



# Middle Classes, Old and New

Modern Korean Society

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# Statistical Ways of Looking at Class

- ▶ Assumption—everybody is competing in the market for income and some people are more successful than others
- ▶ "Class" is a way of statistically dividing up people into groups for analysis
  - ▶ Usually it is thought of as slicing up a continuum—usually an income or wealth continuum
  - ▶ There is little assumption that there are "boundaries" to the classes one comes up with, social solidarity, or class consciousness
  - ▶ Thus, the US census divides the US population into quintiles based on incomes (less often based on wealth, which may be a better measure of economic advantage)—often called "strata" rather than "classes"
- ▶ Another common division: Upper Upper, Lower Upper, Upper Middle, Lower Middle, Upper Lower, Lower Lower—six classes



# Structural Ways of Looking at Class

- ▶ These theories assume that people systematically differ in their access to income, property, education, and so forth
- ▶ Fundamentalist Marxists divided modern classes into the bourgeoisie (owners of productive property), and the proletariat (those who must sell their labor to the owners of property to make a living)
- ▶ Revisionist (semi) Marxists define classes by their “relationship to the means of production” (and there can be more than two classes)
  - ▶ E.g. smallholder traditional agriculturalists (peasants)
  - ▶ Skilled craftspeople
  - ▶ Small-scale self-employed businesses (petite bourgeoisie)
  - ▶ Educated managers, teachers, and bureaucrats (new middle class)



# Stories about how modern classes came about in the West

- ▶ In medieval society most of the rural population were serfs or peasants
- ▶ In the free cities independent craft persons dominated political life through guilds
- ▶ When the factory system was invented manufacturing could be done by unskilled labor (women and children), and the skilled craft persons were thrown out of work (proletarianized—stripped of their skills and power)
  - ▶ Artisans formed the backbone of the labor movement in which workers demanded better treatment and political participation
  - ▶ The French Revolution provided an area through which a democratic vision of modern society could be forged and spread
- ▶ Meanwhile, the new middle class of educated managers and bureaucrats emerged



# Looking at Korea

- ▶ Chosŏn Korea was a bureaucratic state that constrained the development of the market
  - ▶ Yangban were educated in literary Chinese, and were to be the rulers
  - ▶ Merchants were looked down upon
  - ▶ Artisans were low status slaves and servants
  - ▶ Cities were bureaucratic administrative centers, not independent sources of artisan control
- ▶ Coming into the 20<sup>th</sup> century, then, there was a fundamental divide between those who worked with their minds (the rulers), and those who worked with their hands (the ruled)—ultimately this comes from Mencius
- ▶ That is why “ignorant workers” could be looked down upon as kongsun, and kongdori who legitimately would be the ruled



# Changes in relations of production

- ▶ After the Korean War, “people were all poor together”
  - ▶ Land Reform of 1950 had broken the power of landlords who prior to this time owned most of the land, did no manual labor, and lived off their rents and money lending (there had also been a small rural middle class of owner-cultivators, and a mass of tenant farmers who owned no land)
  - ▶ Korean War itself had destroyed most of the productive property that had existed before 1950
- ▶ However, educational differences still remained, and the 20% or so of the population that had an education was well positioned to benefit from the early development efforts
- ▶ Mass education reached most of the population only by the 1990s





# Development of the Working Class



- ▶ At first there wasn't a big split in labor, because skilled and unskilled workers were not that different from each other
- ▶ The creation of technical high schools in the 1970s, however, nurtured the development of a differentiated skilled work force
  - ▶ These workers were initially quiescent political, but as labor activism heated up in the 1980s and 1990s, those working at large-scale enterprises were successfully able to unionize and raise their wages and working conditions, but at the expense of leaving the small and medium scale workers, and unskilled workers behind
- ▶ After the 1997 currency crisis a split has developed between “regular workers” and “contingent workers” who have lower wages and less job security (the latter are sometimes called the “precariat”)



# Development of the Middle Classes

- ▶ Occupational Structure of Korea began to change 1965→1992
  - ▶ Professional and managerial 2.9→10%
  - ▶ Ordinary white collar 4.1→14.4%
  - ▶ By 1997 the above New Middle Classes were 30% of the labor force
  - ▶ Service and sales workers 18.4→29.3%
- ▶ Koo (page 20) New and Old Middle Class combined was about 42% of the work force in 1997
- ▶ Yusin Era Song “Chal sarabose”





# How did Koreans talk about these changes

- ▶ In the workers movement there was a change in terminology from kŭlloja (a statistical category) to nodongja (worker) as a proud category
  - ▶ People rejected pejorative terms—taxi driver in the 1970s “ajŏssi” (uncle), in 1980s “unjŏnsa” (driver) to “unjŏn kisa” (driving technician) in 1990s
- ▶ In the late 1990s when workers were well paid with job security there were status differences between white collar and blue collar work, but the economic difference wasn't so big
- ▶ People tended to avoid class terminology (as being too red), and talked about strata
  - ▶ In the 1990s up to 80% of the people termed themselves “inbetween statum” chungganch'ŭng—a term that sometimes is translated “middle class”
  - ▶ There other term that became common is chungsanch'ŭng “middle propertied class”

# What is the Chungsanch'ŭng? 中產層

- ▶ Definitions differ
  - ▶ Possess one's own housing
  - ▶ Able to provide a good education for one's children
  - ▶ Consume at an “appropriate” level in society
- ▶ Notice this definition is not exactly “relationship to the means of production” since it is defined more by consumption than production
  - ▶ Must own property—but not rich enough to live off one's assets
  - ▶ Education key, since occupations are mostly New Middle Class
  - ▶ Proper consumption standard--conspicuous consumption is important
    - ▶ (apartment in a good part of town, tastefully furnished, able to engage in leisure activities--like golf?)



# Are Advanced Capitalist Democracies Mostly Middle Class?

- ▶ Middle class the main basis of democratic social contract in advanced democratic societies?
  - ▶ Forgo some self-interests in exchange for the relative security, safety, and efficiency of organized social life
  - ▶ Give power through elections to leaders who are subject to the “common good”, and so we accept elections even when we don’t agree with the results
- ▶ Koo—American and European upper middle classes define themselves in cultural and moral, rather than in predominantly material terms
  - ▶ Koo argues (page 26) that Euro-American middle classes felt they had a historical mission to modernize society (Enlightenment, religious revival of the 19<sup>th</sup> century)
  - ▶ Koo argues that the Korean middle class has had no such historical role



# Decline of Middle Class Identity in South Korea

- ▶ OECD definition of Middle Class (those earning 50 to 150% of median income)
  - ▶ [for comparison purposes, 2021 US median household income was \$70,784, so middle class would be \$35,000—106,000, but note that Seattle median income in 2021 was \$110,000 which would make middle class \$55,000—165,000--about half of US households fall in this range]
- ▶ OECD Middle Class in Korea 1990→2015
  - ▶ 1990 74.8%→2015 65.9%
- ▶ Subjective South Korean Middle Class Identification
  - ▶ 1989 75.5%→2019 42.2%



# Koo's reasons for the decline of the South Korean subjective Middle Class (pp29-30)

- ▶ (1) The job market for the middle class has become increasingly insecure and precarious
  - ▶ Former regular workers made “temporary workers” (with no fixed contract)
  - ▶ Retirement age has been lowered
- ▶ (2) The number of college graduates has continually increased, while the number of jobs available for college graduates has not grown substantially
  - ▶ Some college leavers (especially women) opt for free-lance employment
- ▶ (3) The cost of a middle class life-style has gone up faster than middle class salaries
  - ▶ Housing costs have been rising world-wide
  - ▶ Education is extremely expensive in Korea with cram school and tutoring (7% of family income)
- ▶ (4) Low birthrate has made Korea a seriously aging society, and single person households are also proliferating
  - ▶ Korea does not have a very generous Social Security Program, so people have to save for retirement






# Why do Koreans with OECD middle class status consider themselves poor?

- ▶ In South Korea today a minority of those conforming to the OECD definition of middle class consider themselves chungsanch'ŭng
- ▶ Middle-propriety class is higher than what Americans call middle class (thus I don't usually translate chungsanch'ŭng as middle class)
  - ▶ 2019 survey found people felt you need 200% of South Korea's median annual income to live a middle class lifestyle
    - ▶ Live in a 30 pyŏng apartment (1067.5 square feet) [1 pyong is 35 square feet, average Seattle apartment is 711 square feet or 25 pyong—smallest in US]
    - ▶ Earn more than 90% of average annual income
    - ▶ Have at least a BA and work in a professional occupation
- ▶ Koo sees this as evidence of the emergence of a new higher-level of middle class that is differentiating itself from the regular middle class through conspicuous consumption





# Regular versus Irregular workers (규정직/비규정직)

- ▶ Regular workers (kyujǒngjik) get health insurance, occupational hazard insurance, unemployment insurance, and participate in the national pension system. They cannot be terminated without cause or subject to a definite end of their employment (except retirement)
- ▶ Irregular workers (sometimes called temporary workers in English) work full time, but lack the above benefits
  - ▶ They often have term contracts, or are laid off when times are hard
  - ▶ When they get old they might qualify for a Basic Old Age Pension that is estimated to cover about 18% of the minimum cost of living (this is different than the National Pension Scheme that is more general and to which workers contribute like US Social Security)
- ▶ Most workers under 25 of both genders are irregular workers; women are mostly irregular workers after age 40, while most men are regular workers from about 25 until about age 60



# Dualistic Economy



- ▶ South Korea (and Japan) are both characteristic by **Economic Dualism**
- ▶ This refers to a big split between large scale firms (chaebŏl) and small and medium industry (chungso kiŏp—a real category in Korea and Japan)
- ▶ The chaebŏl have access to large amounts of (state supported) capital
  - ▶ Being better capitalized, they have better technology, and global reach
  - ▶ Their employees tend to be better educated, better paid, and have better job security
- ▶ Small and medium firms have less access to capital, and thus have less advanced technology
  - ▶ They are often subcontractors to chaebŏl, whose fortunes change with the ups and downs of the economy
  - ▶ They pay less well than the large companies (about 60%)
  - ▶ Those who retire from chaebŏl in their fifties may move to a small or medium firm with the corresponding pay cut



# Self Employment



- ▶ The self-employed sector of Korea's urban work force has always been relatively high, because there has never been enough formal sector work for all who want it
- ▶ The opening of Korea to foreign imports after 1997 put pressure on these businesses
- ▶ Many unemployed white collar workers have tried to move into independent businesses
  - ▶ Most of these businesses fail, but in the meantime well-established businesses feel the pressure
  - ▶ Some Koreans have founded businesses abroad—in China, Southeast Asia, or elsewhere
- ▶ Koo doesn't give a lot of information here, but there are very interesting developments in fast fashion in Seoul, and in other small-scale and fleet-footed entrepreneurial enterprises



# Income concentration at the top

- ▶ This is serious in Korea, though not so severe as in the US
  - ▶ US 2021 Gini Coefficient 0.494, South Korea 0.33
- ▶ Incomes at the top (as in the US) have risen the fastest in recent years
- ▶ This trend began in the US in the 1990s when corporations said they wanted to become “lean and mean”
  - ▶ A lot of middle management were laid off. These were eventually replaced by cheaper workers, since their work still had to be done.
  - ▶ Beneficiaries were largely upper management who took stock options and other emoluments
  - ▶ Ideology of “producing value for the shareholders” (of which a large proportion are management) rather than the older ideology of producing value for the community, and taking care of workers



# Two splits in South Korea's classes

- ▶ In the Middle Classes
  - ▶ Split between the OECD Middle Class, and the Middle Propertied Class (chungsanch'ŭng) that is pulling away from the others due to higher salaries and investment in real estate
- ▶ In the Working Classes
  - ▶ Split between regular workers and irregular workers (who often work side-by-side but under differing contracts)
  - ▶ Split between workers in large-scale industry, and less well-paid and less secure workers in small and medium enterprises
- ▶ Self-employed (mostly small-scale) are additionally another 25% of the working population