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The reality behind Squid Game

The TV show portrayed the stark inequality and brutal competition in today's South Korea. Their origins lie in the developmentalist model of the 1970s

As the South Korean-produced Netflix drama Squid Game achieved widespread popularity throughout the world, there has been growing interest in the reality of inequality, social injustice, and harsh competition in contemporary South Korean society. The drama shows South Korea as a Janus-faced society where capitalism's attractions and perils, people's wants and fears, as well as the freedom and violence of competition, appear to have been taken to the extreme. And this display of the country's contradictions isn't far removed from the truth.

For instance, South Korea has the world's highest university enrolment rate, the tenth greatest gross domestic product (GDP) in the world, the highest internet penetration rate, and the best e-government in the OECD. At the same time, long working hours, intense competition, extreme inequality, high rates of poverty and non-regular workers, and a weak social safety net all contribute to many people's daily hardships.

How did the country arrive at this point? To understand its trajectory, one needs to go back to the origins of South Korea's economic model in the 1970s. Back then, South Korea garnered global attention as an exemplary case of a 'late late moderniser' following the German or Japanese model of catching-up to the West, and as one of the 'Four Asian Tigers' alongside Taiwan, Hong Kong, and Singapore. This country is one of the rare cases that belonged to the low-income countries in the 1960s but joined the upper-income groups in the 2010s. Here, not only a modicum of upper class but a sizable middle class shared in the fruits of growth.

South Korea's authoritarian developmentalism

South Korea's economic success was based on a developmentalist regime that prioritised economic growth over other values such as social

solidarity, basic rights, and the protection of eco-system. During the dictatorship that lasted until 1987, an alliance of politics and business consolidated a developmentalist policy paradigm and institutional structures.

This authoritarian state and its corporate allies carved out many of the characteristics of this regime, including the absolutisation of private property, the prioritisation of corporate profits, the dominance of private welfare, and the glorification of the supposed trickle-down effect. At the same time, rights to organise and political organisation of the workers were severely restricted during South Korea's authoritarian rule. Until its end in the 1980s, the rate of public welfare expenditure to GDP was less than 2 per cent, and the basic social insurance systems were not fully introduced until the late 1990s.

Following changes in the global economic environment beginning in the mid-1990s, conditions in employment, work, and income in South Korea deteriorated considerably.

Despite these coercive and exclusive traits of the developmentalist regime, however, it could satisfy both growth and equality to a significant extent until the mid-1990s. Industry continued to expand; economic growth was accompanied by increases in employment; poverty rates decreased; and inequality stayed low at least from the early 1980s to the mid-1990s.

Under political conditions where autonomous association and social solidarity were not allowed, individuals struggled to grow their wealth and prestige by purchasing land and a home, obtaining good jobs, and attending college. However, such individual efforts to achieve success and happiness contributed to the establishment of a social order that resembles the survival game in 'Squid Game', one that causes constant pain and anxiety.

The struggle of (dis)organised labour

Following changes in the global economic environment beginning in the mid-1990s, conditions in employment, work, and income in South Korea deteriorated considerably. Most notably, the 1997 Asian financial crisis and subsequent economic structural changes in the country became a decisive turning point. The number of non-regular workers – those who do not benefit from standard statutory provisions in terms of employment protection – soared from the 2000s, such that in 2021 non-regular workers account for 38.4 per cent of wage workers, and 47.4 per cent among female workers according to Statistics Korea. More recently, the number of so-called 'dependent self-employment' workers, such as special employment workers, platform workers, and freelancers, is

increasing rapidly, while institutional changes to protect them have been slow.

As a result, inequality and poverty have risen significantly since the mid-2000s. South Korea's Gini coefficient of disposable income was 0.345 in 2018, one of the highest level in the OECD, while its relative poverty rate stood at 16.7 per cent, the third highest in the OECD. Only the United States and Israel rank worse than South Korea. In the face of such extreme inequality, the country's suicide rate has been either first to second in the OECD for more than a decade. Given that South Korea has a relatively low crime rate, it looks like aggression in this country is not directed at others, but at oneself.

Despite such a worrisome situation, most workers and the poor have few organisational and institutional resources. Not only is the unionisation rate in South Korea currently less than 13 per cent, but since the proportion of self-employed is over 20 per cent, union membership accounts for only around 5 per cent among all economically active people.

Why are the societal forces trying to shake South Korea's developmentalist system and change the rules of the game not getting stronger?

Moreover, South Korean labour unions have difficulty winning the support and trust of the working class, which currently accounts for about 45 per cent of the South Korean adult population. For example, labour unions recently held a large-scale protest action in downtown Seoul, but they were not successful in formulating concrete demands, attracting media attention, or highlighting the labour issue in the political competition ahead of the next March presidential election.

Additionally, the majority of South Korean workers are not protected by public safety nets. Public welfare is still underdeveloped such that, in 2018, public social spending as a percentage of GDP was 11.1 per cent, which only amounts to 55.5 per cent of the OECD average. In the same year, welfare spending accounted for 31.6 per cent of the total government spending, the second lowest level in the OECD behind Mexico.

A strategy to transform South Korea

In these circumstances, numerous survey results indicate that a large part of South Koreans regard inequality as the most critical social problem. Consequently, they are calling for a more ambitious response from the

government. The differences in policy attitudes and political dispositions by income, housing, and assets have also become more stark than in the past. Why, then, are the societal forces trying to shake South Korea's developmentalist system and change the rules of the game not getting stronger?

First of all, the basis for consenting to South Korean capitalism has not yet been exhausted. The top 30 per cent own a significant share of wealth, and the anxiety of the middle class is less severe than the misery of the lower classes. Second, many insiders of the segmented labour market are organised, whereas outsiders are unorganised. This means that social groups that truly need change lack the resources for collective action and politicisation. Finally, the two major political parties dominating South Korean politics under the presidential system and the majoritarian electoral system are increasing their ability to manage the labour and inequality issues without taking substantial action.

In other words, today's South Korean society does not have a simple cleavage in which a small predatory minority dominates the deprived majority. Instead, it is divided into those who enjoy wealth and stability within the current system, those who still do not give up hope for survival and success amidst anxiety, and those who are hopeless.

Therefore, any strategy for forming a majority advocating change will depend on the possibility of linking the empowerment of most disadvantaged groups within the system, on the one hand, and the transformative potential of the anxious middle class, on the other hand. Is this, however, a problem unique to South Korea? The worldwide popularity of the Squid Game certainly suggests the opposite.



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