMPLOYEES IN MANUFACTURING
AND SEOUL CONSUMER PRICE INDEX, 1955 = 100

Year	Avg. Mo. Earnings in 1000 hwan	Wage Index	Price Index	Real Wage
1955	15.5	100	100.0	100.0
1956	18.9	120	122.9	97.6
1957	20.3	131	151.3	86.6
1958	21.7	141	146.7	95.4
1959	23.5	151	152.8	98.8
1960	26.0	167	170.0	98.2

Source: Bureau of Statistics, Bank of Korea, Monthly Statistical Review, Volume 15, No. 4, April, 1961, Seoul, Korea, p. 59 for wages, and p. 51 for consumer price index. The average monthly earnings of Manufacturing in this table show somewhat lower than the earnings of wage earners in Seoul City because the earnings of manufacturing represent the average at a national scale, including workers in food, textile, paper products, rubber, chemicals, metal, and machinery industries. For the details, see pages 59-60, The Monthly Statistical Review, February, 1961, issue.

been successful thus far as the expenditure for national defense still accounts for more than 80 per cent of the total government expenditure.

As shown in Table 7, both wages and prices have gone steadily upward, reflecting the inflationary trend in the South Korean economy. But the price increases have been slightly greater than those of wages.

Because this is a rough statistical measure, it does not point to the improved conditions of wage earners in South Korea. As was pointed out in Chapter II, by 1957 the Korean economy had achieved greater balance, the recovery stage of the Korean war had passed, and the index of the Gross National Product had continued to increase. It would, therefore, seem that the wages of workers should have improved. But over the six years, the index rose 67 per cent, for wages, while the price index rose 70 per cent.

It is also noticeable from Table 7 that, although money wages showed a steady upward movement, real wages, the quantity of goods which money wages would buy, or, more specifically, wages in terms of 1955 hwans, were declining during the period from 1955 to 1960. The real wages declined 13.4 per cent to a low of 86.6 in 1957, and thereafter rose sharply to 95.4 in 1958, reaching 98.2 by 1960. Money wages, however, accounted for only a part of this rise in 1958, a large part of the change arising out of the unusual decline in the cost of living. What is more important is that the real wages never surpassed the level of wages in terms of 1955 hwans. For this reason, the real income of workers as a whole lagged behind the rise in the cost of living during the period.

As is apparent from Table 8, a marked increase was shown in expenditures for residence, clothing, and miscellaneous items, while the expenditures for food declined. This was due

Consumption Pattern and Hypothetical Budget

TABLE 8

PATTERNS OF WAGE EARNERS' MONTHLY EXPENDITURES IN SEOUL
1955-1958

	1955	1956	1957	1958
Food	44.4%	43.1%	41.6%	40.3%
Residence (rent, repair)	12.0%	12.3%	12.2%	13.0%
Heat and Light	7.5%	6.4%	6.4%	5.0%
Clothing	11.7%	12.4%	11.9%	12.2%
Miscellaneous (a)	24.5%	25.8%	28.0%	29.5%

Source: Ministry of Reconstruction, Republic of Korea, Economic Survey, 1959, p. 150.

(a): The miscellaneous expenditures include such items as side dish foods, sanitary and hygiene, shoes and socks, cooking tools and table sets, recreation, and cigarettes, liquor, etc. The proportion of expenditures for heat and light would increase during the winter months.

to the decrease in the price of food grains in 1958. Although there have been changes in the proportions of the expenditures, they do not seem to be significant enough to show a shift in the consumption pattern over these four years.

Professor Harvey Leibenstein explains that, "Given low incomes we would, naturally, expect a standard of living for the masses of the population near the subsistence level. Similarly, we would expect most of the expenditures to be either on necessities or near necessities and net savings to

be either exceedingly small or absent."⁴⁴ That is, for the average wage earner, food expenditures take up the major portion of the total expenditures, as shown in Table 8.

So far, the examination of the growth of the national product and comparisons of various indexes have made it clear that the conditions of the wage earners have not been improved as might be expected. To elucidate this conclusion, it seems helpful to illustrate the prevalent living conditions of workers by way of a hypothetical budget.

Let us suppose that a worker had a family of six---an average family in Korea; namely, his wife, and four children.⁴⁵ Knowing the monthly earning of the wage earner in manufacturing in 1960 (26,000 Hwan) from Table 6, we can construct an imaginary budget based on the retail prices shown in Table 9 for such a worker.

⁴⁴Economic Backwardness and Economic Growth, op. cit.,
p. 43.

⁴⁵Average size of family per household population was reported to be 6.20 in 1960. See Agricultural Yearbook, 1961, The National Agricultural cooperatives Federation, (Seoul: 1961), p. III - 1.

TABLE 9

PRICES OF COMMODITIES AND SERVICES IN SEOUL
(as of December 31, 1960)

1 U. S. dollar = 1300 hwan
Unit = hwan

Item	Unit	Hwan
Rice	20 liter	2,732
Barley	20 liter	1,746
Dried Whiting	20 pieces	1,790
Mackerel	1 head	130
Dried Laver	1 bundle	548
Yellow Corvina	1 head	167
Beef	600 grams	694
Pork	600 grams	399
Salt	2 liter	176
Cooking Oil	a bottle (1.8 lit.)	2,943
Sugar	600 grams	225
Black Charcoal	22.5 KG (1 bag)	1,112
Briquet	1 piece	66
Firewood	40 pieces	7,834
Toilet Soap	1 bar	152
Laundry Soap	1 bar	100
Towels	1	107
Tooth Paste	1 tube	192
Hair Tonic	1 bottle	353
Matches	1 box	76
Candle	1 package (6)	118
Electricity (per room)	monthly average	302
Cotton Socks	1 pair	163
Pupils' School Uniform	1 each	2,272
Cotton Yard Goods	1 yard	209
Tee Shirts	1 each	250
Rubber Shoes	1 pair	573
Canvas Shoes	1 pair	576
Leather Shoes	1 pair	7,005
Hair Cutting	1 time	257
Subscription of Newspaper	monthly	532
Movie	1 admission	500
Rice Wine	1 bottle (1.8 lit.)	837

Source: The National Agricultural Cooperatives Federation,
Agricultural Yearbook, 1962, (Seoul: 1962), p. 152-6.

We shall put rent at 3,356 hwan per month. This is an average figure for Seoul. Let us also suppose that the family uses one bag of black charcoal and one briquet a day for heating and preparing food. This costs 3,092 hwan per month. The average family consumes about 100 liter of rice a month---13,660 hwan. Eight yards of cotton yard goods, a month's requirement would cost 836 hwan---and one pair of rubber shoes---573 hwan. Let us further suppose that only three members of the family need a haircut twice a month---1,542 hwan. As a minimum, the family needs two bars of toilet soap and four bars of laundry soap---702 hwan. Commuting fare to and from work---1,750 hwan (based on an average working day of 25 full days a month.) These expenditures total 26,000 hwan, or the average monthly wages of a worker in the manufacturing industries.

Furthermore, this hypothetical budget makes no provision for fish, alcoholic beverages, salt, matches, coats, tee shirts, socks, tooth paste, subscription to a newspaper, amusements, expenses of births, burials, etc...all of these potential expenditures which no worker, however low his earnings, can avoid. Inclusion of any one of them would necessitate cutting down on other more essential items. It is interesting to note that meat is omitted entirely because 600 grams of beef, costing 694 hwan, could be consumed at one meal by a family of six. The figures of this hypothetical budget may appear to be

incredible, but these living costs are realistically based on the retail price structure and the consumption patterns of South Korea. The only logical conclusion possible is that the present wages are not sufficient to support a family. Under these conditions, a worker can only maintain his family at a subsistence level or depend on the income of other members of the family.

E. Protective Labor Legislation

In the field of labor legislation, the government has endeavored to develop protective labor policies similar to those in force in other industrialized countries. The most important protective law is the Labor Standard Law, promulgated on May 10, 1953.⁴⁶ This law regulates the nature and form of wages, hours, and working conditions, child labor, the employment of women, vacation and rest periods, and safety. A recent government statistic shows that out of a little more than nine million labor force, about 70 per cent is in agriculture, less than 5 per cent is in manufacturing, mining, transportation and communication, construction, and services industries, and about 7 per cent is unemployed.⁴⁷ Now this

⁴⁶ Jai Hyan Lee, op. cit., p. 277.

⁴⁷ See Chang-Suk Park, "To Begin With Social Security in Korea," Koreana Quarterly, Volume 4, No. 2, Winter, 1962, (The International Research Centre; Seoul, Korea), p. 56. Because of the varied natures of employment, civil service, agriculture, some of the workers in tertiary industries are not broadly covered under present labor codes.

points out a fairly good picture for the practical aspects of the protective labor legislation in this country. In other words, with only 5 per cent of the workers to be covered by the protective labor law, how can the existing Labor Standard Code affect the welfare of the working population in general, leading to the entire population? Before discussing this question, some of the important aspects of the code will be illustrated below.

The following provisions are included in the law:⁴⁸

All employment in industries covered by the law should be limited to sixty hours per week with overtime rates in effect after forty-eight hours. In underground or dangerous work, however, the hours are six per day and thirty-six per week, with a possible extension of twelve additional hours for overtime work. Under no case should the rest period be less than one hour per eight hours of a work day.

The law prohibits the employment in industry of children under twelve years of age. Children under sixteen years of age and over thirteen years of age are employed in the industry, but are not allowed to work more than forty-two hours a week.

Children under eighteen years of age and all women are prohibited to work at night between ten P. M. and six A. M. Working hours for those between thirteen and sixteen years of

⁴⁸Jai Hyan Lee, op. cit., p. 278.

age are limited to seven hours per day and forty-two hours per week. The law also requires one day of rest per week.

The section on workmens' compensation states that the employer must provide necessary medical care for injury or disease arising in the course of employment. During convalescence, the employee is entitled to receive sixty per cent of his average wage.

These provisions closely resemble the protective legislation existing in other industrialized countries with some exception to hours, age limit, and rest allowance. An analysis of the details of these provisions is outside the scope of this paper. It seem sufficient to examine the extent to which the major provisions of the law are being effectively implemented. This will be one of the major concerns of this paper.

First, regarding working hours and holidays, section 4 of the Labor Standard Law sets the eight hour day as a principle. However, small and medium scale industries are not applying this principle.⁴⁹ Most large scale industries, where the plants are highly mechanized and well administered, observe the rule of the eight hour work day. However, lack of capital and seasonal variations of market conditions prevent the small and medium scale industries from adhering to the rule. In the face of a rising market for their products, the employers in these

⁴⁹Chang-Suk Park, op. cit., p. 58.

industries demand ten to twelve hours a day from their employees without compensation for overtime. Yet the government authorities are unable to ban these practices, realizing the financial handicaps of the small and medium scale industries. Fifty-seven out of three hundred thirty-four violations of the Labor Standard Law during 1958 were reportedly connected with the hour provisions.⁵⁰ But none of the fifty-seven employers were brought before the court for possible prosecution.

As a rule, provisions for holidays and rest periods are not being implemented. Many workers in small and medium scale industries receive two or three days of temporary lay off a month, due to lack of work.⁵¹

Third, the provisions for child labor and women are not widely or consistently followed, with the result that the rate of child labor in Korea is high. According to a survey conducted by the Bureau of Labor, Ministry of Health and Social Affairs in 1957, of 244,000 workers employed in the secondary industries, juvenile workers ranging from fourteen to eighteen years of age totaled over 25,000, including 10,000 boys and 15,000 girls.⁵² These figures merely show the number of

⁵⁰Korean Report, 1958, op. cit., pp. 153-154.

⁵¹Chang-Suk Park, op. cit., p. 58.

⁵²Korea: Its People and Culture of All Ages, op. cit., p. 295.

juvenile workers in the secondary industries; they would greatly increase if the juvenile workers in the agricultural and commercial enterprises were included.

It has been very difficult for the government to enforce these child labor provisions on the employers. One of the probable causes stems from the fact that young people from twenty to twenty-three years of age are serving in active military service, thus further accelerating the need for juvenile labor. Another probable cause is the fact that the net income of the persons responsible for supporting families is far less than the minimum cost of living and therefore, wages from juvenile labor are necessary for livelihood. Furthermore, the tools, instruments, and other production set-ups in certain workshops are more suitable for the juvenile workers than the adult workers. What these possible causes suggest is that the juvenile worker is tacitly allowed and encouraged not only by parents but also by the very structure of the industries in the country.

CHAPTER V

TRADE UNIONISM

A. Historical Background

Trade unionism did not exist until the independence movement of 1919. At this time principles of equalitarianism and humanitarianism were becoming prevalent in the thought of the youth; at this time a renaissance movement in education and literature began to drive people from medievalism to modernism. With the growth of this revolutionary tempo among the masses which was culminated on March 1, 1919,⁵³ there arose in 1920 a new workers' movement, which had definite social platforms.

Of course, guilds for the protection of the laborer and artisan were reported to have existed in Korea for many generations before the Japanese annexation of Korea. These guilds constituted a sort of mutual aid society rendering assistance to its members in case of sickness and often paid a part of a wedding or funeral expense.⁵⁴ One of the most

⁵³This date was the beginning date of the first independence movement of Korea against Japanese regime. Though movement itself was failed, its impact was felt all over the country, causing nationalism among Koreans. See pp. 85-86, A. J. Grajdanzev, Modern Korea.

⁵⁴Underwood, Horace G., The Call of Korea, (New York: Fleming H. Revell Co., Fourth Edition, 1908), p. 68.

prominent was known as the Peddlers' Guild, which had a deciding vote in the control of all market and traveling merchants. These guilds, however, did not see the importance of a stable organization, thereby leaving no continuity for the next generation. As it has been described in the early part of this paper, the period before the Japanese annexation of Korea was also characterized by few, if any, sizeable companies. Instead, homework markets, held once every five days near large villages or towns took the place of agencies of production and manufacturing centers. Such a market context appears to be fitted into Perlman's classification of the handicraftsmen of the preindustrial development. According to Perlman, "The handicraftsman of the pre-capitalistic era lived in a world in which the producer had no rights but those he bought for money from the mighty of the land, and no economic opportunities except those he found, with the aid of his skill and primitive tools, in the limited market of his locality...Coupled with these gains was an unqualified recognition of their guild organization, whereby the future was safeguarded as well."⁵⁵

Thus, trade unionism did not begin in Korea until after the independence movement of 1919. Though it was a patriotic

⁵⁵Perlman, Selig, A Theory of the Labor Movement, (New York, Augustus M. Kelley, 1949), p. 261.

fight against Japanese domination, the impact of the nationwide movement was felt strongly among the people, especially among the laboring classes of Korea. In Seoul, the Chosun (Korea) Labor Mutual Help Society, believed to be the precursor of the labor movement, was organized in 1920.⁵⁶ The society, commonly known as the Chosun Kongjehoe (Korean Cooperatives), was composed of the leaders of the farmers and general laborers, and was aimed at gaining political strength for the workers.

In the latter part of 1920, the Mutual Help Society, and other politically minded youngmen's associations, combined to form the League of Korean Youngmen's Association under the leadership of men like Shangheun Oh, Shinkeun Kim, and Duksoo Chang. The association was composed of one hundred thirteen cells. The aims were to protect the Korean's business rights,⁵⁷ to assist in the development of cooperative

⁵⁶Grajdanzev, op. cit., p. 64; The Mutual Help Society was not an underground movement, but when the society was combined into a League of Korean Youngmen's Association and when its aims were revealed to the Japanese Government, the merged organization was dispersed toward the end of 1920 by the Japanese Government. See Ibid., p. 64.

⁵⁷Immediately after the annexation of Korea, the Japanese administration did not wish to see development of industry by Koreans. From this policy, the laws were enacted in 1910 concerning the formation, control, and supervision of corporations. They were so strict and formulated such a way that it was practically impossible for Korean businessmen not only to establish new business but also to maintain their pre-established business right. For the detailed account of this situation, see page 50, Modern Korea, by A. J. Grajdanzev.

activities, and to improve the economic security of the Korean workers in industry.⁵⁸ It thus appeared that their emphasis had shifted from political to economic problems and their motives seemed oriented toward trade unionism or the Chamber of Commerce.

In 1924, the General Union of Chosen (Korean) workers and farmers, which appeared to be a labor movement, was organized.⁵⁹ Its activities were immediately repressed by the Japanese police and army, but it established secret branches throughout the country and it was believed to have a membership of about forty thousand laborers in the late 1920's.⁶⁰ In 1925, the workers of the Seoul Electric Company staged Korea's first organized strike and in 1929 a general strike in the port city of Wonsan was called (now in the North Korea).⁶¹ Prior to the general strike, the union was reported to have engaged in sporadic strike activity. But the strike activity during this period was more political than economic in character, directed against the Japanese, rather than against plant management.

⁵⁸Hongkee, Karl, A Critical Evaluation of Modern Social Trends in Korea; a dissertation in candidacy for the Degree of Doctor of Philosophy, Dept. of Comparative Religion, University of Chicago, June, 1934, pp. 161-163.

⁵⁹Rath, Andrew, "Korea's Heritage," The Nation, The National Associates, Inc., February 2, 1946, Volume 162, No. 5, New York, p. 123.

⁶⁰Hawk Won Sa, Korea: Land, Its People and Culture of All Ages, p. 285.

⁶¹Ibid., p. 285.

Again, the union stressed politics and did not take any serious initiative toward the founding of trade unions. Instead, the leaders used this workers' union as a tool to achieve political revolt against the reign of the Japanese, though it was originally formed as a workingmens' organization. In 1930, the general union included 17,900 members and fifty-four local chapters.⁶² The union secured a small number of written contracts and engaged in sporadic strike activity, until a wide-spread general strike in 1931, which was suppressed by the Japanese authorities driving the union underground.⁶³

There was, however, another labor movement in Korea during the late 1920's and 1930's. After the Russian Revolution of 1917, the League of International Communist Unions (RILU) in the spirit of Lenin - had sent its members into Korea and began their mission secretly, keeping hidden from the fascistic regime of the Japanese.⁶⁴ Korean representatives followed the RILU's program to battle for improved wages and working conditions all over Korea, but the movement did not spread. It was mainly centered in the capital area, and it could not get sufficient membership to fight against the plant managers. The net effect of the RILU's program was the foundation of the

⁶²Karl, op. cit., p. 166.

⁶³Report of Activity of the World Federation of Trade Unions, October 15, 1945, to April 30, 1949, presented to the Second World Trade Union Congress, Milan, June 29 to July 10, 1949, pp. 181-182.

⁶⁴Foster, William, Outline History of the World Trade Union Movement, (New York: Intl. Publisher, 1956), p. 336.

Federation of Young People's League in 1924.⁶⁵ By the middle of the 1930's this Federation was also driven underground along with the General Union of Korea. Because of this, the actual strength of these unions were indeterminate.

In Japan, after the Manchurian incident in 1931, the government sponsored the formation of a fascist trade union, the effect of which was the creation of so called company unions in Korea. Employers legally organized company unions and other paternalistic associations in the Korean industry. In November, 1941, the governor-general of Korea instituted the Labor Patriotic Service Corp, (Kiara Hokoku Undo) which was only a labor "front."⁶⁶ The UNDO was strictly sponsored by the Welfare Minister. Each industry, was by law, supposed to have its cooperative body under the banner of the UNDO, in which the employer was the sole leader. The ultimate purposes of the Service Corp. was to remove all friction between labor and management, to increase productivity, to support preparations for the coming war, and to inspire workers to be loyal to the Japanese Emperor. Under this banner, Koreans went to Japan by conscription and were forced to work in Japanese coal mines. By June, 1945, for instance, Koreans made up

⁶⁵Karl, op. cit., p. 164.

⁶⁶Cohen, Jerome B., Japan's Economy in War and Reconstruction, (Minneapolis: University of Minnesota Press, 1949), p. 529.

thirty-two per cent of the total labor force in the Japanese mining industry, 135,751 out of the total 412,241.⁶⁷

B. The Post World War II Situation

The separation of the Korean economy from that of Japan, along with the political insecurity, created a decline of about forty-five per cent in the number of industrial establishments in the South Korea. Under these conditions, it was an inevitable consequence that fifty per cent of the total labor force in the South was once reported unemployed.

To the abruptly sagging economy, the newly-acquired freedom of political expression brought irresponsibility and intense rivalry. Up until June, 1946, there had been more than forty political parties representing the communists, anti-communists, nationalists, democrats, "middle-of-the-roads," etc.⁶⁸ Three different forms of government appeared: the U. S. Occupation Government, the Korean Provisional Government on the right, and the People's Republic on the left. Except for the Occupation Government, which had sole power and authority in this period, the other two forms of the provisional government were each sponsored by several political parties.

⁶⁷Cohen, op. cit., p. 301.

⁶⁸Oliver, Robert T., The Man Behind the Myth, (New York: Dodd Mead and Company, 1955), p. 221.

Among the influential political parties, there were the Korean Democratic Party, the Korean Independence Party (which later became the Liberal Party), the South Korea Labor Party, and the Korean People's Party. All of these major parties were, in one way or another, advocating the betterment of the laboring class, and were intense rivals in gaining the support of the farmers and the industrial workers.

Having little understanding of unionism and little education, the majority of Korean workers were utterly confused in finding a stable path for the trade unions. In the days immediately following the liberation in 1945, the roots of the union groups were to be found in those underground movements during the 1920's and 1930's. These first unions were called Workers Committees and were formed to take over the management of the factories as the Japanese departed.⁶⁹ It is probable that these workers' committees were not exclusively communist in character, although their leaders were known to have such a political outlook. These committees provided the only form of union activity for some months after the liberation, and their purpose was certainly as much political as economic. On November 5-6, 1945, these groups united to form the All

⁶⁹Bureau of Labor Statistics, U. S. Dept. of Labor. Summary of the Labor Situation in South Korea, October, 1955, In cooperation with International Cooperation Administration, Office of Labor Affairs, October, 1955., p. 10.

Korea Labor Council (Chun Pyung) at a national convention held in Seoul.⁷⁰

1. Communist Control of Labor

The Korean communist underground movement of the 1920's and 1930's created working class leaders who had been indoctrinated by revolutionary Marxism.⁷¹ Among the notable leaders were Park Hun Young, and Hun Heun, who organized the All Korea Labor Council. This Council, through the cell organization of the Worker's Committee spread its activities into every industry, especially into the textile, transportation, dock-workers, mining, and farming areas. The educational agents of the committee were so successful in the beginning that it acquired a popularity among the workers and controlled most of the labor unions in the South until late 1947.

The Communist control of labor unions was further strengthened by the active sponsorship of Huh Hun, of the Southern Korea Labor Party, and Kim Wanbang, of the Revolutionary Party. In 1945 and early 1946, both the labor party and the revolutionary party advocated the agrarian and industrial revolution for the betterment of the working classes, while their ultimate purpose was to use the workers as temporary instruments for their political victory. Farm

⁷⁰Ibid., p. 7.

⁷¹Lee, op. cit., p. 279.

laborers, who made up the largest part of the illiterate population of the South, joined the leftist group because they were bitterly opposed to the rice collection program of the government; the factory workers were also in favor of the leftist union because the management of industrial establishments had been turned over to Korean "profiteers" who had a close association with the Japanese authorities before the liberation and with the rightist political parties after the liberation.⁷² Besides, the workers did not have any real choice because there were no moderate unions aggressively campaigning to organize the workers until September, 1946.

Nevertheless, the influence of the leftist union started to decline from the beginning of 1947, after the September Order of the Military Government in 1946. The order included the arrest of the leftists and banned publications that incited revolt.⁷³ Thus, the communist labor unions could not exist in the South later than 1947, though some of them still maintained contact with the communist underground as late as 1948.

It seems highly improbable that the legal ban of the communist activities by the September Order was the sole reason for the sudden decline of the leftist labor unions in

⁷²McCune, op. cit., pp. 89-90.

⁷³Ibid., p. 86.

the South. The ideological perspective of the communist union in Korea was Leninism and Marxism, accentuated by political propaganda. The Communist unions were operated merely as a means of having the leftist political parties engage in riotous strikes for the policies of the parties, rather than for the betterment of wages and working conditions. The workers gradually realized this. Subsequently, they began to shift their allegiance away from the communists. In the wake of the series of riots and demonstrations that brought about the destruction of public property and human casualties, the public gradually discredited the unions. It was not the strikes by the union that the public bitterly objected, but that they could not see much difference between the aims of the union strikes and the riots of the Communist Party. In general, these were the two major factors that caused the sudden decline of the communist unions. Other reasons, such as the successful foundation of the Foundation of Korean Labor through the efforts of the Military Government also prevailed. Moreover, on May 14, four days after the 1947 congressional election for the Republic of Korea, the North Korean regime ordered a halt of the flow of electric power on which South Korea's industrial and residential sectors depended for up to 70 per cent of their power supply. The immediate consequence

⁷⁴Gardenker, Leon, The UN and the Peaceful Unification of Korea, (The Hague: Martinus Nijhoff, 1959), p. 215.

of this halt on the electric supply made it necessary for some of the employers to lay off their workers. This action of North Korea further convinced the South Korean wage earners of the subversive and ruthless means of the Communists.

2. Foundation of the Korean Federation of Labor

As the government's suppression of the communist union became definite in early 1946, and as the public began to look for labor unions which do not cause subversive strikes, non-communist political leaders of men like Chun Chin Han and Yu Ki Tae, founded the Supreme Committee of the Korean Federation of Labor in March, 1946.⁷⁵ The military government, having been seriously disturbed by increased labor friction and the very confused picture of Korean politics, gave the Supreme Committee their active sponsorship while the government was helping the officials of the locals to establish democratic labor mediation boards in local governments.

The Korean Federation of Labor (Tai Han No Chong), cooperating with military government, soon became the only effective trade union organization. In September, 1946, the All Korea Labor Council (AKLC) called a railway strike which

⁷⁵U. S. Dept. of Labor, Bureau of Labor Statistics, Summary of the Labor Situation in South Korea, p. 7.

was extended into a general strike.⁷⁶ The strike culminated in rioting and was broken by mass arrests and jail sentences. The Korean Federation of Labor Union (KFLU) moved in rapidly wherever the AKLC lost strength, and soon seized the leadership of the labor movement. By August, 1948, when the Republic of Korea was founded, the KFLU claimed a total membership of 250,000 with the affiliation of 680 unions.⁷⁷ In reality, it was believed that they had a membership of about 127,600.⁷⁸

The fact that the KFLU had taken over the leadership of the labor movement was not particularly beneficial to the workers. It never developed political independence. The price for gaining supremacy in the trade union movement was a close political relationship with the Federation and the Korean Government, especially the Liberal Party. The Federation has been one of five social organizations with representation on the Liberal Party's Central Committee; three supreme committee members of the Federation sit on this Central Committee.⁷⁹

⁷⁶Kaukonen, J. L., "The South Korean Wage Earner Since the Liberation," Monthly Labor Review, April, 1949, Volume 68, No. 4, (U.S. Dept. of Labor, Bureau of Labor Statistics), p.406.

⁷⁷Ibid., p. 406

⁷⁸Hawkwon, S. A., Ltd., Korea, p. 286.

⁷⁹Summary of the Labor Situation in South Korea, p. 8.

Chun Chin-Han, the Chairman of the KFLU was the first minister of Social Affairs. The top officials of the Federation were also mainly concerned with the approval of the political leaders in the South. Thus, it was known among the public that the KFLU was organized to combat the influence of Syngman Rhee's opposition parties. With this motivation, the labor unions affiliated with the Federation were used as political instruments in the power struggle of the Liberal Party, which the top officials had sponsored, while the members of local unions were frequently assigned to support the election of political leaders who had no interest in correcting labor conditions.⁸⁰

These developments indicated a trend in the labor movement in the South that the desire for personal political power frequently converted the Federation into an arena of avert struggle between political factions and that a strongly paternalistic control over labor unions by the South Korean government made the KFLU a semi-official labor front, disregarding the establishment of a genuine trade union movement. Under the emergence of such a peculiar labor movement, it is safe to say that "do-nothing-labor unions" were operated in this period. For example, miners in the southern provinces of Korea went to work without pay, and the Federation did

⁸⁰Kyung Cho Chung, Korea Tomorrow, (New York: MacMillan Company, 1956), p. 142.

little to alter the situation, and the Korean electric power company union was in bitter dispute with the company without the support of the Federation.⁸¹ In November of 1946, dock workers in the harbor of Inchon, seven miles southwest of Seoul, struck for a wage raise, refusing to unload the ships. Then the Tae Han Youth Corp sent enough of its members to replace the strikers and to do the work.⁸²

Before and after the Korean War of 1950-1953, strikes that occurred in the South were likely to fail and offer no hope of improving labor conditions. Unions that supported the strike were branded as communist and ordered to disband by the government. The position of the local unions was too weak to withstand suppression by the government, which carried with it a tacit approval of the top officials of the KPLU.

The post-armistic history of South Korea's labor movement, unfortunately, has not been promising, despite some improvements in economic conditions. Since 1955, the economy has been constantly progressing, especially in textile, machinery, cement, and fertilizer industries, however, the labor movement has not been able to maintain the parallel growth. Before discussing the growth aspect of the PKYU in

⁸¹ McCune, op. cit., p. 164.

⁸² Time, June 30, 1947, p. 25-26. The Corp was the largest of the rightist organizations, headed by Lee Bum Suk. Any strike that occurred in industry was viewed as a possible communist movement by the Corp. Therefore, its members, being fanatical and bitter against the Communists, met the strikers with terror.

terms of its structure and membership, it seems pertinent here to indicate that the struggle for hegemony at central headquarters had been so persistent that it became a major deterring factor in the growth of the Federation.

The slanders and deceptive practices among the top officials of the Federation were evident even before the Korean War. In 1949, the president of the Federation, Chun, represented Korean labor at the founding meeting of the International Confederation of Free Trade Unions.⁸³ Upon Chun's return trip from London, he was involved in political gossip, the rumor being that he had met with the leaders of the North Korean labor. Therefore, the South Korean government discredited him, and instead the vice-president, Yu Kitae, took over as leader of the Federation. The sudden change of leadership was not meant to verify the rumor, but was rather a political maneuver of the liberal party headed by Syng-Man Rhee.

One month later, however, Chun was re-elected as Chairman of the Federation. Yu Ki Tae was later killed during the North Korean invasion. Chun remained as Chairman of the Federation until he split with the Liberal Party, and was defeated in a campaign for vice-president of the republic in

⁸³ Summary of the Labor Situations in South Korea, p. 13.

August, 1952.⁸⁴ Since November, 1952, a supreme committee has formed the combined leadership of the Federation, but the rift among the factions continued until the early part of 1961, when all labor organizations were banned on May 22, 1961, by special decree of the Military Junta.⁸⁵ Regarding this situation, Professor Hijun Tak states that, "the labor movement in Korea is not an inevitable result of growing capitalism in the country, but an imitation of the labor movement in advanced countries introduced by political-minded intellectuals without first imitating the advanced countries' productivity."⁸⁶

A discussion as to the validity of this statement does not appear to be an easy task so far as the scope of this thesis is concerned, but it seems sufficient here to indicate that political elements have been predominant in the Korean labor movement and that the labor organizations have frequently been exploited for political purposes and personal political desires. To elucidate on this point further, the backwardness of the industrial worker created a vacuum in leadership. Thus, the union leaders were educated outsiders with humanitarian interests, and concerned themselves with the general problems

⁸⁴ Ibid., p. 9.

⁸⁵ The New York Times, May 23, 1961, p. 1.

⁸⁶ Chang-Suk Paik, "To Begin With Social Security in Korea," Koreana Quarterly, Volume 4, No. 2, (The International Research Center, Seoul, Korea, Winter, 1962), p. 61.

of society rather than at any specific grievances of the wage earners. The political orientation of the unions was accelerated by the fact that the leaders of the Korean Federation of Labor were the officials of the dominant political party in South Korea.

Furthermore, strong paternalism, a heritage of Confucianism, still prevails in all industries. Many trade unions are sponsored by the employers so that they can control the outcome of any labor dispute. The Trade Union Act regulates the rate of contribution for membership; it cannot exceed two per cent of the laborer's monthly wage. But the managers of the trade unions do little besides getting their salaries from the contributions of the hard-working employees. It is not unusual to find local union leaders openly collaborating with the employers, while many of the workers are hesitant to engage in union activities because of a feeling of personal loyalty and attachment to their employers.

3. The Growth of Unions and Membership

The majority of the industries are on a small scale, hiring less than fifty employees. For example, in 1938 there were 2,504 Korean factories, 2,307 of which employed less than fifty workers.⁸⁷ According to the survey conducted by the

⁸⁷Grajdanzev, op. cit., p. 282.

Ministry of Health and Social Affairs, at the end of March, 1958, a total of 236,401 persons were employed in 6,072 enterprises throughout the country, averaging about thirty-nine workers per factory.⁸⁸ Therefore, it may be said with reasonable accuracy that there are many family enterprises or family type handicraft establishments, maintaining the traditional concept of the function of management.

It may also be anticipated that the number of unions representing these establishments would be far greater than under an economy characterized by a large scale of enterprise. As can be seen in the following table, the number of labor organizations has been greater than it would have been in more economically advanced countries. All local unions are affiliated with the Korean Federation of Labor.

From the next table, it is very difficult to assess the growth pattern of labor organizations and its membership. This is partly due to the fact that the Bank of Korea publishes the statistics for trade union and membership without any explanation. Therefore it is impossible for this paper to determine with accuracy how these statistical estimates were obtained. Furthermore, it seems highly doubtful that the

⁸⁸ Korean Report, Reports from the Cabinet Ministries of the Republic of Korea for 1958, Volume VI, Korean Research and Information Office, Washington 6, D. C.), p. 154.

TABLE 10

UNION AND MEMBERSHIP⁸⁹

YEAR	UNION	MEMBERS
1949	590	118,000
1950*	---	---
1951*	---	---
1952*	---	---
1953	194	112,731
1954	342	151,960
1955	438	189,151
1956	529	230,175
1957	538	234,261
1958	654	246,049
1959*	---	---
1960 (end of March)	560	240,000

⁸⁹The years marked by asterics were the periods in which fighting was taking place in South Korea, with the result that there are no statistical figures available for these years. Aside from these years, the remaining figures were obtained from the Annual Economic Review, 1957 through 1960, published by Bureau of Statistics, Bank of Korea, Seoul. The figures for 1949 were subtracted from 1957 volume, page III - 310, the figures for 1953 through 1957, from the 1958 volume, page III - 329, and for 1958, statistics were quoted from the 1960 volume, page III - 301. The figures for 1959 were not available.

membership figures enumerated in this table have taken into account only dues-paying members. Without these explanations, it seems apparent that none of the above estimates can be considered accurate in these statistical estimates.

For analytical purposes of the growth pattern of unions in South Korea, the factors, such as composition of the labor force, government, and legislation, and value system, will be discussed, as they constitute some of the major factors affecting the union growth. ⁹⁰

Composition of the Labor Force

As it was already pointed out in Table 4, Labor Force by Industries as of the end of 1959, the union membership of 244,660 represents approximately 2.5 per cent of the total labor force. The mere size of union membership does not necessarily represent a corresponding strength in the labor organization, but rather, a low percentage of membership as compared to the total labor force---9.2 million seems to be indicative of poorly organized unions. Dr. Rezler states that: "It is a well-known fact that there are several groups within the civilian labor force which have proved immune to

⁹⁰Rezler, Julius, Union Growth Reconsidered: A Critical Analysis of Recent Growth Theories, (New York: The Kossuth Foundation, Inc., 1961), p. 23. Dr. Rezler cites fourteen factors that are classified as the major factors affecting union growth, internally and externally. But the availability of information and data confines this thesis to a discussion of only four factors, as they appear to be most relevant to the peculiar conditions of South Korea.

union organization because of their social and economic conditions, and still other groups which in principle might be organized, but in practice react unfavorably to union recruiting."⁹¹

In much the same way, the workers in agricultural, civil service, finance, and in service industries fall into unorganizable groups within the labor force of South Korea. These unorganizable groups comprise about 7 million of the total labor force, leaving 2.2 million workers as the organizable segment of workers mostly engaged in secondary, tertiary, mining, and construction industries. As compared to the workers in these industries, the membership figure in 1960 represents a little over 10 per cent. Considering the number of the years that the Korean Federation of Labor has been operating, the size of union membership does not seem to threaten the existence of a labor organization in the country.

Legislation

Article 18, of the Constitution of the Republic of Korea guarantees freedom of association, collective bargaining, and collective action of laborers within the limits of the law. It also states that workers employed in profit-earning private enterprises shall be entitled to share in the profits of such

⁹¹Ibid., p. 13.

enterprises in accordance with the provisions of the Constitution.⁹² The writers of the Constitution thought that the workers were economically weak in bargaining with employers, but they did not intend to apply the right of the workers to bargain collectively to the nationalized properties because it was simply a matter of public interest. This restriction is specified in Section 2 of Article 18, that workers in the nationalized industries may be excluded from engaging in collective action for determination of their wages and conditions of employment.

The exclusion of collective bargaining from the nationalized industries, however, does not mean that a labor organization may not be formed, but rather that workers are constitutionally banned from taking strike action. The implication of allowing the formation of labor unions is further borne out by the supplemental enactment of the Trade Union Law in 1953, which insures the workers of the right to engage freely in collective agreement upon the request of either party, both parties respecting sincerely the concluded agreement. The Law also specifies that employers must not interfere with workers exercising the right to organize, nor perform any act prejudicial to the worker with the intent of encouraging or

⁹²Jin Ho Yoo, Korean Constitutional Interpretation (Il Cho Kwak Publishing Co., Seoul, 1955), p. 83.

discouraging trade union membership.⁹³ The provisions of the Law of 1953 are effective in both the nationalized industries and in private enterprises, although most of the collective agreements negotiated have been mainly concerned with conditions of employment other than wages.

In light of the legislations discussed thus far, a hindrance to union growth seems to stem from the provision of the Constitution, Section 2 of Article 18, that workers in nationalized industries are prohibited from taking strike action. Professor Butler states that, "Collective bargaining would be an empty institution if the union did not have the capacity to place some degree of financial strain on the employer."⁹⁴ It appears that one effective way to bring about this financial strain could be achieved by striking or threatening to strike. But since the strike activities of the union are constitutionally prohibited, the function of labor unions in the nationalized industries would be limited to that of presenting minor grievances to the managerial groups on behalf of individual workers. Hence, the attractiveness of a union in the eyes of the workers would tend to be minimized, thus, in the long run, retarding the growth of unions.

⁹³Office of the Public Information, Republic of Korea, Korean Report, Volume II, 1952-1953, Korea Research and Information Office, (Washington, D. C.), p. 43.

⁹⁴Butler, Arthur D., Labor Economics and Institutions, (New York: The Macmillan Company, 1961), p. 188.

Government

Trade unions are regulated by the Government according to the Trade Union Law promulgated on March 8, 1953. Without discussion of the Union Law and the subsequent executions of its regulations by the government, it would be improper to say that the executive branch is either hostile or friendly toward union development. Government controls are provided for in the following conditions: Article 13 states that if the constitution of a labor union infringes on the public laws or impairs the public interest, the Administrative Authorities may order its revocation; Article 19 specifies that in case the resolutions of a labor union are in controvention of the public interest, the Administrative Authorities may order their cancellation; and Article 32 prescribes that if the labor union has violated the provisions of any law or if it is harmful to the public interest, the Administrative Authorities may direct the dissolution of the organization.⁹⁵ Under these provisions of the Trade Union Law, the Government has the extraordinary power not only to revoke by laws of labor union but also to dissolve its organization. It is highly probable

⁹⁵Office of the Public Information, Republic of Korea, Korean Report, Volume II, 1952-1953, (Washington, D. C.: Korean Research and Information Office), p. 42-44.

that the mere existence of such a severe law would tend to create a detrimental effect upon union growth.⁹⁶ In this connection, it deserves to be pointed out that the Government, from its inception, has desired a trade union movement having as its primary function the organization of workers in support of the political party in power.⁹⁷ Any deviation from this primary function on the part of a union would likely cause its dissolution. This tendency also exists in private industries, where strikes are permitted. In other words, the Government periodically instructs labor unions to appeal directly to the proper government authorities for the settlement of disputes. The desire of the union leaders to conform with these instructions makes it highly improbable that they would exert their leadership in the interests of the union members. Thus, the attractiveness of labor unions in private industries would be no greater than in the nationalized industries.

To militate against the possible increase in industrial unrest, the Labor Mediation Law was enacted in 1953. Both voluntary and compulsory arbitration are used in Korea, but in practice, the government authorities tend to resort to the

⁹⁶Unfortunately, to what extent the administration of these provisions has resulted in the revocation of the by-laws of unions and their dissolution can not be empirically discussed in this study, because comparable statistical data has not been published by the Government or the Bank of Korea.

⁹⁷Summary of the Labor Situations in South Korea, op. cit.
p. 6.

compulsory one without discretion. There were, for instance, one hundred thirteen wage disputes during 1958; most of these were the problems of unpaid wages or over-due payment of wages.⁹⁸ But by means of compulsory arbitration through the Labor Committee, Bureau of Labor, Ministry of Health, and Social Affairs, the majority of these disputes ended without immediate settlement. In other words, these disputes were settled under the pressure of the government, assuring the workers of wage payments after the elapse of unspecified period of time. Yet, workers do not tend to change their jobs to other industries because there is a constant flood of unemployment in South Korea. Perhaps, this constitutes one of the peculiarities in the conditions of labor in South Korea.

Value System

The crux of the value system lies in the family system, which is the basis of the community.⁹⁹ As has already been

⁹⁸ Reports from the Cabinet Ministries of the Republic of Korea for 1958, Korea Report, Vol. VI, Korean Research and Information Office, (Washington 6, D. C.), p. 153. From 1959 on, the statistics on labor disputes ceased to be published without giving any explanation for the discontinuity.

⁹⁹ The usual pattern of family life is founded on the Confucian concept of the correct relationship between people. This relationship revolves about the ideas of superiority and inferiority. The senior male member holds the ruling position in the family system. Through these relationships, they make up interconnected families which make up the family clans. These clans, in turn, occupy a village or part of several villages, and they may have connections with other branches of their clans, a long distance away. Though the main function of the clans is to preserve their geniology for the social position and social relation, they often utilize this social system to protect their economic interests. See Cornelius Osgood, *op. cit.*, p. 36-37.

pointed out in the early part of this paper, numerous establishments are operated by family enterprise. It is not unusual to find in these establishments that certain dominant families within a community have been such a powerful means of political control that an attempt to mediate in terms and conditions of employment by the labor union is considered an alien element to their family enterprise.¹⁰⁰ Consequently, the organization of labor unions is often deemed to failure.

A more important fact is that both wage earners and persons associated with labor organizations are looked down upon by Koreans in general. The Western idea of equality of all occupations has not been accepted by every sector of the population. This stigma of the wage earner and labor organizations stems from the long indoctrination of Confucianism, which advocates not only one way communication in social relationships, but also paternalistic relationship in the form of an unchallengeable system of the master-servant relationship. Confucianism, of course, has undergone major changes since the end of World War II, and its belief has been discarded by large sectors of the population. Its only lingering effect is apparent on the social life of Koreans today. But it must be remembered that the Confucian system has been traditionally enjoyed by a small number of the upper class, and that its

¹⁰⁰Silberman, Bernard S., Japan and Korea, (Tucson, Arizona; The University of Arizona Press, 1962), p. 111-112.

inherited belief is still shared by the well-to-do families, who are most likely the owners of enterprises or workshops in South Korea. That such a belief is still prevalent among the managerial groups indicates the dim prospect for the development of labor unions as acceptable social institutions.

CHAPTER V

CONCLUSION

Throughout this writer's discussion of Korea's history and economic development, it has been found that any improvements in working conditions are faced with peculiar obstacles, non-existent in other democratic nations. First, the absolutism of and the caprice of the Lee dynasty in the nineteenth century, with its oppressive taxes, venal exactions, and extreme insecurity of property, successfully prevented the rise of a sizeable and influential merchant class. The economy consisted almost wholly of the agricultural and handicraft industry until Korea's opening to the outside world, just before the turn of this century, with its annexation from Japan. Wealth and the instruments of economic action were in the hands of the privileged social class of "Yangban", which was always closely united with the power of the local authorities.

It must be remembered that the way of life of the privileged class was historically dictated by Confucian ethics; that is, a belief formulated to promote the organization of the family unit, the reverence of elders and owners of wealth in the social relationship. Under this socio-economic environ-

ment, employment problems appeared ill suited for the collective bargaining processes then existing in Korea. Instead, the paternalism, customary in the Confucianist system of master-servant relationship, became predominantly employer-employee relationship. Even when organized, the workers often continue in this customary relationship, the effect of which has ultimately deterred workers from improving their economic lots.

Second, during the Japanese occupation, Korean workers had been deprived of all legitimate and fundamental rights exercised in democratic countries. Freedom of speech, assembly, and press, all of which are essential arms for the growth of institutions and for benevolent social leadership, were almost non-existent in Korea except in the early part of the 1920's. This adverse political heritage handed down to the South Korean government during the 1950's still has its lingering effect upon trade unionism in the country. Because of this political heritage, any attempt to improve the conditions of the workers by means of strikes or other collective actions, are, without exception, likely to be branded as communistic and, consequently, the betterment of labor conditions is solely in the hands of the government. There does not appear to be an actual threat from Communist North Korea. But frequently reported incidents of Communist agents in South Korea necessitates the government to rationalize its

action under the disguise of a Communist threat.

Third, until the beginning of the twentieth century, Korea was an agricultural and traditionally stagnant society. Even today, a subsistence level economy exists in some rural areas. The industrial sector, in its modern sense, carries little weight in the total economic activities of the country. In other words, the society is in the process of making a transition from a traditional, agricultural, and stagnant economic phase to a new, dynamic, and industrial economic order. Even regularly-employed workers cannot manage to maintain a fair standard of living. As far as the labor force in the secondary industry is concerned, more persons are unemployed or underemployed than regularly or fully employed. Thus, it should be clear that the supply of manpower in South Korea is unusually large in relation to the available natural resources and capital goods and that the supply of skilled manpower trained in modern industrial techniques is exceedingly small. These two factors alone would tend to produce unemployment and underemployment, and, eventually, to fortify the obstacles in the alleviation of the plight of the wage earners in the country.

Fourth, the destitute conditions of a large portion of the industrial workers are an urgent problem, considering the fact that workers have not been able to maintain a standard of living that is conducive to minimum health and decency. As

it was illustrated in the extensive budgetary investigation, the problem appears to be attributable to the inadequate and irregular earnings of the workers, coupled with the continued existence of poor conditions of employment from the standpoint of sanitation and hygiene.

Fifth, it appears certain that any Western concept which is concerned with social security and protective labor legislation cannot easily be adopted and implemented by the peculiar socio-economic pattern of the country. Much of the labor legislation was worded similarly to that of the more industrially advanced Western countries. Often, it was wholly inappropriate to the industry where it was applied. Even where it was at first applicable, it did not necessarily remain so, because industries and occupations are operated and placed respectively under a peculiar socio-economic pattern. Labor inspectors were created to see that the protective labor codes were enforced but because of budgetary limitation, they were hardly ever equal to their task. More applicable labor laws focused on the conditions of South Korea are needed. Thus, the remedies for low wages and for inefficiently organized protective labor laws seem to be gradual processes as they must be accompanied by an increased labor productivity and an increased capital formation of the economy.

Finally, the labor movement in Korea has a particular handicap. That is, that the trade unionism had been politi-

cally oriented during the Japanese occupation and is still closely tied to political leadership in an unstable socio-political condition. Under the ideals of trade unionism, workers in various fields of industry were organized not voluntarily but passively by the desires of political-minded people. Perhaps, this political orientation of the Korean labor movement has reflected the political tension of the times. It is not unusual to find that labor organizations are often exploited for political purposes and personal power.

The basic concept of trade unionism, that is, that a labor organization is a continuous association of wage earners for the purpose of improving their economic and social well-being cannot be applied to this country. One discovers that cause and effect are inextricably intertwined when attempting to determine why this is true in South Korea. Probable causes and effects as discussed in this thesis are that slow and imperfect socio-development, together with the constant threat of North Korea, seemed to have frustrated workers in their effort to improve their living standard through trade unionism, and, gradually, turned to politics for a quick and easy solution.

Other probable causes and effects are that the lack of a stable labor force in manufacturing and the insufficient economic strength of the trade unions under the flood of unemployment have been most detrimental in the development of trade unions in Korea compared with those of more industrially

advanced countries. Although the growth of labor organization was grown in number, socio-economic conditions are such that sheer size and numerical growth has not proved to be the key to union strength in South Korea. Workers in South Korea do not see labor unions as organizations to protect their immediate economic interest. Consequently, they would not join a union without giving it a second thought. Thus, current poor conditions of the laborers in South Korea have given evidence to the fact that trade unions have not been effective in benefiting the workers.

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APPROVAL SHEET

The thesis submitted by Pahn K. Oh has been read and approved by three members of the faculty of the Institute of Social and Industrial Relations.

The final copies have been examined by the director of the thesis and the signature which appears below verifies the fact that any necessary changes have been incorporated and that the thesis is now given final approval with reference to content, form, and mechanical accuracy.

The thesis is therefore accepted in partial fulfillment of the requirements for the Degree of Master of Social and Industrial Relations.

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Date

Paul B. ...

Signature of Advisor