

17-18 May 2013

IDEAs Workshop on "Financial Evolution, Regulatory Reform and Cooperation in Asia"

## **Financialization of Post-Crisis Political Economy in South Korea**

By Chang Kyung-Sup, Seoul National University ([changks@snu.ac.kr](mailto:changks@snu.ac.kr))

**[ A ] The Age of Finance versus the Age of Financialization**

**[ B ] Financial crisis as method of financialization: The 1997 Asian/Korean Financial Crisis**

**[ C ] Intersectoral/Transnational Articulation versus Incorporation between industrial Korea and financial West**

**[ D ] Korean reactions to the 1997 financial crisis**

**[ E ] Whither the post-developmental regime of Korean finance?**

**[ F ] Social Consequences**

**[ G ] From industrial mode of class relations to financial mode of class relations**

## **[ A ] The Age of Finance versus the Age of Financialization**

## **[ B ] Financial crisis as method of financialization: The 1997 Asian/Korean Financial Crisis**

## **[ C ] Intersectoral/Transnational Articulation versus Incorporation between industrial Korea and financial West**

From Articulation to Incorporation: (The crisis-driven) capital market liberalization under national/corporate bankruptcy led to financial portfolio takeover of major Korean industries by transnationalized Western/Japanese capital (Samsung, Hyundai, POSCO as well as major Korean banks)

## **[ D ] Korean reactions to the 1997 financial crisis**

[1] Industrial restructuring: labor market / technological / geo-economic

- The crisis-driven labor reshuffling allowed industries to graduate from national developmental alliance with labor

[2] (Forced) incorporation of global financial capital by chaebol

[3] Developmental statist industrial policy for creating globally competitive investment banks (like the Wall Street), only leading to consumer banking explosion

## **[ E ] Whither the post-developmental regime of Korean finance?**

## **[ F ] Social Consequences**

Labor (market) busting

=> Wagelessness (+ Welfarelessness) \* Consumer banking liberalization

=> Financialized livelihood

=> Structured consumer financial crisis (Credit card crisis, Housing loan crisis, etc.):

1 zillion Korean won household debt (about 20,000 US dollars per capita)

=> Financial rescue measures for households as general social security (vs financial industry security): Park Geun-Hye's "National Happiness Fund"

## **[ G ] From industrial mode of class relations to financial mode of class relations**

[1] Post-industrial/post-developmental political economy: both ruling class and ruled class financialized

[2] Financialization (financial industrialization) of livelihood/poverty as the ultimate stage of economic exploitation: feudal peasant society, post-1997 Korea, sub-prime US, etc.

[3] From industrial (social) citizenship to financial (social) citizenship?