CHANGING SKILLS FORMATION AND LIFELONG LEARNING IN SOUTH KOREA

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Acknowledgements

This thesis was motivated by my own exploration in South Korea of an evolving civil society and the effects on skills formation and lifelong learning. It has been a process of theoretical reflection on the changing relationship between the state and active civil society, which began whilst I worked for non-governmental organisations (NGOs) for a decade before I came to Britain for post-graduate studies in 1996. As it has been a long academic journey, I am indebted to many people, in many different ways.

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Abstract

This thesis explores how skills formation and lifelong learning policies have changed in South Korea in response to the challenges of globalisation and democratisation. It examines the modes of regulation of VET and lifelong learning with regard to qualifications, funding and the labour market.

The thesis combines a theoretical analysis with an empirical study undertaken in South Korea. It examines, historically, why and how developmental skills formation and lifelong learning have been changing into a 'state-coordinated partnership' model. In addition, it analyses the characteristics of the 'state-coordinated partnership' model of skills formation and lifelong learning, focusing on the relation between the state and mobilised civil society (or civic participation). Five different international models of skills formation and lifelong learning are compared with changing models in Korea. Analysis of the changing framework for skills formation in Korea is based on multiple sources of evidence, including secondary and documentary sources, and interviews with social partners.

The thesis argues that developmental skills formation was a part of developmental state formation, which focused on economic modernisation as a major means for national security at the expense of political freedom. Therefore, since the developmental state came to an end with the rise of civil society and democratisation in the 1990s in Korea, skills formation has been changing from the developmental to state-coordinated partnership model on the basis of the increasing involvement of social partners. More important, the widened civic participation has not resulted in the demise of the state's role. By contrast, it demands the state coordination of social partners in building the holistic framework of lifelong learning on the basis of social cohesion and participatory citizenship.

Finally, this study contributes to an understanding of the implications of globalisation and democratisation on developmental skills formation and lifelong learning policies in Korea and other East Asian economies.
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<th>Description</th>
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<tbody>
<tr>
<td>ALMP</td>
<td>Active labour market policy</td>
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<tr>
<td>AMS</td>
<td>Labour market board (<em>Arbetsmarknadsstyrelsen</em>)</td>
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<tr>
<td>BiBB</td>
<td><em>Bundes Institut Für Berufsbildung</em></td>
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<tr>
<td>CBI</td>
<td>Confederation of British Industry</td>
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<tr>
<td>CBS</td>
<td>Credit Bank System</td>
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<tr>
<td>CVT</td>
<td>Continuing Vocational Training</td>
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<tr>
<td>CCEJ</td>
<td>Citizens' Coalition for Economic Justice</td>
</tr>
<tr>
<td>EIF</td>
<td>Employment Insurance Fund</td>
</tr>
<tr>
<td>EIS</td>
<td>Employment Insurance System</td>
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<tr>
<td>EPB</td>
<td>Economic Planning Board</td>
</tr>
<tr>
<td>FKI</td>
<td>Federation of Korean Industries</td>
</tr>
<tr>
<td>FKTU</td>
<td>Federation of Korean Trade Unions</td>
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<tr>
<td>GAPQs</td>
<td>Government-approved private qualifications</td>
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<tr>
<td>HRD</td>
<td>Human Resource(s) Development</td>
</tr>
<tr>
<td>NHRD</td>
<td>National Human Resource(s) Development</td>
</tr>
<tr>
<td>HSRC</td>
<td>Korea Council of Humanities &amp; Social Research Institutes</td>
</tr>
<tr>
<td>IALS</td>
<td>International Adult Literacy Survey</td>
</tr>
<tr>
<td>KCCI</td>
<td>Korean Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>KClA</td>
<td>Korean Central Intelligence Agency</td>
</tr>
<tr>
<td>KCTU</td>
<td>Korean Confederation of Trade Unions</td>
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<tr>
<td>KDI</td>
<td>Korean Development Institute</td>
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<td>KEDI</td>
<td>Korean Educational Development Institute</td>
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<td>KEF</td>
<td>Korean Employers Federation</td>
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<tr>
<td>KEPAD</td>
<td>Korea Employment Promotion Agency for the Disabled</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>KLI</td>
<td>Korea Labour Institute</td>
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<td>KOMA</td>
<td>Korea Manpower Agency</td>
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<tr>
<td>KRIVET</td>
<td>Korea Research Institute for Vocational Education and Training</td>
</tr>
<tr>
<td>KTC</td>
<td>Korean Tripartite Commission</td>
</tr>
<tr>
<td>KTU</td>
<td>Korean Teachers' Union <em>(Chunkyojo)</em></td>
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<tr>
<td>LMCs</td>
<td>Labour and Management Committees</td>
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<tr>
<td>LSCs</td>
<td>Learning and Skills Councils (England)</td>
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<tr>
<td>MMHRD</td>
<td>Ministerial Meeting on Human Resource Development</td>
</tr>
<tr>
<td>MoEHRD</td>
<td>Ministry of Education and Human Resources Development</td>
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<tr>
<td>MoL</td>
<td>Ministry of Labour</td>
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<tr>
<td>MPB</td>
<td>Ministry of Planning and Budget</td>
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<tr>
<td>NIEs</td>
<td>Newly Industrializing Economies</td>
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<tr>
<td>NSPA</td>
<td>National Security Planning Agency</td>
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<tr>
<td>NTQs</td>
<td>National Technical Qualifications</td>
</tr>
<tr>
<td>PCEHRP</td>
<td>Presidential Commission on Education and Human Resource Policy</td>
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<tr>
<td>PCER</td>
<td>Presidential Commission on Education Reform</td>
</tr>
<tr>
<td>PCNEC</td>
<td>Presidential Commission for the New Education Community</td>
</tr>
<tr>
<td>PSPD</td>
<td>People's Solidarity for Participatory Democracy</td>
</tr>
<tr>
<td>SCNR</td>
<td>Supreme Council for National Reconstruction</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium-sized Enterprises</td>
</tr>
<tr>
<td>TECs</td>
<td>Training and Enterprise Councils (England)</td>
</tr>
<tr>
<td>TVET</td>
<td>Technical and Vocational Education and Training</td>
</tr>
<tr>
<td>VET</td>
<td>Vocational Education and Training</td>
</tr>
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<td>VTI</td>
<td>Vocational Training Institutes</td>
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Introduction

0-1. Aims of the Research

Studies of East Asian economies have highlighted the importance of the developmental state and developmental skills formation (Johnson 1982, 1995; Castells 1992, 1999; Green 1997; Ashton et al. 1999). In addition, since the Asian financial crisis in 1997-8, heated debates about the causes of the economic crisis still continue. In the meantime, Castells, one of the best known theorists of the developmental state, points to the demise of the developmental state and warns the danger of global flows of capital and information. However, so far, there has been little research to investigate why and how developmental states and developmental skills formation have changed in East Asian countries since the economic crisis.

Therefore this thesis explores historically why and how developmental skills formation and lifelong learning have been changing into a 'state-coordinated partnership' model in South Korea in response to the challenges of democratisation and globalisation since the early 1990s. In particular, it examines 'modes of regulation' of vocational education and training (VET) and lifelong learning with regard to qualifications, funding and the labour market, because the changes in modes of regulation clearly show the characteristics of changing skills formation and the framework of lifelong learning. In addition, this research analyses the new roles of the state and mobilised civil society in skills formation and lifelong learning, focusing on changing relations between them since the transition to democracy.

0-2. Research questions

In Korea, lifelong learning has been suddenly recognised as the means to cope with the challenges of globalisation and the information age in terms of 'productive welfare' since
the economic crisis in 1997\(^1\). Since then, the government has encouraged enterprises, educational institutions and social associations, including trade unions, to participate as partners in building the framework for lifelong learning. In addition, with the emphasis on the knowledge-based economy, education and training have become major political issues in terms of the enhancement of productivity and competitiveness, as well as of overcoming the split between "replaceable generic labour" and "self-programmable labour" (Castells 1999: 361).

The overarching question of this research is how developmental skills formation has changed under the challenges of globalisation and democratisation in Korea. The hypothesis is that with the increasing demand for high skills and active civil society, the state needs to play an active role in promoting the involvement of social partners in VET, and in lifelong learning which requires a holistic approach encompassing adult education, continuing vocational training (CVT) and democratic citizenship. In relation to this, three questions arise as set out below. First, how are modes of regulation contributing to skills formation in the transition from the developmental state model to the state-coordinated partnership model? Second, as a subsidiary question, how does lifelong learning contribute to the vitalisation of civil society as well as economic development? Third, for these purposes, how can more holistic lifelong learning be achieved?

0-3. Research design

According to the nature of the research questions, a qualitative research method on the basis of a documentary analysis and semi-structured interviews was adopted.

First, for the theoretical analysis, this study analyses the available literature on the changing nature of lifelong learning at the international level since the 1960s, as well as on

\(^1\) The Kim, Dae-Jung government introduced the concept of "productive welfare" which links employment policies to welfare.
demands for changing skills formation and lifelong learning in the context of globalisation and the information age in and outside Korea mainly since the 1980s.

Secondly, through a comparative documentary analysis of lifelong learning regulation in various countries, the systems are classified into five models of lifelong learning, namely the welfare state, developmental state, social partnership, network and market models. The comparison is based on three dimensions. In relation to the form of regulation, two dimensions are distinguished. On the one hand, a continuum between state, social partnership, network and market models is assumed for the relationship between the state and civil society (for different model of skills formation and lifelong learning, see Ashton and Green, F. 1996; Crouch et al. 1999; Green, A. 2000, 2001). On the other, a continuum between centralisation and decentralisation is assumed regarding state control (Martinussen 1997; Karlsen 2000; Lundahl 2002). In the third dimension, according to the purpose of lifelong learning, the three aspects of social, economic and nation-building are distinguished, and in this regard, a welfare state model is compared to a developmental state model (Esping-Anderson 1990, 1999).

In the treatment of 'modes of regulation', this research focuses on funding, the qualifications framework and the labour market because it examines changing skills formation and the emerging framework of lifelong learning. For the same reason, in relation to the labour market, this research also emphasises its relationship to skills and qualifications framework, as well as industrial relations focusing on the changing role of trade unions.

Thirdly, semi-structured and open-ended interviews were conducted to provide in-depth evidence regarding the emerging lifelong learning framework. As Kerlinger argues, the semi-structured interview can "supply a frame of reference for respondents' answers, but put a minimum of restraint on answers and their expression" (Kerlinger 1969; Cohen and Manion 1994: 277). Therefore, it can allow for depth in data collection. The semi-structured interviews were adjusted according to the different groups of interviewees in order to gather relevant data, as well as to explore the interviewees' perception about given issues.
0-3-1. Qualitative research as the research paradigm

Qualitative research has generally been distinguished from quantitative research on the grounds that the former attempts to understand social phenomena interpretively or holistically in a real context, whereas the latter tends to test hypotheses by statistical forms of analysis. Qualitative research can be defined as a way to

- study things in their natural settings, attempting to make sense of, or to interpret, phenomena in terms of the meanings people bring to them (Denzin, N. & Lincoln, Y. 2000: 3).

Qualitative research is likely to be “inductive, hypothesis-generating” whereas quantitative research emphasizes “hypothesis-testing” (Silverman 2000: 8). However, it is important to consider whether the method of research is appropriate in relation to the resources available as well as to the nature of research questions being asked.

Qualitative research “consists of a set of interpretive, material practices that make the world visible” (Denzin, N. & Lincoln, Y. 2000). Therefore, as Silverman argues, such research can “provide a ‘deeper’ understanding of social phenomena than would be obtained from purely quantitative data” because it is “stronger on long descriptive narratives than on statistical tables” (Silverman 2000: 8, 90). More important, qualitative approaches seem to be more appropriate to understand social phenomena that are not well known (Strauss and Corbin 1990; 1998). In particular, they can provide explanation or interpretation in detail, drawing on in-depth information that it might be difficult to obtain by statistical data collecting.

In this regard, qualitative methods are more relevant to my research because the research topic is to examine the emerging framework of skills formation and lifelong learning in relation to changing developmental skills formation. Not only are there insufficient statistical data for the societal analysis of changes in skills formation and lifelong learning; in any case, with a quantitative approach it is hard to examine the complicated societal changes in their real context. In particular, there is little research regarding the role of trade unions or
non-governmental organizations in relation to skills formation and lifelong learning, because they have only just been recognized as social partners. In addition, as Green argues in regard to the 'comparative logical method', the qualitative approach can provide explanation of cases holistically, paying more attention to the "actual mechanisms of causation" (Green, A. 2002: 23). As a consequence, a qualitative method has been chosen in my research because it is appropriate for examining emerging new skills formation and its implications on lifelong learning policies in the complex context of globalisation and democratisation.

0-3-2. Research interviews and participants

The main purpose of the interviews was to provide convincing evidence for the changing role of the state in relation to the participation of employers and labour in promoting lifelong learning. The selection of informants was chosen according to their position in relation to decision-making. The research interviews were carried out in two periods of fieldwork of two months each. The first, undertaken between June and August 1999 with 25 persons, was preliminary to developing the research questions. The second was undertaken between April and May 2001 with 25 persons, to provide more significant evidence on the issues in question. Whilst the first interviews were open-ended, unstructured and used notes rather than tape-recording, the second were open-ended, semi-structured and tape-recorded.

The interviews were focused on collecting in-depth and informative data from government policy makers and social partners regarding the emerging national framework of vocational education and training (VET) and lifelong learning. This framework is based on a series of Acts which were introduced between 1997 and 2001. In this regard, the main interview questions were focused on the role of the VET Policy Commission and local VET Committees, and of the Korea Research Institute for Vocational Education and Training (KRIVET) because three VET reform Acts of 1997 highlighted these as the main institutions
to play a major role in driving VET reform on the basis of collaboration between social partners.

The questionnaires were grouped into two types. One was for policy-makers and different groups with regard to the VET Policy Commission and local VET Committees. The other was for policy-makers, KRIVET researchers and VET-related social partners with regard to the KRIVET (For questionnaires, see appendix 1).

The interviewees can be categorised into five groups, including both government representatives and social partners, with about five interviewees in each group. First, for the emerging lifelong learning framework in relation to regulation, policy-makers were interviewed. Interviewees from relevant ministries and Presidential Commissions were included. Second, with regard to civil associations and trade unions, interviewees from trade unions and non-governmental organisations which are involved in adult education and training were chosen. The trade unions included teachers' unions and two national trade unions, which are participating in the Tripartite Commission. The NGOs included leading organisations in relation to citizens' movements and adult education. Third, for employers, executive members or researchers from the association of large enterprises and the association of small and medium-sized enterprises were interviewed. Fourth, university academics and researchers in VET and lifelong learning research institutes were interviewed in order to discuss overall modes of regulation in lifelong learning. Finally, teaching professionals or executive members of VET providers - two biggest public and one private training institutes - were interviewed.

In chapter VII, the specifics of interviewing techniques will be discussed in detail.

0-4. Research findings and contributions of the research

The thesis is an analysis of some incipient changes in the development in Korean society and its modes of educational regulation. These are in the direction of state-
coordinated partnership, a form of social partnership in which the state plays a major role in promoting the partnership between the state and stakeholders on the basis of the involvement of social partners in making and implementing policies. It should be stressed that these changes in an early form of development.

The main research findings are as follows. First, with the demise of the developmental state, skills formation has been changing from the developmental state model to the state-coordinated partnership model in response to democratisation and globalisation. Secondly, as civil society becomes mobilised, the involvement of social partners and civil associations is increasingly important in relation to skills formation and lifelong learning. Thirdly, the state is required to play an active role in institutionalising the involvement of social partners and civil associations in the democratic transition. Fourthly, particularly during the civilian government between 1993 and 1997, rapid economic liberalisation without an appropriate regulatory system caused the financial crisis in 1997. In this regard, democratisation should be distinguished from economic liberalisation. Fifthly, a holistic approach to lifelong learning can be institutionalised on the basis of the partnership between the state and active civil society. Sixthly, to support the holistic approach, state coordination should be well-organised and innovative, in order to promote networking between various providers for liberal adult education, VET and democratic citizenship.

On the basis of these findings, this research can contribute to further research, particularly in five areas.

First, this research contributes to understanding the current democratic transition of developmental skills formation in East Asian countries, not least because the Korean skills formation system has been recognised as a prototype for the East Asian model. The research provides a new perspective for the possibility of democratic transition in other developmental states. This is very important because there is little research on the democratic transition of the developmental state in relation to skills formation, although the "underdevelopment of
democracy" in a developmental state can provoke disasters for its people, such as the two world wars in the cases of modern Germany and Japan (Johnson 1995: 50).

Secondly, the analysis of the changing roles of the state and active civil society in the democratic transition contributes to the debates about the new roles of the state and civil society under the challenges of democratisation and globalisation. This is also important in that how to respond to economic globalisation in the democratic transition is increasingly becoming an important issue in Asian and other developing countries.

Thirdly, the analysis of discussions on the financial crisis of Korea contributes to the debates about why an appropriate regulatory system is so crucial in response to rapid economic globalisation. The experience in Korea clearly shows the danger of confusion about what the relation between democracy and economic liberalisation should be.

Fourthly, the analysis of the role of the tripartite system during the economic crisis contributes to the debates about the role of the partnership between the state and social partners in Asian countries. This research points to the importance of the active role of the state in involving social partners and civil associations in structural reform. This means that an authoritarian regime can no longer be justified by so-called "Asian values" in East Asian countries.

Finally, this research can also provide an example of the importance of a holistic approach to skills formation and lifelong learning in the democratic transition, as well as in response to globalisation.

0-5. Structure of the thesis

The structure of the thesis is as follows. The introduction has described the aims of research, the research questions and design, and the main arguments.

Chapter I explores the research field. It highlights the importance of the democratic transition from developmental skills formation to the state-coordinated partnership model in
response to the challenges of globalisation and democratisation. It also points to the importance of the 'holistic approach' to lifelong learning, for understanding its emerging framework with reference to political, economic and cultural contexts.

Chapter II examines the changing nature of lifelong learning within three stages: first, lifelong education for democracy with a humanistic approach; second, the rediscovery of lifelong education for economic competitiveness; finally lifelong learning for economic development and social cohesion in the knowledge-based economy. In addition, in order to analyse the comparative dimension of 'modes of regulation' for lifelong learning, the research categorizes five models - the welfare state, developmental state, social partnership, network and market models - on the basis of 'regulation' and 'purpose' (Ashton and Green, G. 1996; Crouch et al. 1999; Green, A. 2000, 2001). Within 'regulation', two dimensions are discussed in terms of the relationship between the state and civil society and between centralisation and decentralisation. Within 'purpose', three aspects, social development, economic development and nation-building, are discussed.

Chapter III discusses the role of the developmental state in skills formation in the East Asian context. Two approaches to East Asian skills formation are addressed. The human capital approach is criticised because it focuses on individuals without seriously taking account of the wider social context. Moreover, this approach downplays the role of the state in education and training in NIEs. By contrast, the developmental state approach is also criticised in that it stresses the role of the state too much, ignoring the changing relations between the state and civil society. In particular, economists' approach to developmental skills formation is critically discussed, because it has limits in explaining the transition from the developmental state to democracy and the influence of this transition on skills formation, particularly since the economic crisis of 1997-8.

Chapter IV focuses on the changing characteristics of the developmental state and developmental skills formation in the Korean context. This chapter highlights the changing relations between the state and active civil society under the pressure of globalisation and
democratisation. It also examines the suppression of labour and political dissidents, as well as the active role of the developmental state in economic development.

Chapter V examines the impact of mobilised civil society and globalisation on developmental skills formation. In this regard, it discusses the five issues of globalisation, mobilized civil society, ICT, university-entrance examinations and demographic change.

Chapter VI examines on the basis of the documentary analysis how the institutional framework for VET and lifelong learning has changed under the pressures of democratisation and globalisation. It focuses on the changing regulations of funding, qualifications and the labour market because these can clearly show the characteristics of changes in the institutional structures. In addition, this chapter investigates why a holistic approach to lifelong learning is important in the democratic transition of developmental skills formation, discussing the relations between changing skills formation and lifelong learning.

Chapter VII analyses the interview data and characterizes the state-coordinated partnership model as a 'state coordination and active civic participation'. It points out that as democracy has been deepening, the government is pressed to involve social partners and civil associations in skills formation and lifelong learning. This chapter examines the role of new institutions. The VET Policy Commission and the KRIVET are critically examined, while the Tripartite Commission is stressed as paving the way for the institutionalisation of social partnership in industrial relations and training. The Ministerial Meeting on HRD is also examined, to explain how central coordination at the governmental level has changed. This chapter points out that for a holistic approach to VET and lifelong learning, the coordination of central government should be well organised and innovative in involving social partners and civil associations.

Chapter VIII, the conclusion, summarises the thesis and suggests relevant policies for the Korean government. This chapter briefly points to the characteristics of the state-coordinated partnership model, explaining the lessons from the Asian economic crisis and education reforms in Korea. In particular, the active role of the state in involving social
partners and civil associations in the transition from developmental skills formation to the state-coordinated partnership model is emphasised.
Chapter I: Skills formation and lifelong learning in the democratic transition

I-1. Introduction

This chapter explores the research field, addressing the main issues of this research. The research field is divided into four areas: the change in skills formation from the developmental to the state-coordinated partnership model; a holistic approach to lifelong learning; mobilised civil society and democratisation; and new roles of the state and active civil society in skills formation and lifelong learning.

I-2. The move from developmental skills formation to a state-coordinated partnership model?

Studies of the 'East Asian Miracle' have shed light on the major role of education policies in the remarkable economic growth in East Asia between 1965 and 1996 (World Bank 1993; Green 1997; Ashton et al. 1999). During this period, while the average annual growth of GNP in the world level was 3.1%, South Korea grew at 8.9%, Singapore at 8.3% and Hong Kong at 7.5% (Castells 1999: 206). As a result, the East Asian countries have been regarded as models to explain the important roles of the government in promoting economic development (Johnson 1982; Amsden 1989; Castells 1992, 1999; Stiglitz 2002). Moreover, East Asian skills formation systems have been regarded as among the main contributors to the rapid economic development (Ashton and Green 1996; Ashton et al. 1999).

However, after the Asian financial crisis in 1997-8, the remarkable levels of rapid economic growth plummeted, and heated debates about the causes of the economic crisis still continue. Strikingly, Castells, one of the best known theorists of the developmental state, points to the demise of the developmental state and highlights the danger of global flows of capital and information.
The success of the developmental states in East Asia ultimately leads to the demise of their apparatuses and to the fading of their messianic dreams (Castells 1999: 66).

If [China fails in managing globalization], the developmental state will have run its historic course, and global flows of capital and information may reign uncontested – unless a new form of state, the network state, potentially exemplified by the European Union, comes to the rescue of societies, enslaved by their economies (ibid. pp. 328-9)

Here, some questions arise. Why should the economic success of the developmental states lead to the demise of their apparatuses? Does the demise of the developmental states in East Asia lead towards the American-style market economies? And in relation to the question about skills, what is the role of education and skills formation in promoting a strong civil society?

Johnson (who coined the concept of the developmental state in his book, *MITI and the Japanese Miracle* (1982)) writing before the Asian economic crisis, pointed to the ultimate dangers of the “soft authoritarianism” that is inherent in the capitalist developmental state (CDS) strategy (Johnson 1995: 51). He explained how “the underdevelopment of democracy in modern Germany and Japan provoked two world wars”. Their CDS strategy served to “stunt democratic development, which in turn provided fertile soil for the later development of fascism and militarism” (ibid. p. 51).

Here, we can also raise two questions. Are the ultimate dangers of the CDS strategy preventable? If so, how can they be prevented in East Asia?

To find answers for these questions is very important not only for academics and policy-makers in East Asian countries, who must urgently find solutions to respond to the challenges of globalisation and democratisation after the Asian economic crisis, but also for academics and policy-makers in other countries, who have been looking for alternatives to the neo-liberal market model.

This thesis will examine why and how, in Korea, developmental skills formation has changed in response to globalisation and democratisation during the period 1993-2002. The Korean skills formation system has been recognised as a prototype for East Asian
systems, which during the past three decades may have provided the linkage between the rapid economic development and the remarkable expansion of education and training. For example, school enrolment rates for upper secondary and higher education dramatically changed, from 29.3% and 9.0% in 1970 to 89.8% and 61.6% in 1996 (Korean Education Index, KEDI 1996: 32). Therefore, this research seeks to contribute to understanding the changing systems of East Asian skills formation during this time. Moreover, it also seeks to contribute to the debates about the changing role of the developmental state in promoting skills formation and lifelong learning, in response to globalisation.

I-2-1. The definition of the developmental state

In this research, the developmental state is defined as ‘the state which focuses on economic modernization as the primary means for nation-building or -rebuilding at the expense of political freedom’. Compared to other definitions, my definition stresses the oppression of political freedom and its limitations. This is important in explaining the democratic transition in East Asian countries.

Johnson argued that the idea of “the developmental state originated in the situational nationalism of the late industrializers” (Johnson 1982: 24). In this regard, he emphasised that “national goals” of economic development were set by political objectives and the developmental state was “plan-rational” (ibid. p. 19). Castells also stresses the “building or rebuilding of national identity” as the national goal of the developmental state and that “economic development is not a goal but a means” (Castells 1992: 57). These definitions are helpful to understand why and how economic development has been driven by economic bureaucrats rather than by enterprises or market in developmental states.

However, it is worth mentioning that authoritarian control over civil society is strengthened on top of economic control as economic development is driven as the means for nation-building or -rebuilding. Political oppression of political dissidents and labour is justified in the name of political stability for economic development and national security.
particularly in the initial stage. Then, political elites can concentrate national assets on economic development. In the process, they also strengthen their political control over enterprises and civil society on the basis of budget distribution, the extensive licensing and approval authority of the government (Johnson 1982: 70).

As a result, in Japan, bureaucrats became a core of political power not least because the power of the prime minister and ministers has been very limited in controlling bureaucrats (ibid. p. 52). Moreover, this power is expanded and protected by various human networks based on “school ties, marital alliances, clan networks, deliberation councils, senior-junior relations, and the ministerial clubs of all retired bureaucrats” (ibid. p. 71). This mechanism could be effective in driving economic development during the growth period. However, it can be a serious obstacle to political changes as well as economic development when structural reforms are required.

From this perspective, this thesis will point out that many western academics have underplayed the political suppression of political dissidents, including active civil associations and trade unions, and the impact this had on the development of skills formation.

1-2-2. The definition of developmental skills formation and the state-coordinated partnership model

The research will argue that Korean skills formation has been changing from a 'developmental' to a 'state-coordinated partnership' model in the context of democratisation and economic globalisation since the 1990s. In this thesis, the state-coordinated partnership model is defined as 'skills formation in which the state plays a major role in promoting the partnership between the state and stakeholders on the basis of the involvement of social partners in making and implementing policies'. By contrast, developmental skills formation is defined as 'skills formation for which the state plays a major role in coordinating education, training and the labour market on the basis of centralized control and planning, with a stress
on moral and social discipline’. The economists’ approach will be criticized because it tends to neglect how the developmental states emphasize moral and social discipline in education and training, as well as control the labour market by the political suppression of trade union movements.

1-2-3. Major points of the thesis

This thesis will particularly investigate three points. First, the democratic transition of the developmental states needs to be understood from an international perspective. As Castells argues, the relationship between globalisation and the state has become one of the most important issues.

The relationship between globalisation and the state, at the heart of development and crisis in the Asian Pacific, is the dominant political issue at the end of this millennium. (Castells 1999: 329)

Therefore, an international perspective is required to examine how the role of the developmental state has changed in response to globalisation and democratisation. Therefore, this research examines the developmental state model and other four models, the welfare state, partnership, network and market models, particularly comparing modes of regulation. It is important to review the dangers and liabilities of soft authoritarianism for contemporary East Asia, because one of the most important issues regarding skills formation systems is how they can continuously create comparative advantages so as to contribute to economic development in response to the challenges of globalisation and democratisation.

Secondly, the thesis will emphasize the importance of a holistic approach to lifelong learning, particularly in the democratic transition of the developmental state. However, this research will concentrate on skills formation because it clearly shows the

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2 South Korea will be called ‘Korea’ in this thesis, unless North Korea is explicitly mentioned.

3 According to Koike and Inoki, on-the-job training (OJT) plays the key role in the process of acquiring skills. They also stress that long-term employment and a developed school system are prerequisites for skill formation (Koike and Inoki 1990).
changes in modes of regulation and in the institutional mechanism during the democratic transition. Different approaches to lifelong learning are related to different approaches to skills formation based on the relations between education, training and the labour market. A comparative examination of changes in the regulation of VET and lifelong learning will help to reveal this relationship. For example, when the VET system and the labour market are connected and working well, lifelong learning policies tend to stress adult education and, a liberal and humanistic approach. By contrast, educational policies in market-oriented economies emphasize lifelong learning based on individual responsibility as panacea for the problems of their skills formation systems.

This study argues that the holistic approach to lifelong learning is required for social cohesion and active civil society as well as for economic development and thus it has to bring three different approaches to lifelong learning - liberal, economic and democratic - together. The developmental states during democratic transition have had to cope with international pressures for economic liberalization and increasing social inequalities resulting from the challenges of globalisation. In this context, what is required is an appropriate regulatory system and participatory citizenship for democratic coordination between education, training and the labour market. Therefore, the state-coordinated partnership model requires a holistic approach to lifelong learning, which can promote active citizenship as well as skills and knowledge development.

Thirdly, this thesis will also stress that democratisation should be distinguished from liberalization in understanding the democratic transition of the developmental states. For example, while democratisation pursues a participatory system, liberalization focuses on deregulation. Western academics who emphasize the role of the state tend to underplay the importance of democratisation, worrying that democratisation ultimately leads to liberalization and weakening the role of the state. By contrast, in Korea neo-liberalists have emphasized the importance of liberalization in the name of democratisation since the civilian government came to office.
The thesis will critically examine the impacts of liberalization unaccompanied by an appropriate participatory system during the Kim Young-Sam government (1993-1997). From this, it will emphasize that economic liberalization should be accompanied by the democratic involvement of social partners in making and implementing policies. In this regard, the state-coordinated partnership model shows that economic development can go along with democracy in East Asia. It also emphasizes the importance of fostering innovative thinking, solidarity and participatory citizenship in education and training in response to the knowledge-based economy.

To establish a theoretical framework, the study analyses the comparative dimension of 'modes of regulation', pointing to the limits of the economists' approach which ignores the significant impacts of an active civil society on developmental skills formation in Korea since the early 1990s. The concept of 'state-coordinated partnership', in which the goal for continuing economic development with the democratic involvement of social partners, will be proposed on the basis of analysing the emerging framework for VET and lifelong learning in Korea.

One of the distinctive characteristics of the 'state-coordinated partnership' model is the involvement of social partners in making and implementing policies. Under the terms of the VET Promotion Act, the VET Policy Commission and local VET Committees decide the VET Plan, the major policies on qualifications, and make major decisions on the tasks of the

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4 The definition of 'civil society' has been intensely debated since the civilian government came to power in 1993. Debates have developed according to the development of the citizens' movement versus so-called minjung (people) movement as well as political democratisation (see Jang Jip Choi (1993) "Political Cleavages in South Korea" in Hagen Koo (ed.), State and Society in Contemporary Korea, New York: Cornell University Press; Korean Council of Academic Groups (1993) Hangug minjju-ui-ui hyeonjaejeog gwaje: jedo gyehyeogmich sahoe undong [Present Tasks for Democracy in Korea: Institutions, Reforms and Social Movements], Seoul, Korea: Chàngiagwaa bipyeongsa; Sunhyuk Kim (1996) Civil Society in South Korea: Form Grand Democracy Movements to Petty Interest Group?, Journal of Northeast Asian Studies, Summer 1996; Hyuk-Rae Kim (2000), The State and Civil Society in Transition: the Role of Non-governmental Organizations in South Korea, The Pacific Review Vol.13, No. 4). While the relationship between the state and civil society is debated, civil society is normally referred to as an aggregate of associations between the state and the market (private capital). While the concept of non-governmental organisations (NGO) is preferred by social movement groups to emphasise their independence from government, government-sponsored organisations are called non-profit organisations (NPO). In Korea, since the 1990s, NGOs have led the opinions of civil society, with the support of the mass media. Particularly, since the Kim, Dae-Jung government, the influence of NGOs has significantly increased and they have actively expanded their policy-related activities in order to exercise pressure on policy-making and legislation.
Korea Research Institute for Vocational Education and Training (KRIVET). Although the establishment of local VET Committees has not yet been well implemented, the Act is a step in the right direction for the participation of social partners in decision-making regarding skills formation. Moreover, the establishment of the Tripartite Commission is a distinctive example of the promotion of the involvement of social partners in building a social consensus. This tripartite mechanism is a unique experiment in East Asia, reflecting changing relations between the state and civil society in Korea.

With the government-introduced framework of national human resource development (NHRD), the co-ordination of nine different Ministries regarding human resource development was legalised in 20015. This seeks to coordinate the simultaneous development of economic competitiveness and social cohesion at the central governmental level in response to globalisation. In this context, a new role for the state comes into play - to mediate between different ministries and between various social actors, including Chaebols and labour. This underlines the need for the state-coordinated partnership model to be based on a holistic approach to lifelong learning.

This is a topic worth studying, since despite the increasing concerns over the demise of developmental states, particularly since the Asian economic crisis of 1997-8, there have been few studies focusing on the implications of the rising civil society for changing skills formation in Asian countries. Such a study can also contribute to understanding the emerging relations between the state and civil society during the move towards high skills formation in the knowledge-based economy and the informational society6.

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5 The concept of NHRD is defined as the “social and national endeavor to efficiently develop and utilize human resources from a national perspective” (Ministry of Education 2000(b)). For the implementation of the NHRD, the deputy Prime Minister for the Ministry of Education and Human Resource Development (MEHRD) coordinates nine related Ministries, in charge of education and training, labour market, science and technology, and social welfare.

6 I owe the concept of the ‘informational society’ to Castells. Castells defines the concept as a specific form of society in which “information generation, processing, and transmission become the fundamental sources of productivity and power, because of new technological conditions emerging in this historical period” (Castells 1996: 21). He distinguishes the concept from the “information society” which emphasises the role of information in society (see ibid. p.21). In his view, while information has been critical in all societies including medieval Europe, the term “informational” indicates the role of new technological conditions in the current information(al) age.
In this thesis, the term civil society is not used in the sense of social movements but in the sense of non-state social organisation. In chapter V, there will be discussion about three different definitions of civil society: the European traditional, American liberal and civil movement approaches. The main difference between the European and American liberal approach is that while the former definition includes the market, the latter does not. By contrast, civil movements in Latin America, Eastern Europe and Asia have defined civil society as a "counterweight" to the authoritarian state (Foley, M.W. and Edwards, B. 1996: 39). This is defined as a social movement based on active civil associations.

This thesis will point out that civil society in the Korean context needs to be understood more broadly as non-state social organisation, encompassing radical and conservative associations. This definition is particularly important to analyse the conflict between "conservative civil society versus active civil society" in the democratic transition (Choi, J. J. 2002:193). While the opposition of civil society has been effective in the struggle against the authoritarian state in Korea, it is not sufficient for the process of maturing democracy. During the democratic transition, the business or ruling class can more rapidly increase their influence on government policies compared to civil movements.

More important, civil movements seem to be in a dilemma, because the opposition may contribute to weakening even the democratic government if they continue to focus on the struggle against the state without considering the changing power relationships between government and Chaebols. Active civil society can unintentionally result in a support for neo-liberal policies. Therefore, to strengthen the participation of social partners, the institutionalisation of participation is urgently required immediately after the establishment of a democratic government. For this institutionalisation, civil movements need to urge the government to play a major part in the process.

This study will focus exclusively on the post-secondary phases of lifelong learning in relation to skills formation, and within these the areas of adult education and vocational training. The concept of lifelong learning (lifelong education) is defined as "all types of
organised education activities with the exception of schooling” in the Korean Lifelong Education Act of 19997 where “schooling” means both school education and higher education.

With regard to globalisation and information and communication technologies, the importance of lifelong learning has been emphasised since the 1990s. Interpretations of the concept, however, have differed significantly, depending on the nature of specific education and training systems, and the responses to the challenges facing each system (Green 2000: 35-6; Coffield 1999: 487-8). In each national context, the inherited education and training system and the changing labour market to a large extent determine strategies, priorities and financing in implementing lifelong learning policies. Therefore, regarding these policies, one of the major issues seems to be how the current system can be responsive to the rapidly changing labour market in the context of globalisation and the informational age.

I-3. The move from fragmental and one-dimensional to a holistic approach to lifelong learning?

In Korea, approaches to lifelong learning have been fragmented and one-dimensional. Different strands of lifelong learning initiatives have been separately emphasized, without a clear overall view of a lifelong learning framework or relevant strategies8. For instance, such concepts as ‘social education’, ‘adult education’, or ‘lifelong education’ and ‘vocational’ lifelong learning have been used to emphasise the differences in their priorities rather than the connection between them9. Roughly speaking, the expression “social education” tends to emphasise provision for those who have not completed secondary or higher education and left school early, and be identified as ‘out-of-school education’. In

7 By the Lifelong Education Act of 1999, the concept of lifelong learning is narrowly defined as ‘lifelong education’, which excludes training as well as school and higher education. But the concept lifelong learning will be used later, unless the meaning of “lifelong education” needs to be emphasised.

8 With regard to the learning society, three models, namely the skill growth model, the personal development model and the social learning model, can be identified. See Coffield, F. (1999: 487).
particular, non-governmental organisations (NGOs) are likely to prefer this concept because they still distrust the role of schools (and the Ministry of Education) in education for democracy (democratic citizenship education).

The concept of "adult education" or "lifelong education" has becoming more influential since the Kim, Young-Sam government came to power in 1992\textsuperscript{10}. As governments have in practice regarded such education as a "luxury", programmes are mainly provided by university lifelong learning centres, funded predominantly from fees, and by private adult learning institutes, funded entirely from fees (OECD 2000: 13). Therefore they are likely to focus on learner-centred personal development. By contrast, the vocational approach to lifelong learning based on skills growth has been emphasised mainly by policy-makers, employers and economists, particularly since the economic crisis in the mid-1990s. Therefore recent lifelong learning policies tend to be geared to an instrumental approach to economic development (\textit{ibid}. p.13).

At the policy level, lifelong learning initiatives have been fragmented in three directions. The first direction, stressing 'wide access to a degree', is advocated by the Ministry of Education (MoE) and has emerged on the basis of a 'deficit model'. This mainly focuses on widening access to higher education, thus allowing those who missed the chance to go to university to get a degree through various alternative ways. For instance, the present government introduced and has extended the scope of the Credit Bank System (CBS) which "recognizes diverse learning experiences gained not only in-school but also out-of-school" (KEDI 1999: 4). This means that various adult learning provisions become part of a new education system in which a learner can obtain a degree through the accumulation of the necessary CBS-approved credits. This approach tends to be geared to awarding a degree, and the major part of adult learning which is not based on accreditation can be underplayed. Until

\textsuperscript{9} Amongst educationalists, 'social education' has competed with 'adult education' with regard to the definition of concepts (See Oh, H.J. (1995), Han, S.H. (1997)).

\textsuperscript{10} Civilian governments have relaxed regulations regarding the licensing of adult education institutions in terms of purposes, curriculum and facilities.
the early 1990s, governments’ policies were piecemeal in approach in that they used to stress formal education, and lifelong education was recognised as something which might possible in the more remote future.

Secondly, as high skills formation has been regarded as the major factor required for survival in the global market, both MoE and the Ministry of Labour (MoL) have initiated a vocational version of lifelong learning on the basis of a ‘skill adaptation model’. For example, the expansion of further and higher education for vocational high school graduates was proposed in 1996 in order to upgrade the level of workforce skills, and is being implemented (PCER 1997). Vocational lifelong learning based on increasing the access route from vocational schools to junior colleges and from junior colleges to polytechnic universities, has been advocated. In addition, in relation to vocational training, the training levy system was replaced by the Employment Insurance System (EIS) in 1996, and a major part of work-based training costs was reimbursed from the ‘Job Ability Development Fund’ of EIS. More important, since the economic crisis in 1997-8, this direction has been emphasised more, as a response to the issue of unemployment as well as to the concept of a knowledge-based society.

Thirdly, as Korea is moving towards a democratic society, the vitalization of civil society based on ‘democratic citizenship’ has increasingly become important. The campaign for democratic participation in civil society has been carried out mainly by NGOs such as churches, YMCAs and various other social organizations for last four decades. Many NGOs have provided education programmes for those who are disadvantaged or citizens interested in building democratic society as a way of promoting campaigns on issues, as well as of recruiting members. Most formal educational institutions, including universities, were negligent of the demand, partly because the government suppressed such programmes, partly because they were not likely to regard such programmes as education. Although compared to those in formal education the number of participants were small, the impact of these programmes on social movements such as the labour, peasant and environmental movements.
was significant until they organised their own organisations, such as trade unions, which could provide their membership with education programmes. Recently, since civilian governments came to power and the demand for adult learning rapidly increased, many formal or non-formal private institutions have started to provide similar programmes, particularly focused on the middle classes who can afford to pay and have enough time to attend. Since the present government recognised their role in promoting civil participation, the role of NGOs in promoting democratic citizenship education has been re-discovered.

In this regard, this research is based on a holistic and multi-disciplinary approach to lifelong learning, and discusses the evolution of lifelong learning with regard to the 'transition to democracy' as well as to 'economic development'. In this thesis, the holistic approach will be defined as reflecting 'interplay and collaboration' between political, economic and cultural perspectives. The approach also implies a dynamic relationship between schools or universities and informal or non-formal educational institutions and voluntary organisations. This approach is particularly appropriate for the study of lifelong learning in the transition to democracy because such learning can provide "a response to the new and crucially important demand for active self-reliance in a swiftly changing society" (UNESCO 1996: 109-110). Moreover, as the OECD Report (OECD 2000), Where are the Resources for Lifelong Learning? stresses, taking a holistic view is encouraged by the efficiency-driven reforms of lifelong learning which seek to develop "complementary partnerships and linkages" of "different parts of education and training systems" (OECD 2000: 109).

I-4. Mobilised civil society and changing skills formation

The concept of civil society has rarely been recognised in the literature on the relations between economic development and education in East Asian economies before the Asian economic crisis in 1997-98. However, as civil society is rising according to the rapid
economic development of newly industrializing economics (NIEs), the following issue becomes important: how can the domain of rising civil society be analysed when studying economic development and skills formation in NIEs? As mentioned above, critical approaches to the authoritarian state, including neo-liberal and social democratic approaches, have emphasised the opposition of the state and civil society in Asian countries. In many new democracies in Asia, the relations between the state and civil society need to be reviewed, because well-structured state institutions are a prerequisite for political and economic reforms in the desired direction of democratisation. The political analysis of rising civil society is required in order to understand new state institutions, because the role of the state has changed according to the changing relations between the forces in a society.

1.4.1. Two theoretical approaches to East Asian skills formation and economic development

The theoretical approaches to East Asian skills formation and economic development have been roughly polarised between a 'neo-liberal' approach based on 'human capital' theory and a 'developmental state' or 'revisionist' approach. The two approaches agree in that they regard investment in education as a main contributor to economic development. However, they are contrasting in how they interpret government intervention in skills formation and economic growth.

As for East Asian economic success, two contrasting perspectives have competed. On the one hand, the mainstream view has been based on the neo-liberal approach, in which economic success is mainly attributed to free markets based on competition and openness (World Bank 1993)\(^\text{11}\). This approach has been criticised because it ignores government industrial policies, which have shaped the East Asian economic system, including the Chaebol-centred system in Korea. The neo-liberal approach also sees government

intervention in education and training as proper only in cases of 'market failure'. Therefore, for example, it cannot explain why government industrial policies drove up the demand for skills when the Korean economy was moving towards reliance on the heavy chemical industry from the 1970s onwards.

On the other hand, there is the 'developmental state' or "revisionist" approach, which emphasises government intervention based on industrial policies for market protection and on economic planning, as well as control of the bank system (World Bank 1993). The developmental state plays a major role in "technology acquisition, market protection and economic planning" (Henderson 1998: 367). The concept of the developmental state has contributed to the broad understanding of the state's role in instigating rapid economic growth in East Asian countries. Since the rise of the East Asian economies, this approach has attracted the attention of some researchers and policy-makers in Western countries, who have sought for lessons from the state-driven model. However, this approach has been criticised because it tends to stress only the positive role of the state and downplays its negative sides such as the suppression of trade unions (You and Lee 1999). The different roles of the state need to be carefully considered according to different economic and political contexts. In this regard, this approach to skills formation also tends to overestimate the positive side of state intervention in promoting education and training, while it does not pay attention to its side-effects such as the restraint of critical thinking and creativity.

Since the Asian economic crisis of 1997-8, the role of the developmental state has been deeply questioned (Castells 1999; Lee, J.M. 1999; Weiss 2000). When the Korean economy, which was, once, praised as one of four Asian tigers, was hit by the Asian financial crisis in 1997, it collapsed entirely in a few months and the government had to request financial aid from the International Monetary Fund (IMF). Arguably IMF policies, including a drive for capital account liberalisation, provoked the crash (Stiglitz 2002). Rapid economic liberalisation without an appropriate regulatory system resulted in the financial crisis in
Korea. The crisis also revealed the critical problems of the Korean economic system. The crisis resulted in a "sudden increase in unemployment and poverty, a drastic fall in the labour share and rising inequalities" (You and Lee 1999: 18). In this context, the developmental system was regarded as the main cause of the economic crisis (Kim, D.J. 1999). Therefore, remaining developmental systems were rapidly dismantled and replaced by new systems. However, the Korean economy has bounced back with the government's active role in involving social partners and civil associations in overcoming the crisis.

I-4-2. Two different perspectives on mobilised civil society and economic liberalisation

I-4-2-1. The 'liberalisation responsibility' perspective

In this context, the developmental state approach has been split into two perspectives regarding the rise of civil society and economic liberalisation in the 1990s. The 'liberalisation responsibility' perspective argues economic liberalisation weakened the economic institutions based on bureaucratic control and made the economy vulnerable to instability of the international financial market (Chang 1998). This approach attributes the cause of the crisis to economic liberalisation. It has strength in pointing to the problems of liberalisation without proper safeguards and supervision. However, it has weakness in that the approach downplays the structural causes of Korean economic problems. More important, this approach has a critical weakness, because it tends to brush aside the cleavage between the authoritarian state and active civil society, regarding the developmental state as the

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12 They argue that "it was a severe economic crisis of 1979-80 that prompted the move toward liberalization". They also point out that modifying the institutional mechanisms has been inevitable because the economy was "in the decline of the potential growth rates in the 1990s" (You and Lee 1999: 7).

13 For an alternative view see Wade (1998), The Asian debt-and-development crisis of 1997: cases and consequences', World Development, August. In his view, it was precisely the uncontrolled moves toward liberalisation which enabled Chaebol corruption and over-indebtedness. By contrast, many Korean academics point to the collusion between the authoritarian regime and Chaebols as the main contributor to the economic crisis (See Hee-Yeon Cho 2000).
embodiment of its society. Therefore the holders of this view downplayed the democratic potential based on social movements of the mobilised civil society.

In Korea, the transition to democracy started in 1987 when authoritarian rule was seriously challenged by civil uprisings and the following labour strikes. After 1987, the relations between the state and civil society started to change rapidly. The state no longer continued to have relative autonomy in relation to society on the basis of the oppression of active civil society. Also, the economic system needed to change according to the changes in relations between the state and labour. However, industrial policies, which were heavily geared to the Chaebols, failed to transform the bases of the economy from input-driven growth, based on low labour costs, to productivity-driven growth (You and Lee 1999: 12).

In this context, rather than increasing productivity the Chaebols chose subcontracting and outsourcing as means to reduce labour costs and to avoid increased unionisation. As subcontracting which relied on the low labour costs of medium sized companies (SMEs) spread, the productivity gap between large companies and SMEs increased. This widening productivity differential has been understood as one of the most serious problems of the Korean economy. More important, the influence of Chaebols on the government significantly increased after the civilian government came to power in 1993. They forced the government not only to liberalise cross-border financial flows, but also to deregulate the domestic financial market, and they possessed much of the non-bank finance sector. As a consequence, Chaebols shaped a distorted liberalisation process for which the government did not install proper safeguards and supervision, using their influence on the government: this caused serious weaknesses in the domestic economy, which became vulnerable to the instability of the international financial market (ibid. pp. 6-8).

Ashton et al. do not examine how developmental states articulate their responses to rise of civil society and economic globalisation, because they tend to analyse skills formation in terms of a dichotomy between the state and the market. Because their research was carried out before the Asian economic crisis, they argue that the four Asian “tigers” retain their
developmental state model in managing skill formation, emphasising the strength of the well organised, bureaucratic machinery of the skill formation system (Ashton 1999: 147). It is necessary to pay attention to the increasing social demand for education and training reform in the transition from the developmental state to a democratic society. The Education Reform Proposals of the Presidential Commission on Education Reform (PCER) point out that Korean education, which has been recognised as a main contributor to economic development, is no longer appropriate in the globalisation and information age.

Upon leaving school, things learned by rote, which slip out of our memory, are useless; they were useful only for the college entrance examination. Such an educational system will lose its relevance in the coming era of information technology and thus the need for a massive education reform is being felt acutely. ... However, once educated Koreans enter the work force they are generally branded as "defective" or "ill-prepared" (PCER 1997: 17, emphasis by original author)

This thesis investigates how lifelong learning is formulated in relation to changing skills formation in the transition to democracy and economic liberalisation. It is interesting that while foreign countries praised the role of education in economic growth in Korea, Korean government emphasized serious weaknesses of the education system. This is partly because employers' demand for the flexibility of the labour market has increased. This change reflects increasing Chaebols' outsourcing and the inability of SMEs to train. The criticism is also partly because Chaebols increasingly demand high skills and creative labour in order to compete with other international companies in the knowledge-based economy.

In addition, with regard to VET, quantity-oriented planning and the weak linkage between education and training institutes and industry have been criticised (You and Lee 1999: 24). You and Lee point out the problems of skills formation have been cumulated since 1980s.

Vocational and technical education and training were major policy tools for promoting economic growth. When the government was implementing the HCI drive in the mid-1970s, it made large-scale investments in technical high schools and vocational training centers. However, in the 1980s, the government shifted its focus to strengthening the role
of the private sector in vocational training by instituting a training levy system and by expanding the number of private two-year technical colleges. (You and Lee 1999: 23)

1-4-2-2. The 'developmental state demise' perspective

By contrast, the 'developmental state demise' perspective insists that the "success of the developmental state in modernizing the economy led, in most cases, to the emergence of a civil society, asserting itself against the authoritarian state" (Castells 1999: 326). Moreover, Castells argues that the developmental state becomes "the obstacle for the new stage of global integration", pointing to the limits of developmental states in coping with the challenges of economic globalisation and identity in the information age (ibid. p. 212). This view has strength in trying to trace the causes of the economic crisis to the fundamental problems which the developmental state faces in coping with the changing relations between the state and civil society as well as the challenges of economic globalisation.

However, the view also has weakness in regarding the developmental state as the embodiment of its society. Therefore, Castells has underplayed its problems resulting from the conflict between the state and civil society before the economic crisis. This view seems to be problematic because it may underplay the importance and possibility of democratisation at the national level in developing countries. As the developmental state was successful in modernizing the economy, the emergence of a civil society in Korea needs to be considered. The realm of civil society has been expanded by social movements and civic associations which play a role in vitalising civil society for participation in the process of democratisation (Kim, S.H. 1996; Kim, H.R. 2000). Civil society is normally defined in Korea as the aggregate of associations between the state and the market. Therefore, the positive side of civil society tends to be emphasised in the transition towards a democratic society.¹⁴

¹⁴ In the literature, the term normally refers to all non-state organisations - i.e. including business. By contrast, in Korea, the concept normally refers to the public domain expanded by social movements, which excludes business.
In this regard, the concept of civil society needs to be freshly defined, as its sphere has rapidly increased. As Held argues, the features of civil society are distinct from those of the state.

Civil society retains a distinctive character to the extent that it is made up of areas of social life – the domestic world, social activities, economic interchange and political interaction – which are organized by private or voluntary arrangements between individuals and groups outside of the direct control of the state (Held 1995: 181).

However, he also separates out civic associations from civil society, because the "economy constitutes a very distinctive site and pattern of power" (ibid. p. 181).

The realm of civic associations, thus, refers to the array of institutions and organizations in and through which individuals or groups can pursue their own projects independently of the direct organization of the state or of economic collectivities such as corporations or trade unions (ibid. p. 181).

Therefore, civic associations include voluntary organisations, churches, political organisations and social movements. As democracy deepens, social movements are empowered, but so are the Chaebols. While NGOs led by civic movements have significantly raised their voices on social change, large firms also have rapidly increased their influence on economic policies. This is where the new role of the state comes in, to mediate between social partners. This mediation is one of the defining characteristics of the co-ordinating state.

Moreover, given the geo-political context, the reunification of the Korean peninsula is still a very serious issue and the state may still remain powerful if it can be successful in building up social consensus on the process of reunification. In the process of building consensus, the relations between the state and civil society can be freshly adjusted. Harnessing the national project of reunification to democracy has the potential for a transition from "developmental nationalism" to state-coordinated partnership because the unification issue has been put on at centre of both nation-rebuilding and democratic movements since the split into two Koreas (Castells 1999: 296).
1-5. Democratisation and new roles of the state in skills formation

The rise of civil society and economic globalisation require new roles of the state in promoting social policies, including education and training, based on more democratic regulation. The new roles of the state need to take into account the relationship between the state and civil society. The Korean economy’s experience in the recent economic crisis shows that economic liberalisation should have proper safeguards and supervision: democratic civil society requires “vigorous political initiatives, funding and legal recognition” to cope with opposition by “the more powerful social classes, groups and organizations of existing civil society” (Keane 1988: 22, emphasis by original author). Otherwise, as Keane argues, civil society may be self-paralysing.

Precisely because of its pluralism, and its lack of a guiding centre, a fully democratic civil society would be endangered permanently by poor co-ordination, disagreement, niggardliness and open conflict among its constituents (Keane 1988: 22)

Therefore it is evident that the transition towards democratisation requires centralised planning and co-ordination by efficiently and effectively organised political institutions, in order to vitalise a more decentralised and horizontally structured civil society. More important, the transition should be operated so as to cope with the challenges of economic globalisation and the information age.

In this regard, the crisis of the developmental state became the turning point for an increasing concern about the weakness of social safety nets as well as very low priorities for social expenditure in Korea (You and Lee 1999: 20). In terms of skills formation, the lifelong learning framework needs not only to compensate for the gap resulting from the demise of the developmental state, but to respond to freshly increased social demands according to the rise of civil society and economic globalisation. In fact, the failure of manpower planning, the rapidly increased rate of unemployment, the increasing social demand for higher and continuing education and the need to enhance competitiveness simultaneously pressurise the government to establish frameworks for lifelong learning. As a consequence, the Lifelong
Education Act of 1999 was introduced and a lifelong education framework has been rapidly shaped. In this regard, the Ministry of Education was changed into the Ministry of Education and Human Resource Development (MoEHRD) in 2001. The minister of the MoEHRD became a deputy prime minister who would coordinate the ministries related to education, training, science and technology, culture and social welfare.

The broad meaning of lifelong learning started to be linked to the concept of "national human resource development (NHRD)". Within the framework of education and the NHRD issues of education and employment come together, and the role of the state is emphasised as a coordinator which brings public and private sectors together to promote high skills formation. In addition, in response to the rise of civil society, its role is freshly recognised as promoting a third sector for lifelong education and promoting a learning society.

So far, the division between the Ministry of Education (MoE) and the Ministry of Labour (MoL) results in disconnected approaches to lifelong learning, focusing on adult education or training. However, as seen in the build-up of the MoEHRD, the national system of lifelong learning is emerging within the premises of economic and social development. As the Korean economy becomes liberalised, the broad framework of lifelong learning is increasingly important in that how to link education and training to labour market policy has become a main issue for the NHRD strategy in the transition to democracy. Therefore, with regard to this framework, decentralisation and the participation of civil society are proposed by the government. Whilst the role of the state is focused on building up an NHRD infrastructure and strategic coordination, implementation is devolved to local governments and non-governmental sectors (Kim, T.K. et. al. 2000: 84). However, compared to the emphasis on the role of central and local governments, universities and enterprises, the role of labour (trade unions) and civil associations is not well recognised. In this regard, the paradigm of skills formation is changing, from the 'state directed' towards the 'state coordinated' model. It can be conceptualised as 'decentralised centralism' (Karlsen 2000).
As for applying the concept of decentralised centralism, the effects of IT on 'modes of regulation' in lifelong learning need to be considered. The accomplished national information infrastructure (NII) in Korea is transforming lifelong learning from being fragmented and one-dimensional to being connected and multi-dimensional. The Internet is also regarded as being a potential means to transform lifelong learning from a luxury to a practical instrument to tackle unemployment issues in the transition to democracy. Korea has become one of the most successful countries in the world with regard to the "diffusion rate of the Internet" (Lee, H.J. et al. 2001: 2)\textsuperscript{15}. More than a quarter of all households (4 million) subscribed to the high-speed and broadband Internet service at the end of 2000, whilst there were only 2 million in August 2000 and less than one million in April 2000 (ibid. p. 5). On the basis of the development of ICT, under the name of lifelong learning informal learning is integrated into education networking in three ways under related regulations. A major part of informal adult and vocational education is connected under the regulations of the Credit Bank system, under which accredited institutions can provide some education programmes leading to recognition as college credits, and training becomes a part of lifelong learning by linking qualifications to credits. In addition, plant-based vocational education to degree level started to be integrated in the name of a 'corporate university'. More important, in 2001 nine virtual (cyber) universities started to recruit between 120 and 900 students, 7 for university degree and 2 for two-year college degree. In such a context, as Castells argues, the switchers become the power holders as the "interoperating codes and switches between networks become the fundamental sources in shaping, guiding, and misguiding societies" (Castells 1996: 471). Therefore the rapid application of IT to learning strengthens 'decentralised centralisation' based on polarisation between the state and providers.

After the economic crisis in 1997-8, lifelong learning was freshly emphasised as a vocational and employment-related means to tackle the unemployment issue, as the rate of

\textsuperscript{15} See also Time (Asia Edition), Cover Story: South Korea: All wired up, December 11, 2000
unemployment soared higher than had ever been experienced. In this regard, the government has sought a more integrated approach to education, training and the labour market.

Therefore this thesis will examine how the lifelong learning framework is shaped to respond to the rise of civil society and economic liberalisation in the transition to democracy in Korea, focusing on modes of regulation in the lifelong learning framework. For a theoretical analysis, I conceptualise skills formation as moving from the 'developmental state' to the 'state-coordinated partnership' model. Compared to the social partnership model, the state-coordinated partnership model can be defined as meaning that because the participating system of social partners is not well institutionalised, the state is required to have a major role in mediating between social partners. This thesis examines how state-coordination model of lifelong learning is shaped. The distinctive characteristics of developmental state and state-coordinated partnership models are as follows.

**Figure I-1. Comparison of two models of skills formation**

<table>
<thead>
<tr>
<th></th>
<th>Developmental state model</th>
<th>State-coordinated partnership model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education system</strong></td>
<td>Front-ended and divided</td>
<td>Flexible and connected (Lifelong learning)</td>
</tr>
<tr>
<td><strong>Organisational model</strong></td>
<td>Centralism / Vertical</td>
<td>Decentralised Centralism / Networking</td>
</tr>
<tr>
<td><strong>Cooperation between Ministries</strong></td>
<td>Separated</td>
<td>Coordinated</td>
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<tr>
<td><strong>Manpower policy</strong></td>
<td>Manpower planning (Demand-Supply control)</td>
<td>Active Labour Market Policy</td>
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<tr>
<td><strong>Participation of Civil Society</strong></td>
<td>Exclusive</td>
<td>Inclusive</td>
</tr>
</tbody>
</table>
I-6. Conclusion

This chapter has explored four issues in relation to the research field. First, it highlighted the importance of the democratic transition from developmental skills formation to the state-coordinated partnership model in East Asian developmental states. The Korean experience proves the possibility of democratisation at the national level in developing countries. In this regard, it is also very important to examine how developmental skills formation has been changing in Korea. The democratic transition will be examined in chapter VI and VII in detail.

Secondly, the importance of a 'holistic approach' to lifelong learning was stressed in the democratic transition. The holistic approach is increasingly required, to provide a response to the demand for both high skills and active civil society in Korea. It can be achieved by effective reforms which seek to develop complementary partnerships and networks of various parts of the education and training systems. The role of the state is also crucial for the wide involvement of social partners in skills formation. The holistic approach to lifelong learning will be discussed in chapter II and other chapters.

Thirdly, a mobilised civil society is a prerequisite for the democratic transition in developmental skills formation. However, it is very important to distinguish democratisation from economic liberalization. A mobilised civil society requires a democratic and enabling state, particularly steering the transition to a democratic society. Therefore the symbiotic relations between the state and active civil society need to be institutionalised. The impact of mobilised civil society will be examined in chapter V in detail.

Finally, the active role of the state is required for the involvement of social partners in skills formation and lifelong learning. The state has to take a role not only in mediating between social partners, but also in institutionalising the partnership between social partners required for a maturing democracy. In this regard, the main role of the state has been changing, from commanding the nation to encouraging partnerships between stakeholders.
The changing role of the state will be discussed in chapter VII and VIII, the conclusion, in detail.
II-1. Introduction

This chapter is composed of two parts. The first part discusses how the purposes and focuses of lifelong learning have changed at the international level since UNESCO adopted the concept of lifelong education in the 1960s. The developments are divided into three stages: from the 1960s to the mid-1980s; from the mid-1980s to the mid-1990s; finally from the mid-1990s onwards. The final stage is discussed in detail. The second part of this chapter compares five models of lifelong learning on the basis of regulation and purpose. According to the extent of regulation, a continuum between the state, social partnership, network and market models is distinguished on the basis of the relationship between the state and civil society. By contrast, according to purposes or emphasis, three social and economic development and nation-building aspects are distinguished. In this part, various responses to globalisation are examined with emphasis on different regulations and institutions for education, training and the labour market.

II-2. Changes in the purposes of lifelong learning

The concept of lifelong education has gained world-wide prominence since UNESCO adopted it and posed the notion as a potential alternative to existing educational principles in the 1960s (Lengrand 1970, 1989). The term “lifelong education”, as many educationalists have pointed out (see Matheson and Matheson 1996: 220-223; Lowe 2000), is far from new. In ancient China, Confucius (552-479 BC) and Mencius (372?-289? BC),

\[\text{In an Asian Confucian society, zeal for education was traditionally revered and scholars were highly respected. Therefore, learning throughout life was one of the most important virtues of the 'superior man'.}\]
who have been regarded as the founders of Confucianism, viewed seamless learning as the
virtue of the ‘superior man’ and emphasised the pleasure of learning; however, learning was
focused on individual commitment and was limited to the ruling class.

The outstanding achievement of the Montreal Conference in 1960 was to introduce
the concept for the first time at an international assembly. However, at the outset, lifelong
education was scarcely more than a new term applied to a relatively old practice, that of adult
education (Fauré et al. 1972: 142-3). For example, in relation to adult education, the concept
of lifelong education was expressed half a century earlier in the UK. In the 1919 Final Report
of the Ministry of Reconstruction Adult Education committee, it was suggested in the
conclusion that adult education must be regarded as a “permanent national necessity” and
“should be both universal and lifelong”. In addition, Basil A. Yeaxlee (1883-1967), who was
deeply involved in adult and religious education, published a book entitled ‘Lifelong
Education’ in 1929.

It was Learning to be (1972) that reformulated much of the ongoing debate on
lifelong education with key ideas and proposals for a humanistic and democratic approach to
education. However, in the 1980s, western policy makers started to recognize lifelong
education as a means of enhancing economic competitiveness. Finally, since influential
international organisations successively proposed lifelong learning in the mid-1990s, lifelong
learning has become a key idea in the discourse of economic development and social
cohesion. In addition to economic development and social cohesion, active or democratic
citizenship has been also pointed out as one purpose of lifelong learning, particularly in
relation to the transition to democracy and the context of globalisation as well as to self-
reliance at the individual level. In this regard, a holistic approach to lifelong learning is
suggested.
II-2-1. Lifelong education for democracy with a humanistic approach

It is, however, in the Fauré Report that the concept of lifelong education first covers the entire educational process, from the point of view of the individual and of society. *Learning to be* (1972), a full-scale report with key ideas and concrete proposals for educational reform, reformulated much of the ongoing debate on lifelong education. The Report stresses lifelong education as the guiding principle in educational policies for realising a learning society: "Every individual must be in a position to keep learning throughout his[or her] life. The idea of lifelong education is the key of the learning society" *(ibid. p. 181)*. According to the Fauré Report,

the lifelong concept covers all aspects of education, embracing everything in it, with the whole being more than the sum of its parts. There is no such thing as a separate 'permanent' part of education which is not lifelong. ... lifelong education is not an educational system but the principle on which the over-all organisation of a system is founded *(ibid. pp. 181-2)*.

This emphasis on education both outside the school and for adults can be understood only in the context of the current debate about the role of an education system.

Since the Fauré Report, debates about lifelong education or learning have developed through three phases. The initial phase (from the early 1970s to the early 1980s) of the discussion about the concept of lifelong education or learning was mainly driven by educationalists and arose from two main sources: a criticism of traditional education, and a recognition of the effects of rapid changes in society *(Moreland and Lovett 1997: 202)*. These different perspectives were closely related to three major tensions which exist in the field of lifelong education *(ibid. pp. 202-3)*. First, whilst proponents of lifelong education, for example Cropley (1989) focuses on it as a means of coping with and adapting to change, others, for example Dave (1976) and Gelpi (1985), perceive it to be a means of promoting a more democratic, egalitarian society. A further tension arises between those who focus on the individual and those who emphasise the importance of individual and collective development. Finally, some utopian writing on lifelong education put it forward as a solution to society's
problems, whilst others fear its potential to become more manipulative and repressive than the present education system (Tight 1998; Gelpi 1985).

Thus the concept of lifelong education encompasses conflicting views about the nature of society and change, problems with the education system and the implications of a framework of lifelong education. Briefly speaking, in this phase most discourses focused on explaining the importance of lifelong education and were limited in developing the concrete strategies to realise it. Therefore, whilst the initial phase of the debates helped make the idea popular around the world, its idealistic and humanistic suggestions made it difficult to attract the broad attention of policy-makers, whose major concern still tended to remain within the boundary of the school system.

II-2-2. Rediscovery of lifelong education for economic competitiveness

During the second phase (from the mid-1980s to the mid-1990s), as lifelong education had been discovered as an important educational policy in the UK, the United States and other developed countries, the development of the issue passed from educationalists to politicians and enterprises. In the early 1980s, the economic market became more competitive and economic depression was prolonged. In addition, Britain and the USA felt strongly not only economic challenges in the world market from Japan and other rapidly developing countries, but also the importance of skills and knowledge for success in the information age.

Therefore, the "New Right" governments of Britain and the USA determined to lead national revivals based on 'principles of aggressive free-market capitalism', and targeted education as one of the main causes of economic failure (Esland 1996: 45). In this context, Britain and the USA developed a distinctive education reform agenda, to make a new

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17 First in Britain and then in the USA Thatcher and Reagan came to power on the plank of small and strong government based on the free market economy. The major ideas of the New Right were significantly influenced by Hayek's free market liberalism and Friedman's monetarist economics. In terms of educational policies, the governments emphasised competition and parental choice based on market principles.
education system in which education was required to be a contributor to economic performance\textsuperscript{18}. By the same token, in the education of adults, vocational education and training (VET) were emphasised under the name of "continuing education", with a close link to employment policies and schemes\textsuperscript{19}. This means that continuing education was recognized as a means to tackle increasing unemployment or job transfer in the liberalized or flexible labour market. Therefore, it is not surprising that continuing education or an economic approach to lifelong education started to become popular when neo-liberal governments came to power in the USA and Britain.

The initiative in the development of learning opportunities for adults passed from education to training, and from adult education to continuing education or lifelong education, in which work-related learning and the individual responsibility to learn become a plank of the governments' policies. Therefore, whilst employers started to raise their voices with regard to vocational education and training in the light of efficient human resource management, educationalists criticised the governments' policies because of their narrow approach based on the division between vocational and non-vocational education (Young 1998). Still, in this phase, the school system was the main concern of education reform. In relation to the education of adults, policy-makers preferred the concepts of continuing education, or vocational education and training, to lifelong education, because they regarded lifelong education as economically unsustainable educational consumption rather than investment.

\textsuperscript{18}See the US government report (1983) by the National Commission on Excellence in Education entitled \textit{A nation at risk: The imperative for educational reform} with the alternative title of \textit{An open letter to the American people}. It ignited the powerful educational reform drive in the 1980s. Also, in the UK, after Thatcher came to power in 1979, the Conservatives implemented a range of educational policies and legislation to carry out their educational reform agenda.

\textsuperscript{19}In fact, in the UK, the concept of continuing education became popular after two reports by the Advisory Council for Adult Continuing Education (ACACE) entitled \textit{Towards Continuing Education} (1979) and \textit{Continuing Education: From policies to practice} (1982). It was regarded as an alternative 'adult education', in the argument for a comprehensive and integrated system of continuing education for the whole post-compulsory sector. But with the demise of ACACE in 1983, Manpower Service Commission (MSC) took over the initiative in education for adults, focusing on vocational education and training. For the development of the VET, the Technical and Vocational Education Initiative (TVEI) was designed and guided by MSC to provide skills with a view to employment.
II-2-3. Lifelong learning for economic development and social cohesion

During the current phase (from the mid-1990s onwards), with the advent of globalisation and the information age, the concept of lifelong (or lifetime) learning has become a key issue in contemporary policies for education and training. A series of reports from international organisations have been influential during the time in which lifelong learning and the learning society have become major issues in governmental policy around the world. These include Learning: The Treasure within (UNESCO 1996), Lifelong Learning for All (OECD 1996), The Golden Riches in the Grass: Learning for all (The Nordic Council of Ministers 1995) and Teaching and Learning: Towards the Learning Society (European Union White Paper; European Commission 1996).

Compared to lifelong education, Tuijnman and Boström point the characteristics of the concept of lifelong learning: lifelong learning pays more regard to the role of "non-formal learning in a variety settings"; it is "by definition a holistic, visionary, normative and value-laden concept"; and it implies "a shift in responsibility not only from the state to the world of work and the civil sectors of society, but also form the state to the individuals" (Tuijnman and Boström 2002: 102).

Why has lifelong learning become a broad consensus in international discourse on education and training? It reflects major changes in the wider economic and social context in which education and training policies are shaped and implemented (OECD 1996:88). As the labour market has become flexible, the main responsibility for employment has moved from a government to individuals. Many governments also tend to emphasize the importance of lifelong learning in return for reducing social welfare benefits as well as deregulating the labour market. In this context, lifelong learning policies have increasingly stressed the issue of social cohesion as well as economic development.

Therefore, lifelong learning is recognised as an investment and has become the key to linking education to employment. For example, in the UK, the recent promotion of lifelong learning is closely linked to the ‘New Deal’, the ambitious labour market policy of the New
Labour. In this respect, discourses on lifelong learning are moving on from discussion about its vision and principles to discussion about strategies for responding to and integrating in practice the expanding and diverse learning needs and aspirations.

First in the USA, and then in many other countries including the UK and Korea, governments have initiated the construction of the information super-highway which will be the infrastructure for the “information age”. In addition, the Internet has already become a catalyst for the rise of the “network society” (Castells, 1996) based on informational technologies and communication, and for the paradigm shift in education and training from provider-oriented to learner-centred learning. In other words, rapidly developing information and communication technologies (ICT) seem to provide a crucial element which can transform education and training system as a prerequisite for the implementation of lifelong learning.

However, as Ant argues, despite all good intentions for lifelong learning and the considerable investment in it with regard to vocational training policy by the European Commission, it is difficult to identify the systematic implementation of national lifelong learning policies, except a few countries (Ant 2000: 29-30). This means that despite the political rhetoric of lifelong learning, the scientific evaluation of its effects still remains uncertain.

In addition, to investigate this phase of lifelong learning, especially on post-compulsory (post-secondary) education and training, it is necessary to reflect the changing roles of the state, social partners and individuals in relation to lifelong learning in terms of globalisation and the information age.

II-3. Lifelong learning, globalisation and the information age

The OECD, which has vigorously promoted a strategy of ‘recurrent education’ since the late 1960s, published a report in 1996 entitled *Lifelong Learning for All*, with the
explanation that the concept of recurrent education was gradually being replaced by that of lifelong learning (OECD 1996: 88). This change from recurrent education to lifelong learning is important in relation to lifelong learning policies. The concept of lifelong learning is likely to emphasise the role of the individual as well as informal or work-based approaches to learning. These differences mainly derive from major changes in the wider economic and social context in response to globalisation.

The report suggested that coherent strategies for lifelong learning must take three conditions into account. First, a lifelong learning system has to be based on a great variety of initiatives taken by different actors in many spheres of life and work. Second, the role of government in monitoring, steering and redistributing is required to make the available opportunities equitable, systematic, flexible and efficient. It is increasingly important to have good co-ordination among many policy sectors, involving macroeconomics and structural policies (ibid. p. 97). These strategies are seen as responses to the new context of globalisation and of an expanding social demand for lifelong learning.

However, it can be pointed out that as policy makers and enterprises have committed themselves to addressing lifelong learning as a means of coping with economic globalisation since the 1980s, the focus of lifelong learning practice has moved from human development or democratic participation into economic growth and competitiveness. This is recently apparent in most government documents, which advocate policies to promote lifelong learning relatively focused on enterprise-based continuing vocational education and training, rather than other forms of education. Also, the notion of lifelong learning which stresses informal and independent learning, has been preferred to lifelong education, which generally seems to imply formal education. In this context, as much research shows, the more educated and those in professional and permanent jobs are the most likely to receive further training, and the least educated and those in low skilled and part-time or temporary jobs, the least likely (McGivney 1994). Therefore, it is not surprising that the necessity for advocates of lifelong learning to address issues of social cohesion is becoming recognised.
However, as the centrifugal forces of globalisation relentlessly disrupt and fragment societies, governments simply cannot afford to exempt education systems from their responsibilities for promoting social cohesion. There are no other public agencies left which can do it (Green 2002: 14)

Whilst the OECD report stressed the role of lifelong learning in relation to economic development and competitiveness, the UNESCO report (1996), Learning: the Treasure Within, introduced a broader concept of the notion of lifelong learning. The UNESCO report puts greater emphasis on the following four pillars as the foundations of ‘learning throughout life’: learning to know, learning to do, learning to live together, learning to be. In particular, the concept of ‘learning to live together’ is regarded as important in a context of worldwide interdependence and globalisation.

In addition, in order to seek out educational synergies with regard to ‘learning throughout life’, the report points to the importance of a dynamic relationship between school or university and in- or non-formal educational organisations and voluntary bodies (UNESCO 1996: 109). It implies that new partnerships between the state and the voluntary sector in relation to lifelong learning are increasingly required. In conclusion, the report suggests that ‘broadening the initial concept of lifelong education beyond the immediate requirements of retraining provides a response to the new and crucially important demand for active self-reliance in a swiftly changing society’ (ibid. pp. 109-110). This demand indicates the importance of active or democratic citizenship in the globalised world.

As shown above, recently most national or international organisations related to education and training have identified globalisation as the major factor behind the demand for lifelong learning. In particular, governmental documents have stressed almost with one voice that the challenge of ‘globalisation harnessed by information and communications technologies’ is forcing them to upgrade education and training systems. In most industrialised countries, in the North as well as in the South, a distinctive issue in the reform of education and training is how to enhance national competitiveness in the context of the global economy.
However, the emphases are different depending on national institutions of education, training and the labour market. Therefore it is necessary to investigate how states stress competitiveness as a way of linking global competition, productivity and technology, as well as social cohesion as a way of linking social welfare and widening participation in learning. More important, democratic citizenship needs to be emphasized because an active civil society as well as the government, is required to take a role in governing as well as in adapting to globalisation.

Globalisation is becoming an increasingly influential concept applied to the understanding of the current transformation of economy and society. Therefore major debates in the social sciences and cultural studies have placed emphasis on globalisation with regard to the role of the state as well as economic and social change (Giddens 1991, 1994, 1998, 1999; Reich 1991, 2001; Ohmae 1991, 1996; Robertson 1992, 1995; Beck 1992, 2000; Waters 1995; Hirst & Thompson 1996; Castells 1996, 1999; Green 1997; Stiglitz 2002). However, until now economic globalisation has been a contested phenomenon in terms of the impacts on society as well as of the move towards a global economy.

Prophets of globalisation, such as Reich and Ohmae, even predict the end of national economies, and of the nation state as the primary unit of governance; they emphasise the advent of the world economy in which national borders no longer define economies. Other theorists, such as Hirst and Thomson, are more cautious, claiming that while there is evidence of increasing internationalisation in economic and political matters in some regions, the concept of globalisation is over-reliant on economic liberalism.

However, whilst globalisation in movements of goods and services is not new or even recent, today’s globalisation process seems to be fundamentally different in its specificity. For example, the speed and amount of capital flows using information and telecommunications technologies are increasing. As Castells argues, one of the distinctive characteristics of contemporary globalisation is that the deregulation of markets and new information technologies are in close interaction (Castells 1996: 85). In particular, as seen in
the experience of the recent south-east Asian financial crisis, the rapid global integration of
financial markets driven by new information technologies has a very strong impact on "the
growing disassociation of capital flows from national economies" (ibid. p. 85).

Moreover, the wave of economic liberalisation, accelerated by the launch of the
WTO (World Trade Organisation) system in 1995, makes the power of any one state to
control macro-economic systems weak. The OECD Report also points to the new wave of
globalisation based on the three closely-related phenomena of "market deregulation, the
advent and spread of new information technologies based on micro-electronics, and the
globalization of financial markets" (OECD 1996: 29). As experienced in the recent financial
crisis in Korea, rapid financial liberalisation without a transparent supervisory system may
leave developing economies vulnerable to the speculative movements of capital. The negative
effects of multi-national, capital-driven globalisation have given warning of the urgent
necessity of reforming financial systems in developing countries.

On the one hand, as stated above, it is mainly the new information and
communications technology that makes current globalisation possible. Castells uses the
concept of the "information technology paradigm" to pinpoint the essence of current
technological transformation, in that this technology is in close interaction with the economy
and society (Castells 1996: 61). He points to five characteristics of the new paradigm as the
material foundation of the informational society: information as the new paradigm's raw
material, the pervasive effects of new technologies, networking logic, flexibility, and the
convergence of specific technologies into a highly integrated system (ibid. pp.61-62). For
example, as firms are confronted with stronger competition from around the world, they must
enhance their competitiveness through productivity growth. As a result, firms vie to adopt
new technology and to restructure work organisations.

Therefore the process of globalisation, accelerated by information and
communications technology, feeds back into productivity growth made possible by the new
technology and by organisational change which is based on networking logic and flexibility.
In this context, governments try to intervene in the economy in order to enhance national competitiveness. As a result, governments place emphasis not only on building a productive infrastructure, including an information highway as a way of supporting technological development in industries, but also on promoting lifelong learning as a way of investing in human capital, which becomes increasingly important in a knowledge-based economy.

Clearly, the trends of globalisation have important implications for education and training. Particularly, the relationship between international competitiveness and education has recently become a major issue in policy and strategy on education and training (Green, A. and Steedman 1993; The Nordic Council of Ministers 1995; Ashton and Green, F. 1996; OECD 1996; Aldrich 1996; Avis et al. 1996; Green, A. 1997). The OECD Report (1996) points out that in the global economy, the balance of imports and exports will be closely linked to the skills of the labour force in producing marketable goods and services with high added value (OECD 1996: 29-30). This is reminiscent of Reich's concluding argument in *The Work of Nations*:

> All that will remain rooted within national borders are the people who comprise the nation. Each nation's primary assets will be its citizens' skills and insight (Reich 1991:1).

Green (1997) also points to the importance of skills formation as a major objective of education for governments both in the developing world and in the advanced nations:

> For the newly industrialising nations [education] is seen as a condition of economic development. For the advanced nations it is seen as one of the principal means for maintaining high standards of living in the face of increasing global competition, particularly from the developing countries. (Green 1997: 181-2)

In this context, while the current neo-liberal fashion for putting education on the market weakens governmental control over national systems in certain respects, this has not directly led to a denationalisation of education on a global level (*ibid.* p. 180).

Furthermore, as one of the characteristics of the current global economy, rapid increases of international flows of goods, capital and labour result in a new international division of labour, and this threatens social cohesion. For example, as Castells argues, the
new division of labour is constructed around different positions$^{20}$ in the informational and global economy, but these do not coincide with national economies because information technology enables economic agents to network across national borders (Castells 1996: 147). Positions in the division of labour mainly depend on the characteristics of labour and the technological infrastructure. In this context, the roles of governments and entrepreneurs are critical in that the international division of labour is mainly modified by them. Therefore, as economies become interdependent and open to the global economy, states are forced to foster developmental strategies which promote social cohesion as well as national competitiveness when they reform education and training systems. In particular, the issue of social cohesion becomes significant in relation to lifelong learning because of the dissolution of communities, the fragmentation of society, the weakening of habitual institutions such as families and churches, and the cultural diversity of lifestyles which is as a result of globalisation. This is why recently most governmental documents and the reports of international organisations such as the OECD (1996) and UNESCO (1996) place emphasis on the promotion of lifelong learning in relation to social cohesion.

As global competition forces companies to harness new technologies to production, new skills are required, and the demands create a new learning paradigm. Education is becoming ‘investment in human capital’. Therefore, the social partnership between the public and private sector, or between government, employers and workers, has been stressed in changes in the education and training structure. The need for the linkage between education and enterprise is reciprocal and greater than ever before. On the one hand, high value-added, flexible production systems demand high levels of generic skills which can be developed with knowledge and applied knowledge. On the other, the current curtailment in public expenditure is encouraging universities to solicit financial support from the private sector. In particular, as multi-national corporations try to reduce their taxes by playing countries off

$^{20}$ Castells distinguishes four different positions as follows: the producers of high value, based on informational labour; the producers of high volume, based on lower-cost labour; the producers of raw materials, based on
against each other to see who will give them the best concessions, tax regimes have been restructured in many countries, drastically reducing funding to universities.

In addition, the impacts of globalisation on society have been enormously significant in political and cultural as well as economic contexts. Waters defines globalisation, in its full-blown form, as "a social process in which the constraints of geography on social and cultural arrangements recede and in which people become increasingly aware that they are receding" (Waters 1995: 3). Since the mid-1970s, many industrialised nations have tried to find a solution for economic development in the global market, setting the scene for intensified competition. This has also facilitated "time-space compression" (Giddens 1994: 7), meaning that national boundaries cannot constrain the movement of information and capital and nation states can no longer maintain an exclusive national culture. Increased flows of labour and the diffusion of culture are also important components of globalisation. The trends of mass tourism and international migration require valuing diversity (op.cit. p. 30), so language barriers and cultural differences have to be taken into account. Furthermore, a complex world characterised by cultural mixture and changing values, skills and competencies increasingly presents a major challenge to the commonly accepted identities of communities and families as well as to formal education as a socialising system. In an environment which is becoming ever more complex, varied and uncertain, a front-loaded education is not sufficient, and continuous learning to manage change is more and more necessary for adults.

In conclusion, as education is becoming a potent means to raise national competitiveness, social pressure for efficiency in the field of education and training is increasing. This causes substantial alterations in education systems and the learning process in relation to lifelong learning. First, the application of information and communication technologies to education facilitates in practice the possibility of moving towards a learning society. Second, global uncertainty and the weakening of the nation state's vital role in natural endowments; and the redundant producers, reduced to devalued labour (Castells 1996: 147).
supporting social cohesion may be accompanied by widening gaps between more developed and less developed countries, and between the rich and the poor in a society. Therefore one of the major policy issues that emerges is how education and training systems can be restructured to promote social cohesion, and to strengthen the democratic community (OECD 1996: 29).

II-4. Five models of lifelong learning and a learning society

The purposes, strategies and frameworks of lifelong learning are significantly different between countries, not least because the different ways of organising and funding lifelong learning are, to a large extent, evolved from their inherited education and training systems, as well as each system's specific relationship with the labour market (Hodgson 2000:5). Therefore, to understand the different patterns of lifelong learning frameworks, it is necessary to investigate the inherited education and training system and each country's response to the changing labour market linked to globalisation and the information society.

For the theoretical analysis of different lifelong learning frameworks, the discussions will be related to five models, using grid matrix methods. Lifelong learning policies can be classified by regulation and purposes, as shown in Figure II-1. In this research, the term "regulation" is defined as the "controlling of an activity or progress, usually by means of rules" (Ashton and Green 1996: 43). According to the extent of regulation, two dimensions are distinguished. On the one hand, a continuum between the state, social partnership, network and market models can be assumed with regard to the relationship between the state and civil society. On the other, a continuum between centralisation and decentralisation is assumed regarding state control.

In the third dimension, according to "purposes", three social and economic development and nation-building aspects can be distinguished, on the assumption that
particularly in the developmental state, nation-building is regarded as pivotal for the legitimacy of the state in terms of independence and sovereignty.

**Figure II-1. International comparison of lifelong learning policy**

<table>
<thead>
<tr>
<th>RREGULATION</th>
<th>PURPOSES</th>
<th>SOCIAL</th>
<th>ECONOMIC</th>
<th>NATION BUILDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised</td>
<td>UNESCO</td>
<td>Japan 22</td>
<td>Singapore Malaysia Taiwan S.Korea</td>
<td></td>
</tr>
<tr>
<td>Decentralised</td>
<td>Nordics</td>
<td>France</td>
<td>Germany</td>
<td></td>
</tr>
<tr>
<td>PARTNERSHIP</td>
<td>OECD</td>
<td>OECD</td>
<td></td>
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</tr>
<tr>
<td>NETWORK</td>
<td></td>
<td>OECD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MARKET (Quasi-market)</td>
<td></td>
<td>OECD</td>
<td>UK(New Labour)</td>
<td></td>
</tr>
</tbody>
</table>

In this regard, the statist approach can be subdivided into two models. One is a welfare state model, which is based on high regulation combined with high participation of civil associations such as trade unions. The other is a developmental state model, which is based on high regulation combined with low participation. In other words, whilst the welfare state model is based on the relationship between a strong state and strong civil society, the developmental state model is based on the relationship between a strong state and weak civil society.

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21 They more broadly define regulation as the "process whereby individual or small-group actors are constrained by legal rules or social convention to follow certain actions" (Ashton and Green 1996: 43, notes 13).

22 In Japan, the term lifelong learning has been regarded as non- or informal learning, focused on non-vocational adult education, which used to be called "social education". Whilst non-vocational adult learning has been mainly provided by the state, vocational adult learning, which is mainly on-the-job training has been delivered by employers. Therefore, lifelong learning policies have focused on non-vocational adult education which has been delivered by the state.
society. As a consequence, five models, namely the welfare state, social partnership, network, market and the developmental state models, can be identified.

A decentralised state can be fit the social partnership model, since the state power is devolved to local government level in order to promote the role of firms and local education authorities in dealing with local labour market issues. The social partnership model is built on the role of social partners at the regional and sectoral level regarding standard-setting and collective funding. By contrast, the network model stresses control at the institutional level. Whilst the social partnership model is based on an institutionalised system and is embedded in law, the network model can be based on a looser and voluntary relationship between the state and social organisations, as well as between social organisations. In particular, the network model can be freshly defined as a more flexible way of organising institutions on the basis of “co-operative competition” on the assumption that this model, using law and policy, promotes active co-operation between firms, education and training providers on the basis of competition (Crouch et al. 1999: 192). However, this is different from the market model, in that the network relations are based on “trust in each other and other institutions” and therefore they do not necessarily take “the form of market transactions; exchanges are diffuse, long term, possibly even uncalculated” (ibid. p. 164).

More important, this model has been freshly re-discovered with the emphasis on rapid changes in which work organisation is moving from a Fordist towards a more flexible post-Fordist model based on information technologies (ibid. pp. 198-206).

This research is primarily interested in the post-compulsory (post-secondary) phase of lifelong learning excluding higher education. Therefore, the main concern of this chapter will be the challenges facing initial vocational training (IVT), continuing vocational training (CVT) and adult education. The changing relationships between the education and training system and the labour market will be examined in the context of globalisation and the information age. In particular, mechanisms through which the state, enterprises, trade unions
and other civil associations are related to each other will be analysed in terms of regulation focused on standard-setting and financing.

II-4-1. The welfare state model

In the post-compulsory (post-secondary) learning context, the first model (I) emphasises the role of the state in promoting a holistic approach to education. This model can be said to characterize an educational ‘welfare society’ and is mainly advocated by educationalists or social reformers who have proposed not only the expansion of learning opportunity as a key part of welfare services, but also lifelong learning as a cornerstone of the participatory democratic society. In this model, the responsibility of the state in the development of higher and further education systems is stressed. Therefore its approach to lifelong learning or a learning society seems to be idealistic or holistic, as shown by its implementation in the northern Europe countries (The Nordic Council of Ministers 1995). The Fauré Report (1972) from UNESCO is the representative of this approach.

The Nordic countries have been regarded as having one of the ideal types of adult education in the world. The Nordic welfare state model has been characterised by the state’s responsibility for social services, full employment policies and minimal income differences (Esping-Andersen 1990, 1999). This model, which one might have called a Swedish model because Sweden has significantly influenced other Nordic countries, has some distinctive features in relation to lifelong learning.

First, compared to other models, the welfare state model, based on state-led regulation, has been more likely to ensure “equality of access” to education and training through “strategic oversight [of] the distribution of provision” (Green, A. et al. 1999: 20, Interim Report to CEDEFOP). Moreover, this model plays an important role in promoting

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23 Sweden was nominated as having the best adult education in the world by Newsweek in 1991.

24 Denmark might be put into a category of the social partnership model rather than the welfare state model.
social justice based on citizen participation. In particular, popular education has contributed to the development of "basic democratic values in society", in that adults can develop their right to express their opinions and to participate in civic matters through the use of their right to learn throughout their life span (Abrahamsson 1995: 105). More important, it has been a substantial educational and social measure with which to avoid the risk of the social exclusion of the elderly and disadvantaged.

Therefore, it is not surprising that adults in Sweden, Finland and Norway score in the top group in the International Adult Literacy Survey (IALS) (Tuijnman 2002: 175, see the Table). Tuijnman succinctly points to the characteristics of the Nordic model, explaining the reasons for the outstanding result for Sweden as follows.

These include the historically important role played by the labour movement and the popular education it actively promoted, the long-time commitment to social equality and the comprehensive schools which were introduced all over the country in the early 1960s (ibid. pp.174-5).

Second, adult education has been strongly regulated as an important element of welfare policy by the state because it has been regarded as valuable consumption in a better quality of life. Therefore, "equity" as open access to all kinds of adult learning, and citizen participation in democratisation, have been emphasised, particularly in the 1970s and the early of 1980s. Adult education has been free and has played a role in increasing "the ability of adults to understand, critically appraise and take part in cultural, social and political life" (Abrahamsson 1995: 104). It has been provided by study circles, folk high schools, and municipal adult education centres. On the other hand, while personnel education or in-service training for employees has traditionally been organised in companies and regular educational institutions under the responsibility of employers, trade unions have played a role in

25 Study circles have played a key role in promoting adult education in Sweden. They have "their roots in popular movements, another forum for civic participation, community actions and adult learning" (Abrahamsson 1995: 101-2).
promoting adult education and training at the work place through participation in decisions relating to in-service training.

Third, centralised control over education and training system has been decentralised to promote "efficiency" since the 1990s, although the central government continues to play a crucial role through the central funding mechanism. Compared to other European countries, the level of unemployment in Sweden was very low for more than several decades, until the early 1990s, because of an active labour market policy (ALMP) based on the corporatist structures. The labour market board (Arbetsmarknadsstyrelsen, AMS), "a tripartite, multilevel, and administrative (as well as policy-making) institution", has been the main instrument of ALMP (Crouch et al. 1999: 152). However, as the level of unemployment went up dramatically to around 7 per cent in the early 1990s, policy makers in Sweden have became sceptical about how far an active labour market policy reduces unemployment. In this context, AMS has been decentralised to "work closely with firms and educational authorities on local labour market issues" (Crouch et al. 1999: 155). At the same time, ALMP has been shifted to "respond to individual firms' needs" as the "rigidities in the system" have been acknowledged, particularly "outside the Fordist sector" (ibid. p. 155). Now, the significance of ALMP has changed.

The aim of ALMP is to use public funds for the unemployed, not just passively to give them income support, but to provide them with skills training, temporary work experience, and career advice (Crouch et al. 1999: 155).

Other Nordic countries such as Finland have also become more decentralized, moving towards local and institutional control (Green, A. 2000: 41).

Fourth, with the emphasis of the labour market policy on "training for the competitive needs of the new flexible economy", adult education and training were underlined in the 1990s as a measure to counteract unemployment or to avoid the risk of social exclusion (Crouch et al. 1999: 153; Abrahamsson 1995: 107). Since the conservative liberal government came to office in 1991, it placed emphasis on youth and higher education
rather than adult education, as well as underlining the new role of municipal adult education "as a tool to counteract unemployment" (Abrahamsson 1995: 111). Since then, increasing public resources have been invested in vocational education and training to combat increasing levels of unemployment, and municipal adult education has started to play an important role in training for employment and work qualifications. The extra money was funded "within the framework of labour market policies" rather than through the education budget (ibid. p. 111). This means that closer co-ordination between education and employment has been called for, and this change was a turning point in the evolution of lifelong learning in the mid-1990s. In this context, the concept of lifelong learning has been stressed in policy documents with regard to "flexibility and rapid adaptability" (Crouch et al. 1999: 153). To widen access to adult education and training, money is available to assist both short-term and long-term studies. In addition, all gainfully employed persons are entitled by law to educational leave of absence. Those policies have played a role in training "adults for various duties, to contribute towards the transformation for working life and to help achieve full employment" (Abrahamsson 1995: 104).

Fifth, compared to the other models, another characteristic is the high level of state spending on adult education and training. Investments in education and training for adults as well as the young have been put high on the list of priorities for public policies, because they have been regarded as "integral components in the formation of the Swedish welfare model" (ibid. p. 117). This holistic approach to learning throughout the lifespan has been regarded as the characteristic of the Nordic model.

However, since the 1990s, lifelong learning policies have been changing, as the driving force in implementing Swedish full employment policies has moved from "strong and bureaucratic state intervention" to close partnership with firms at the local level (Abrahamsson 1995: 118). The impacts of this change can be outlined as follows. As Abrahamsson argues, "collectively organized solutions backed up by overall organizationally pre-fabricated patterns" seem to be no longer workable (ibid. p. 118). Policies focus on
decentralisation to find a more individualised approach to adult learning rather than a systematic strategy of recurrent education. In this new context, the provision of adult learning is forced to meet individual needs for "competence up-grading", and at the same time "the issue of access and participation of adults with low prior education level[s]" becomes important (ibid. p. 119).

II-4-2. The social partnership model

The social partnership model, exemplified in Germany and France, is built on the foundations of a regulatory framework within which the social partners take part in promoting education and training through well-institutionalised systems. It is worth mentioning that the models overlap since social partnership is also part of the welfare state model. However, as Streeck argues, the social partnership model is mainly based on the idea that "the market finds it difficult to provide adequately for their[s] formation but also the state" (Streeck 1989: 97-8). Moreover, he points to two major reasons for the market failure in skills formation: short-term pursuit of individual interests, and skills as a collective good.

By contrast, a statist model is likely to cause inflexibility and 'problems of deadweight' (Green, A. et al. (CEDEFOP) 1999: 21). In relation to the limitation of the state, Streeck argues that state provision of industrial training cannot meet the demands of rapidly changing industries, and that, through regulation, enterprises should be places of learning as well as production (Streeck 1989: 98). In this context, the social partnership model seems to offer an alternative which overcomes the limitations of state bureaucracy as well as the market failure in relation to skills formation. This model can take the form of a 'state-led' social partnership (France) or a 'decentralised' social partnership (Germany) according to the degree of centralisation.

26 Streeck also argues that employer-led training under the market is likely to be narrow and job-specific, and cannot meet the "increasing need for unspecific, 'extra-functional' skills" which is increasingly recognised in highly capital-intensive or knowledge-intensive production (Streeck 1989: 97).
The German system is regarded as a typical example of a social partnership model in that the well-organised social partners play major roles in relation to skills formation at the intersection of industrial relations and economic policy. The social partners' organisations include trade unions and elected works councils on a workplace level as workers' representatives on the one hand, and employers' associations, trade associations on a sectoral basis and the Chambers, on a regional basis for business interests on the other. The German system has the following characteristics, which are mainly applied to apprenticeship.

First, as Streeck argues, the German industrial training system can be well described as a form of "neo-corporatism". In particular, the system of apprenticeship is characterised by the combination of social partners' involvement in policy determination and practice with the devolution of the decision-making powers of the Federal Government to state and local governments and social partners. Since the Second World War, Germany has developed a distinctive form of "social market", in which the state sets the rules for regulation of the market to secure the interests of the social groups. In this context, "neo-corporatism", which is based on "the mechanisms of consensus building" (Streeck 1987) and a solid foundation of "trust" (Fukuyama 1999), has become deeply rooted in a civil society.

Secondly, the German "dual system", as the core of German neo-corporatism in human capital development, represents well-institutionalised vocational training, which is based on the combination of private initiative ("market") and public provision ("state") (Streeck 1987: 3). Apprentices attend a public vocational school to study general subjects and more theoretical occupational subjects for one or two days a week, and for the rest of a week they learn practical skills at the workplace. Moreover, on the basis of consensus principles organised social partners play the major part in the evaluation of vocational training policy as well as the determination of objectives, subjects and standards of training (ibid. p. 15). As approximately over sixty per cent of the age group go through this training programme, the dual system not only constitutes the core of social partnership with regard to vocational
training, but has become the cornerstone of high skill economy in Germany (OECD 1995). The duration of vocational training is, as a rule, three years (op.cit. p. 95).

Thirdly, another characteristic of the German system is that IVT is treated as an educational activity and is closely linked with the school system (ibid. p. 12). Therefore, while the system sustains the close connection of vocational training to industrial practice, vocational training is provided within a safely established organisational structure and is comparatively unaffected by short-term economic needs and interests. For example, trade unions and employers' associations have by and large taken great care not to deal with industrial relations and vocational training issues separately because both regard training as a vital part of the infrastructure of a successful economy (ibid. p. 10).

Fourthly, the qualification system, which is closely linked to the dual system, significantly contributes to the promotion of vocational training. As federal law requires qualifications for the practice of a wide range of occupations, young people are likely to participate in vocational training. Moreover, as vocational training and access to jobs are treated as important parts of sectoral agreements, employers generally tend to invest in training rather than poaching high-skilled workers. In addition, with regard to the labour market regulation in Germany, the sectoral determination of wages for jobs has been another important feature which promotes training.

Fifthly, standard-setting has also been carried out through social partners. The federal Institute for Vocational Training (BiBB), which is made up of representatives of employers' associations (who prefer firm-specific skills), representatives of trade unions (who prefer the skills to be more general rather than firm-specific) and representatives of the state governments (who run vocational schooling, a component of the dual system of VET) draws up regulations regarding "training laws, standards, or curricula" (Gill and Dar 2000: 492-496). In addition, the vocational training committees of the many Chambers, which are regulated by the relevant state ministers and responsible for the supervision of enterprise-based training, include trade union representatives and teachers in vocational education in an
advisory role. These committees determine the suitability of member firms for training, monitor through training counsellors the quality of training, and penalise the member firms if necessary (ibid. p. 495). This mechanism plays a role in linking the skills provided by the VET system to the demands of the labour market (Culpepper 1999: 4-5).

By contrast, the French system also has its own characteristics as another example of a social partnership model of further vocational training. The French VET system is distinctively divided into two stages, namely initial VET, which is a part of the state education system, and further VET, which is provided by a social partnership between government and associations of business and trade unions (Crouch et. al. 1999: 112-117). The specific characteristics of the French state-led social partnership in further VET can be described as follows. First of all, all employees are entitled to paid leave for vocational training, and all firms over a certain size are obliged to contribute to collective training funds through a levy system, under which a business must allocate 1.4 per cent of its payroll to training (DECD 1995: 273). In addition, agreements on training provision between peak organisations of business and labour, as well as training plans shared between local branch associations and local government, are regulated by law. At firm level, unions have been given the right to negotiate over training provision in the workplace.

Compared to the German neo-corporatist model, French further VET has the following characteristics. First, compared to the German system, it is a state-led partnership model in that the state is the main funding source for initial vocational training, and statutory institutions take a key part in providing education and training. What makes the distinction between the German and the French system for further VET is that whilst Germany does not have a levy system except in construction, all French firms over a certain size are obliged to spend a certain amount of money on training (Streeck 1987: 57, Crouch et. al. 1999: 115). As a result, the system tends to promote an equitable distribution of training costs between companies, and is able to cope with the market failure which may be caused by externalities in training.
Secondly, in the French system, initial vocational training is provided mainly at a school base. Those who are training as apprentices after compulsory education are allowed to follow courses at vocational education centres (CFAs) by a special type of work contract. In addition, since the 1989 Orientation Act, adult training has become "an integral part of the schools’ functions" (OECD 1995: 273).

Thirdly, the government oversees the distribution of levied funds and sets standards with its national diplomas. For example, a *baccalauréat professionnel*, which gives the vocational education track the same formal status as the general education track, has "opened a new path for social promotion" in that it provides more opportunities for students from lower social classes to obtain higher qualifications (Prost 2000:29). Since the 1985 education reform, this training track via *lycées professionnels* leads to the award of professional *baccalauréats*, short higher education diplomas and even engineering diplomas (op.cit. p. 273). The introduction of the new vocational *baccalauréat* contributes not only to the enhancement of the status of the vocational track, but also to the improvement of the competence of the workforce for the future (op.cit. p. 27). This change seems to be in line with the fact that since the late 1970s, vocational education has become one of the key concerns of educational policies and the agenda of vocational education reform has been linked to the issue of lifelong learning.

As shown above, this model has developed in parallel with a democracy which is based on the involvement of trade unions. In addition, the two systems have their own characteristics, which originate from their different historical background. Whilst the German model is based on its "heritage of community bonds and corporatist regulation" between employers and trade unions (Streeck 1989: 92), in France, which has been regarded as a model of the "educator state" (Lelièvre 2000), the state has directly intervened in education, and regulation has been imposed on social partners.

However, this model also has some drawbacks (Green *et al.* (CEDEFOP) 1999: 22). First, it could lead to labour market rigidity due to statutory regulations or sectoral
agreements, and is likely to be inflexible in rapidly changing economic conditions. Secondly, if labour market rigidity prevents companies from restructuring to meet the new economic challenge accelerated by globalisation and the information technology revolution, the model could lead to unemployment. Thirdly, a levy system could provoke resistance from employers.

Streeck, also, points out that globalisation has become a serious challenge to the social partnership model, because it has been developed on the basis of social negotiation and co-determination as well as a facilitating state at national level (Streeck 1997: 252). He insists that economic globalisation results in "de-politicised, privatised and market-driven forms of economic order" as it destroys the conditions for "market-modifying and market-correcting political intervention in the economy" (ibid. p. 255-6). From this perspective, the German vocational training system, in particular, based on the dual system, has been challenged in order to cope with the dramatically changing economic environment of the last two decades. In addition, significant changes to adapt to new situations have taken place in the dual system. These changes are

the older average age but improved basic qualifications of trainees, --- more years of general education prior to entering apprenticeships; the ongoing consolidation of apprenticeships in many sectors to create fewer, broader courses that avoid overly narrow, early specialization; the addition of new apprenticeships in the expanding sectors of the economy: services and high technology; the increased combination of apprenticeships and higher education, --- ; and, an expansion of alternative education routes --- that will continue to erode apprenticeship's monopoly position in the provision of initial vocational and technical skills (Finegold 1999a: 404-5).

II-4-3. The network model

The third model emphasises the importance of networks in promoting lifelong learning. Networks are normally regarded as "informal", they "work through norms of reciprocity and community exchange" (Crouch et al.1999: 164). Briefly speaking, networks
work on the basis of “trust” and “informal co-operation”, particularly at the local level (ibid. p. 164). In other words, as Crouch explains, network relations are deemed not to work on the market principle, but to be “embedded in a social structure” which promotes co-operative relations and trust. As a consequence, with regard to education and training, the network model may be an alternative to the social partnership model in that it is more flexible and responsive to learners’ (or firms’) needs without losing some of the characteristics of “collectivist and non-state” (ibid. p. 168).

In this regard, the network model can be defined as a way of organising lifelong learning on the basis of informal co-operation and trust between education and training providers, enterprises and other relevant organisations, including local government, local trade unions, non-governmental (or voluntary) organisations and political parties. For instance, co-operative enterprise networks can provide employees with training as a collective goods, with more flexibility than regulated systems.

Potentially networks share some of the collectivist and non-state qualities of corporatist associations, while possessing more flexibility and proximity to firms’ needs (ibid. p.168).

As Crouch argues, this flexibility might contribute to resolving the problems of structural rigidity, which have recently arisen with skill creation in the corporatist model. However, he also points out that compared to the corporatist model, the difficulties of the “transition to institutionalized trust” might limit the size and scope of training by networks as well as of other co-operative projects (ibid. p. 168). In other words, narrow relations based on interpersonal trust might restrict the scale of skill creation in networks, because these tend to be limited to the same parts of firms and their supply chains. Therefore, as seen in the case of the Training and Enterprise Council (TEC) in the UK, networks can be patchy and exclusive, excluding other parts of firms and trade unions.

Networks usually have a geographically precise and small location, though some exceptions to this might found (for example, in specialized professional networks) if
sufficient steps are taken to sustain frequent electronic and other forms of communication (Crouch et al. 1999: 164).

In this regard, the move towards an "informational society" (Castells 1996: 21) may be valuable in resolving some of the limitations, in that it tends to focus on wide access to education and training through horizontal networking based on the 'information technology revolution'. Therefore, networks can be freshly defined as open structures, able to expand without limits, integrating new nodes as long as they are able to communicate within the network, namely as long as they share the same communication codes (ibid. p. 470).

As Castells argues, the framework of relationships between networks, including interoperating codes and switches, plays a major role in shaping the social structure (ibid. p.471). Therefore the architecture of an inclusive network system becomes pivotal in promoting lifelong learning. A lifelong learning framework based on networking logic can be highly dynamic as well as interconnected.

In this informational network model, however, whilst access to higher and continuing education could be limitless, the real opportunities might be allowed primarily to those who are already well educated or from advantaged backgrounds. This means that in the network model, lifelong learning tends to depend in practice on levels of social capital. By the same token, the main responsibility for lifelong learning is likely to be left to individual commitment and firms' interests. In addition, politicians and enterprises have strongly advocated lifelong learning with the advent of the information age. As a consequence, the initiative in the development of new learning networks has passed from educationalists to politicians and employers who are more interested in economic competitiveness.

The New Labour government in Britain seems to be trying to move in this direction under the name of social partnership as the Third Way. The partnership, however, is still

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27 Castells distinguishes between the concepts of "information society" and "informational society". According to his explanation, whilst the term "information society" emphasises the role of information in society, the term "informational" indicates the attribute of a specific form of social organisation in which information generation,
mainly based on non-institutionalised and non-statutory networks, in other words, those in which voluntary cooperation and trust are regarded as the key feature rather than legislation. But the government partly centralises power in strategic areas through funding systems, in order to enhance “standard-setting, monitoring and steerage” (Green 2000: 36).

For example, the Labour government’s White Paper, entitled Learning to Succeed: a new framework for post-16 learning (DfEE 1999) proposed the establishment of a Learning and Skills Council (LSC) and 47 local councils, to promote planning collaboration between employers, programme providers and community groups. With the establishment of these bodies, post-16 education and training, excluding higher education, seems to move from a network model based on voluntary partnership in a more state-driven direction dominated by employers. In addition, if they are scrutinised more carefully, compared to the German model of social partnership, the proposals stress creating “voluntary co-operation” between education and training providers and social partners at the local and regional level (ibid. pp.239-242). More important, as the Labour government has emphasised the concept of “effective co-operation” in its documents, including the White Paper (1999: 21), Learning to Succeed, the concept of the partnership seems to mean co-operative competition to increase effectiveness rather than the recovery of the past tripartite system.

This means that in developing a network-based learning society the role of the state as the strategic co-ordinator or the main investor in the infrastructure is still crucially required. Moreover, through its key role, the influence of the state has expanded into informal learning, which has previously been left to the voluntary sector, through evaluation, qualifications, recognition.
II-4-4. The market model

The fourth model is driven by market principles, and education itself becomes a commodity. In this model, ‘customisation of education’ is prevalent and participation in learning is mainly decided by the learner’s choice and the purchasing power of economic interests. In addition, the role of the state is strictly restricted to making market principles work. Therefore the division between those from comparatively advantaged backgrounds and those from disadvantaged backgrounds is deepened; everybody is forced to continuously compete with each other to obtain better qualifications which guarantee a more stable and profitable position than that of others. The “New Right” governments in Britain and the USA during the 1980s advocated this direction under the pretext of promoting economic revival. This model tends to be an attractive approach for policy makers who confront serious economic depression and budget pressure, but when the crisis or special circumstances are overcome it is difficult to prolong this approach in the long term, because social cohesion will be seriously threatened. More important, given the fact that education has been a battle field where politicians not only seek public support for election, but try keep a lever for promoting economic policies, particularly by linking education and training to employment policies, it is difficult to find governments which base education and training completely on market principles.

Therefore, it is worth noting that as seen in the case of the New Right governments in Britain, a “quasi-market model” has developed as an alternative to the welfare state model in public sectors such as education in Europe (Le Grand and Bartlett 1993). The quasi-market model is distinctive from the market model in that whilst education is considered to be left to the market principle, state regulation is also regarded as an important element to promote competition based on that principle. The quasi-market model lacks a price mechanism because the price is fixed by the government. It is also characterised by quasi-monopoly provision because providers are determined by the government and there is no competition. In other words, it tends to “steer at a distance”, particularly with a funding system linked to
evaluation (Power and Whitty 2000: 537). As Green points out, this model has been a dominant form in the UK and the Netherlands, and its influence has spread through northern and central Europe. Its main characteristics are as follows, although they are also divergent, depending on national education systems:

School choice, local school management, institutional competition, performance-related funding, regulation by contract, funding regime and market relations, flexible and loosely regulated labour markets, and voluntarist training regimes (Green, Wolf and Leney 1999; Green 2000: 41).

This market model relies heavily on information. Compared with other models, issues of inequality, under-investment and resource waste are more likely to arise.

II-4-5. The developmental state model

The fifth model can be applied to new nation-states in which nation-building is the primary purpose of education and training policies and economic development is the main means of nation-building. Developmental skills formation needs to be understood from a perspective of state formation.

The "determination of a nation" in East Asia did not reside primarily in the economic but in the political sphere, with economic growth often viewed as indispensable for military security. (Woo-Cummings 1998: 322)

Economic development has been regarded as not a national goal but a major means for the goal, national security.

As Castells argues, the rise of the East Asian developmental state was closely linked to a ‘nationalist project’ for survival and sovereignty. Therefore, the developmental state could develop on the basis of “double-edged, relative autonomy”. Relative autonomy vis-à-vis the global economy contributed to making the country’s firms competitive in the international realm, but to controlling trade and financial flows. Relative autonomy vis-à-vis society was strengthened by repressing or limiting democracy, and building legitimacy on the improvement of living standards rather than on citizen participation. These two
characteristics are very important to understand the benefits and drawbacks of the developmental state in a balanced perspective.

The defining features of the developmental state model are as follows. First, the distinctive feature is state-driven economic development in the late industrialisers. This is mainly based on manpower planning and the regulation of the demand for and supply of skills, whilst other models, particularly the network models, tend not to intervene in demand. Compared to other models, including the welfare state and the partnership model, the state takes a leading role and dominates weak civil society.

Secondly, this model places emphasis on socialisation through civic and moral education as a way of nation-building. In line with this perspective, skills formation has been understood on the basis of 'state formation'. Skills formation as a part of state formation in the context of 'situational nationalism' (Johnson 1982) can be observed in post-Napoleonic Prussia, which might be regarded as the first developmental state (Green 1990; Marquand 1988). In addition, this model was used in the case of the Meiji Reform in Japan. In relation to state formation, skills formation was parallel with citizen formation, which was mainly focused on 'loyalty to the nation-state' and 'compliance with social order'.

Thirdly, another distinction of this model is rapid growth in formal education. There is no doubt that cheap and well-disciplined manpower was a major factor in rapid economic growth in East Asian developmental states. The abundant workforce was a major contributor to the initial economic take-off, and demand for education has expanded as a result of economic development. In particular, vocational education and training has been strongly defined by the economic demands of industry.

Finally, in this model 'zeal for education' is significantly linked to aspirations generated by economic growth. With regard to the zeal for education in East Asia, it needs to be emphasised that most people have so far experienced the importance of education in

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28 In relation to state formation in terms of education, see *Education and State Formation* (Green, A. 1990).
relation to changes in social status. In other words, they are convinced that education pays for its costs, and it has been regarded as one of the most safe and profitable investments.

In the next chapter, the developmental state model will be investigated in more detail.

II-5. Conclusion

This chapter explored how the purposes of lifelong learning had changed from a humanistic approach to an economic approach in response to globalisation. It pointed out that with the commitment of policy makers to addressing lifelong learning as a means of coping with economic liberalisation since the 1980s, the focus of lifelong learning policies has moved from democratic participation into economic development. In particular, the deregulation and increasing flexibility of the labour market have been driving forces in promoting an economic approach to lifelong learning.

However, countries’ strategies and frameworks for lifelong learning are significantly different because they have different modes of regulation which have, to a large extent, evolved from their inherited education, training and labour market systems. Therefore, to understand the different patterns of frameworks for lifelong learning, five models of lifelong learning were compared how ‘modes of regulation’ are different and how each country differently responds to the changing labour market. The differences can be identified, as shown in Figure II-2.
<table>
<thead>
<tr>
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<td>State with labour participation</td>
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<td>France</td>
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<td>State-led social participation</td>
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<td>Social partnership model</td>
<td>Regulated cost sharing</td>
<td>Social Partnership</td>
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<td>Germany</td>
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<td>Network model</td>
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<td>Market model</td>
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<td>Developmental state model</td>
<td>State (selective)</td>
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Chapter III: Education and State Formation in Developmental States

III-1. Introduction

This chapter examines the role of the developmental state in East Asia and discusses two approaches to developmental skills formation. The human capital approach is criticized, and developmental skills formation is explained on the basis of the developmental state approach. Developmental skills formation is also critically discussed in relation to state formation and industrialization in East Asian countries.

The theory of social capital is examined, to argue against the human capital approach, and to contribute to the theory of developmental skills formation.

III-2. The role of developmental states in education and training

In the discussion on the role of the state in promoting economic growth in East Asian countries such as Taiwan, Singapore, Hong Kong and South Korea, two different perspectives have competed. The World Bank Report (1993), *The East Asian Miracle*, categorised them as the "neoclassical view" and the "revisionist view". The neoclassical view, which is represented by the World Bank's perspective on the relation between education and training and economic growth, attributes successful Asian economies to market-friendly economic policies which admit very limited government intervention. The World Bank Report (1993) points out that in the neoclassical view limited government intervention is allowed

to ensure adequate investments in people, provide a competitive climate for private enterprise, keep the economy open to international trade, and maintain a stable macro economy (World Bank 1993: 10).
However, any other government interventions, which are not market oriented, are regarded as leading to "more harm than good", because this view is not likely to admit market failures beyond these areas (ibid. pp. 9-10). For example, the Report stresses the importance of investment in education, particularly primary and secondary education, as a locomotive in promoting the rapid economic growth of the High Performing Asian Economies (HAPEs). However, it points to the limited role of governments with regard to the efficiency of training, and to the performance of labour markets in the delivery of training. Therefore this approach, in explaining the rapid growth of the East Asian economies, admits the need of state intervention only in the rare instances where it rectifies market failure.

By contrast, the revisionist view points out that governments have played important roles in the rapid development of Asian economies by leading the market rather than supplementing it. The view insists that government interventions have been driving forces in industrial development by altering the economic incentive structure to remedy markets failures, which consistently prevent economies from investing in industries that would boost the rapid growth of the national economy. Many proponents of this view have provided significant evidence through their studies on the role of developmental states in East Asian countries. As a result, the revisionist perspective provides valuable insights into the history, role, and extent of East Asian interventions, demonstrating convincingly the scope of government actions to promote industrial development in Japan, Korea, Singapore, and Taiwan, China (World Bank 1993: 9).

However, the revisionists tend to overemphasise the benefits of the interventionist industrial policy and downplay its drawbacks.

Similarly, Ashton et al. (1999) contrast the neoclassical approach with statist approaches. They argue that the neoclassical approach, which emphasises the importance of human capital, regards the market as the most efficient mechanism through which to coordinate the factors of production. In addition, this approach tries to minimise the role of
government within the boundary of 'market failure' or labour market imperfections (Ashton et al. 1999: 12). In contrast, the statist approach stresses the role of the ‘developmental state’ as a key factor in initiating and steering the process of industrialisation.

In line with the developmental state approach, much research has been carried out to understand the relationship between education and training and rapid economic growth in Japan, South Korea, Taiwan, Singapore and Hong Kong (Johnson 1982; Amsden 1989; Wade 1990; Castells 1992; Ashton and Green, F. 1996, Ashton et al. 1999; Green, A. 1999a, 2001). Within the ‘developmental state’ theory, two different perspectives can be explored in relation to education and training. One perspective stresses the role of the developmental state in relation to nation-building rather than to economic purposes. As one of the leading proponents of this perspective, Castells stresses this role as a means of realising ‘a nationalist project of self-affirmation of cultural and political identity in the world system’ (1992: 58). From this perspective, the nature of the developmental state has begun to be understood in the broader perspective in which the developmental state has interacted with the economy and society in the name of nation-building. This perspective has contributed to a broadening of the understanding of the developmental state.

In line with this perspective, Green, A., who has theorised the relations between education system and state formation, points to the characteristics of developmental skills formation in Singapore.

The education system has also been a very effective instrument of socialization, not only in helping to nurture the development process, but also more generally in imparting social attitudes deemed necessary to create a cohesive society with hard-working and disciplined labour (Green 2001: 99).

He relates the emphasis on values and moral education in school to economic growth, arguing it has contributed not only to the promotion of political stability, but to the creation of a hard-working and disciplined labour force. In this perspective, roughly

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28 With regard to human capital theory, it will be discussed with the developmental state theory in more detail in the next section.
speaking, until authoritarian governments were seriously challenged with the collapse of the Cold War system in the mid-1980s, the relationship between education and economic growth in developmental states needs to be understood in terms of "state formation" (Green 1999a) rather than narrow skills formation. In addition, from his point of view, the rapidly increased demand for education, is also related to cultural factors, including traditional legacies and the changed social situation, as well as to economic growth. As a consequence, the role of the developmental state has begun to be analysed as in close interaction with civil society.

The other perspective mainly focuses on rapid economic development in explaining the role of the developmental state. Economists tend to prefer this perspective in that their main concerns have been to investigate the distinctive characteristics of the rapid economic growth of "late industrialisers" (Amsden 1989) in East Asia. They place emphasis on the advantage of the developmental state in that the relative autonomy of the state from vested interests makes the regulation of skill demand and supply as well as manpower planning possible. Ashton et al. have developed this perspective into 'developmental skill formation' theory based on an analysis of the mechanisms of skills formation through the linkage of education, training, economic growth and wider labour-market policy issues in the above four East Asian countries (Ashton et al. 1999). Their approaches to developmental skills formation are based on the extension of their own theoretical framework for skills formation (Ashton and Green, F. 1996).

In this respect, the role of developmental states in education and training is too focused on economic purposes, without sufficient consideration of political and social purposes. As a consequence, the nature of the developmental state tends to be understood in the narrow perspective of economic growth. More important, the role of authoritarian regimes could be exaggerated, in that economists tended to assume that 'the state can be an internally cohesive unitary actor and can sustain its autonomy from civil society' (Ashton et al. 1999: 18). These two different perspectives on developmental states will be discussed in more detail in the next section.
III-3. Two approaches to East Asian skills formation

As education and training have been recognised as important factors in economic development in the globalised economic context, the concept of skills formation has been important for employers and policy makers as well as educationalists. Therefore the reform of education and training system has become a key issue for policy in terms of 'economic competitiveness', since successful economies rely on "high-tech" industries and well-qualified workforces to cope with global competition (Reich 1991; Barber 1996; Ashton and Green, F. 1996; Green, A. 1997; Brown 1999). In particular, with the advent of a 'knowledge society' or an 'information society' based on the rapid development of information and communications technologies, the continuing development of human resources and changes in learning culture have become important for policy makers.

To investigate the changing role of the state in moving towards a high skills economy in developmental states, this chapter will critically examine two theoretical approaches to East Asian skills formation models, which are based on two theories of ‘human capital’ and the ‘developmental state’. These have contributed to the understanding of the relationship between education and training and rapid economic growth in Asian NIEs (Newly Industrialising Economies).

III-3-1. The human capital approach

As explained above, human capital theory, which has been stressed in the neo-classical approach, tends to regard the market system as the most efficient mechanism for promoting skills formation. The main founders of human capital theory, such as Schultz and Becker, argue that human capital formation is mainly carried out by individual choices based on the rational calculation of costs and benefits (Blaug 1992: 209). Human capital theory has

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30 Brown, P. defines skills formation in the broad meaning as "the development of the social capacity for learning, innovation and productivity" (1999: 235).
been built on the works of Schultz (1961) and Becker (1964) in the 1960s. Their theory developed Adam Smith's idea that investment in education helps to increase the productivity of workers (Schuller and Field 1998: 227). As Baker points out, the main assumption of human capital theory is that

schooling raises earnings and productivity mainly by providing knowledge, skills, and a way of analyzing problems (Becker 1993: 19).

In the case of Baker, the theory also treats the influence of on-the-job training or families on the knowledge, skills and attitudes as an important factor in human capital formation. As Blaug points out, it is the "genuine novelty" of human capital theory that expenditures on such social services as education and health care are treated as investment for the sake of future pecuniary and non-pecuniary returns rather than as consumption and only for the sake of present enjoyment (Blaug 1992: 207). It was very difficult to imagine until the 1960s that expenditures on education and training could be regarded as similar to investment and physical capital, and that there were "common analytical grounds between labour economics and the economics of the social services" (ibid. p. 207). In this respect, Coleman points out that human capital theory is based on the assumption that

the concept of physical capital as embodied in tools, machines, and other productive equipment can be extended to include human capital as well (Coleman 1997: 83).

The basic premises of the theory are that human beings invest in education and training in order to increase their lifetime incomes and other benefits, and that their choices of investment in learning are decided on the basis of market rationality. Rapid educational growth is attributed primarily to the economic demand for skills. In addition, economic development enables income growth, which enables individuals to pay for their learning and for new job opportunities, which increase the demand for skills. Eventually, economic development is a prerequisite for educational growth. In particular, economic research based on the theory has emphasised the 'rate of return' on the basis of cost-benefit analysis by the individual, as a criterion for agents to making decisions on investment in learning. Human
capital analysis, the measurement of human capital is mainly based on the duration of education or work for qualifications in terms of inputs, and on individual income or productivity levels as outputs. In this regard, it stresses the “individual agent”, as well as assuming “economic rationality, and transparency of information” (ibid. p. 230).

In this approach, therefore, state intervention is admitted only in the case of market failure. Based on this perspective, the World Bank report (1993) admits government action is needed only where there are failures in the market, including the information available to parents (Ashton et al. 1999: 10).

However, human capital theory still raises controversial issues with regard to methodologies and ideas. First, one of the biggest problems is that the assumption that higher productivity can be measured by return to skills in terms of monies ignores the screening aspect of skills. The main assumption, that education and training raise the productivity of workers and increase their lifetime incomes, has been challenged by the ‘screening hypothesis’. Its point is that employers’ preference for educated workers mainly reflects the fact that employers are likely to treat educational qualifications as a screening device to distinguish new workers in terms of ability, achievement motivation, and possibly family origins, that is in terms of personality traits rather than cognitive skills; cognitive skills are largely acquired by on-the-job training and employers are, therefore, fundamentally concerned with selecting job applicants in terms of their trainability (Blaug 1992: 213-4).

The screening hypothesis can be stated as ‘strong’ hypothesis, that denies the direct effect of education on productivity and the ‘weak’ screening hypothesis, that qualifications affect the selecting of employees (Woodhall 1997). The ‘weak’ screening hypothesis is undoubtedly more true than the ‘strong’ screening hypothesis, in that while it is certain that employers use qualifications as a screening device in initial job selection, it is, however, difficult to deny that employers continue to prefer well educated employees, and pay them more than less educated employees throughout their working lives (Dore 1997: xxvii;
Woodhall 1997). As Woodhall points out, the screening hypothesis has contributed to focusing "attention on the precise way in which education or other forms of investment in human capital influence productivity" and reminding as "that education does far more than impart knowledge and skills" (Woodhall 1997: 222).

Secondly, some critics have questioned the mechanism by which human capital impacts on productivity or earnings. The theory is criticised because it focuses on individuals without seriously taking account of "the wider social context within which much learning takes place" (Schuller and Field 1998: 227). In this respect, Bowls, S. and Gintis, H. criticised the assumptions about individual choice in human capital theory (Bowles and Gintis 1975). As they argued, schooling develops the consciousness and attitudes which enable the labour force successfully to be accustomed to discipline such as 'punctuality, conformity and respect of hierarchies', as well as teaching knowledge and skills. In addition, they argued that the economic return to schooling is mainly related to the need of capitalists to legitimate their authorities over workers. However, their position was different from that of the screening hypothesis in that they did not limit the role of the school system to screening or labelling and admitted that "schooling enhances worker productivity" (ibid. p.75). They chose to focus on understanding the social mechanism through which workers' productivity is affected by schooling, and on explaining the "social relations of the educational process" (ibid. p. 75). Their critique indicates another fundamental problem of human capital theory in that its superficial understanding of the role of school system is criticised for its neglect of the social relations of production. Therefore, human capital formation must comprise social relations and culture, which affect personal attributes as well as knowledge and skills. It should be recognized that such mechanisms affect workers' productivity in complex ways. Otherwise, human capital theory underplays socialisation. It is very difficult to understand why formal education systems, particularly in developmental

31 Particularly, the effect of 'externalities' in education and training, by which individuals and enterprises can benefit from free ride, is explained with regard to the characteristic of 'public goods'
states, have been recognised as the main means to promote hard work and respect for
authority and hierarchies through the strong stress on moral and social education

The economic value of the socialisation function of education, as internalising
favourable social attitudes, has been recognized by some human capital theorists, like Becker
(1993) and Blaug (1992). Therefore, the role of education in socialisation seems to be no less
important than its role in conveying knowledge and skills. More important, the emphasis on
social education and values in schools has been recognised as the main source of discipline
and social cohesion in East Asian countries. Green, A. argues that the stress on social
discipline and cooperative attitudes in schools has crucially contributed to economic growth
in East Asian economies in at least four ways, including the promotion of political stability
and social order, the creation of a hard-working and disciplined labour force, the success of
team work and instilling of national values (Green 1999a: 265).

Thirdly, in addition to the above methodological criticisms, this approach seems to
have critical limitations, not only in explaining rapid educational growth before economic
development, but also, in understanding the role of the state in recently developed countries.
For example, it is evident that the rapid universalization of primary education from liberation
in 1945 to the 1950s was to meet the “enormous educational demand of Korean people”
rather than economic demand (Kim, Y.H. 2000: 98). In other words, the rapid expansion of
primary education and rapid decline of adult illiterate rates was possible because of the
combination of the popular education movement for nation-building with people’s
enthusiasm for education. Education was recognised as a main instrument to enhance social
status as the ruling class was eliminated during the colonial period. More important, the rapid
expansion of public education for school-age children can be better understood as a part of
‘nation building’, in that the state of south Korea needed to foster a new morality and
national ethics as a newly liberated state which had to confront an antagonistic north Korea.
In particular, as the state instilled anti-communism, social discipline and the ‘you can do’
ideology were given priority in school education as a means to go against North Korea.
In addition, as David Ashton and Francis Green (1999) point out, this approach seems to have limitations for understanding the role of the state in education and training in NIEs. First, it does little to address the strong state investment in education and training when the NIEs were moving towards a high value-added from a low value-added economy. Specifically, it does not account for the state's use of high skills routes to drive up the demand for skills. Second, it disregards the role of the state in influencing the character of the labour market as well as the supply and demand for skills.

Finally, this approach has critical limitations for describing the role of the family in promoting education, because it focuses on individual decisions. It is worth pointing out that it has been the family, including parents and relatives, that has supported the study expenses of school study, while governments have invested less in education. For example, the total amount of private lesson fees has outweighed the school education budget since the mid-1990s in South Korea. More important, compared to Western countries, the percentage of mature students is still very small at the university level, because a family is only likely to support study until graduation from university. It was the investment by the family in education that made the rapid expansion of education possible on less than 5 percent of GNP in East Asian education systems. Therefore, when students make their decisions about going to university and which subject to study at the university, the influence of their family is huge compared to Western countries.

III-3-2. The developmental state approach

By comparison, the developmental state theory emphasises state intervention as the main factor in promoting skills formation and economic growth. As shown above, the theory stresses the role of the state as a driving force in the pursuit of national goals. Briefly speaking, the theory can be divided into the political economy approach (Johnson 1982; Amsden 1989; Ashton et al. 1999) and the historical-structural approach (Castells 1992; Green, A. 1999a) according to the emphasis or purpose of the developmental state. Whilst the
political economy approach is likely to stress economic growth as the goal of the developmental state\textsuperscript{32}, the historical-structural approach emphasises nation-building as the purpose of the state's societal project.

It was Johnson's book entitled *MITI and the Japanese Miracle: The growth of industrial policy, 1925-75* that theorised the concept of the developmental state in the framework of the political economy approach. Johnson argued that the developmental state was born out of the "situational nationalism of the late industrializers" (Johnson 1982: 24). In his explanation, the state, as a late industrialiser, strongly drove industrialisation on the basis of national goals rather than market rationalism. Therefore, other economic interests were subjected to the political objectives of rapid industrialisation through the developmental state (*ibid.* p. 24). In addition, in the 'plan-rational' system, it is the degree of national consensus on the overarching goals such as rapid economic growth that the success of the system depends on. Therefore the state drives 'consensus building' through the education system. More important, as Johnson argues, whilst the plan-rational system has weakness in dealing with unexpected or unfamiliar problems, compared to the market-rational system, it has great strength in dealing with routine problems (*ibid.* p. 22). In goal-oriented strategic actions, effectiveness is a more important evaluative standard than efficiency, which is the most important one in market rationalism (*ibid.* p. 21).

By contrast, Castells deepens the theory by advocating a historical-structural approach to development, which stresses the role of the developmental state with regard to nation-building rather than to an economic purpose. In other words, in his explanation, "economic development is not a goal but a means" (Castells 1992: 57). This perspective has contributed to the broad understanding of the state's role in instigating the rapid economic growth in Asian NIEs, including Singapore, South Korea, Taiwan and Hong Kong. Unlike most economists, Castells tries to explain how these states originated from the need for

\textsuperscript{32} Johnson also stresses nation-building to a degree (see his book titled 'MITI and the Japanese miracle: The growth of industrial policy, 1925-75 (1982)).
political survival amongst newly divided nation states or small countries threatened by surrounding big powers. The state itself took the place of society “in the definition of societal goals” and drove a fundamental transformation of the economic order to implement the societal project, that is, the “building or rebuilding of national identity” (ibid. p.57). The East Asian developmental state was born as a way of state formation or reformation in the context of the Cold War system\textsuperscript{33}. Therefore, the developmental state could develop on the basis of “double-edged, relative autonomy”:

Relative autonomy \textit{vis-à-vis} the global economy, making the country’s firms competitive in the international realm, but controlling trade and financial flows. Relative autonomy \textit{vis-à-vis} society, repressing or limiting democracy, and building legitimacy on the improvement of living standards rather than on citizen participation (Castells 1999: 325).

These two characteristics are very important for understanding the benefits and drawbacks of the developmental state in a balanced perspective. In particular, the meaning of relative autonomy \textit{vis-à-vis} society needs to be carefully considered in discussing the relationship between education and state formation. For instance, the autonomy of the developmental state from the demands of civil society is exemplified by the repression of political dissenters, including trade unions, and the deconstruction of traditional dominant classes by land reforms. In addition, it has been justified in the name of ‘national security’. However, as the nature of situational nationalism has rapidly changed with both economic growth and the demise of the Cold War system, the role of the state in relation to the national project has been required to base itself on citizen participation rather than physical forces. Therefore, Castells argues that

the success of the developmental states in East Asia ultimately leads to the demise of their apparatuses and to the fading of their messianic dreams (ibid. p. 66).

This means that the society which was substituted by the state needs to be vitalised by civic participation. However, the forms of civic participation will be various, depending

\textsuperscript{33} Castells argues that the “East Asian developmental state was born of the need for survival, and then it grew on the basis of a nationalist project, affirming cultural/political identity in the world scene (Castells 1999: 278)
on the relationship between the state and civil society. Roughly speaking, according to the power relationship between the state and civil society, a continuum between the elite (or authoritarian) bureaucracy in Japan, social partnership in Germany, networks and the market can be assumed.

The theorization of East Asian skills formation has been built on the above developmental state theory in order to understand the process of skills formation in the broader contexts of East Asian countries. For such theorising, the concept of state formation has significantly helped in examining the relationship between nation-building, economic development, and education and training systems in Asian developmental states.

As Green, A. (1990) emphasises, the social origins and characteristics of national education systems can be best understood from the nature of the state and the process of 'state formation' or 'nation building'. Through his research on the major nations of Europe and North America in the 19th century, he concludes that mass schooling was mainly "organised from above by the state" as the most powerful means for nation-building (Green 1990: 308). In addition, he points out that the major incentive towards providing national education systems was

to provide the state with trained administrators, engineers and military personnel; to spread dominant national cultures and inculcate popular ideologies of nationhood; and so to forge the political and cultural unity of burgeoning nation states and cement the ideological hegemony of their dominant classes (ibid. p. 309).

As Green, A. (1990) has shown, the major impetus for the creation of centralised national education systems in continental Europe was the military and political needs of late absolutism, and the process of state formation was intensive. By comparison, in the United States, where military needs of state formation was weak, the political pressure for centralised national education system was not so strong. However, after the revolution and

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14 He defines state formation as "the historical process by which the modern state has been constructed". It includes "not only the construction of the political and administrative apparatus of government and all government-controlled agencies which constitute the 'public' realm but also the formation of ideologies and
independence, the process of state formation was driven by the political needs for the
cultivation of national identity, and for the promotion of social cohesion based on republican
values. More important, in the case of Prussia, which can be called “the first of the strong
developmentalist states in the modern world”, the national education system was created as a
means to build up the new Prussian state after its fall to Napoleon (Green 1999b: 65). Once
established, the education system became a cornerstone of rapid industrialization. He applies
this to the NIEs in Asia (Green 1999a). State formation theory lays claim to being the basis
for skills formation theory with regard to the developmentalist state.

David Ashton and Francis Green (1996) have developed skill formation theory,
based on the political economy approach, to understand the role of education and training
systems in promoting rapid economic growth in Asian developmental states, including
Singapore, South Korea, Taiwan and Hong Kong. They emphasise the role of institutions in
relation to skills formation and propose six components for the institutions required for high
skills formation: the commitment of the ruling class to a “higher goal” (Ashton and Green
1996: 113) and to the innovative use of the productive system; an education system
producing high levels of basic skills; the commitment of groups of leading employers to the
goals of high level skills formation; regulation and accountability at the workplace; some
means for encouraging workers to commit to the goal and to continuous development at
work; finally an off-the-job training system for the knowledge base required by the skills. As
Ashton and Green conceptualise the skill formation theory, it has been articulated with the
process of state formation and industrialisation. They argue that the processes of both state
formation and industrialisation mainly determine skill formation (ibid. p. 105). In addition, it
is assumed that “state formation and industrialisation are relatively autonomous yet
interdependent processes” (ibid. p. 105). Through the investigation of Asian NIEs, they
emphasise the importance of a “higher goal”, which can “legitimise the political elite’s use of

collective beliefs which legitimate state power and underpin concepts of nationhood and national ‘character’”
(Green, A. 1990: 77).
state powers to regulate the behaviour of both capital and labour" with a degree of autonomy from vested interests (ibid. p. 113).

Although Ashton and Green have contributed to the conceptualisation of the process of skill formation, their theorising has some limitations. First, they tend to overemphasise manpower planning mechanisms as the distinguished feature of Asian skills formation system. Whilst Singapore seems to epitomise this mechanism, in the case of South Korea particularly since 1980s, educational growth tends to have been a response to the Korean people's pressure on the government to expand educational opportunity, rather than the outcome produced by [the] government's intentional consideration [of] economic demand (Kim, Y.H. 2000: 115)

When military governments, which came to office by force and failed to build an overarching consensus on new 'social goals', tried to raise people's support through education reform, educational policies were decided by political considerations rather than economic planning. More important, as education has long been recognised as one of the most important means to acquire respect through higher social status amongst most people in Korea, it is very difficult for political parties to suppress increasing educational demand when it is in conflict with economic demand. For example, although governments tried to increase the ratio of vocational track students to academic track students at the upper secondary level before, most policies fell short of their goals, and at last in the mid-1990s the government gave up these policies. Recently vocational schools have increasingly found difficulty in recruiting, because parents and students prefer the academic track.

More important, from the 1970s until the mid-1990s, the priorities of the Korean skills formation system were to provide a qualified and disciplined workforce through the strongly centralised control of curriculum, with an emphasis on national ethics and values as well as discipline. In particular, employees were forced to work hard under strong discipline, without the protection of trade unions. Trade unions were regarded as associations beneficial to North Korea because of the "red complex" instilled through instruction in national ethics
and values. This is a neglected dimension in Ashton and Green. To put it bluntly, industrialisation and the rapid growth of the GNP could acquire an overarching consensus because they were linked to competition in nation-building with North Korea. Therefore, in the case of Korea, the emphasis on national ethics, values and discipline needs to be considered no less than manpower planning as the distinguished feature of Asian skills formation system.

In addition, Ashton and Green tend to stress the role of ruling groups in the process of skill formation. Therefore, when they collect data, they rely too much on government documents and interviews with policy makers, who are likely to legitimise the role of the state due to their status\(^3\). One of their limitations is that they over-emphasise the role of the state as independent of vested interests in carrying out the national project. In particular, the political economy approach tends to over-emphasise the role of the state in the growth of education and training and to have limitations in explaining the changing relationship between the state and civil society with regard to skills formation.

This is likely to result in a lack of balanced consideration of the interaction between the state and civil society. If the issue of economic growth had been treated in relation to democracy in Asian contexts, the role of the state might have been seen differently in a more dynamic relationship between the state and civil society. In line with this perspective, the Asian economic crisis in 1997 seems to be a turning point in discussing the role of the developmental state in relation to both economic globalisation and democracy, including transparency and trust. For example, with the economic crisis, collusion between governments and the *Chaebol*, which were regarded as the locomotives of rapid economic growth, was recognised as one of the main culprits in the globalised economic context. By contrast, the involvement of social partners and civil associations in policy-making and implementation has arisen as a social issue in overcoming the economic crisis. In this respect,
the role of the developmental state has been challenged with regard to the provision of education and training in the context of globalisation.

As Ashton (1999) points out, a paradigm shift is arguably taking place with regard to the skills formation theory. One of the most important changes is a demand for a political economy of skills formation, which enables skills to be defined in relation to “a broader set of social relations” (ibid. p. 347). Brown emphasises the importance of a political economy of skills formation as a way to raise “fundamental issues about education, inequality and economic opportunities” (Brown 1999: 239). This emphasis contributes to reflection on the limitations of a narrow economic perspective in understanding the changes caused by both globalisation and democracy in Asian NIEs. In this respect, Ashton et al. (1999) note the challenge of economic globalisation and democracy facing East Asian developmental states. However, they still focus on the role of the state, and fail to articulate the rapid changes in the role of developmental states with regard to skills formation.

With regard to developmental skill formation, particularly since the economic crisis of 1997-8, the focus of research has been moving towards the investigation of the changing relationship between the state and civil society (Green, A. 2001). This new analysis will contribute to understanding the distinctive characteristics of each developmental state, because the changing relationships between the state and civil society depend on their responses to the challenges of democratisation and globalisation. The political economy approach, however, still over-emphasises the role of the state as an embedded agent of the

35 A more important reason why they rely on government documents or interviews with policy makers can be that it is not easy to find English documents written by non-government organizations (NGOs), or to interview critics who can speak English well in Asian countries in which English is spoken as a foreign language.

36 Ashton identifies four intellectual developments as examples of paradigm shift: the move toward an interdisciplinary perspective; the rediscovery of the central importance of comparative analysis; the start of an attempt to examine the impact of new productive systems on the process of skill formation; major advances in thinking of implications for policy (1999: 347)

37 The High Skills Project: Education and Training Routes to a High Skill Economy, by Green, A., Lauder, H. and Brown, P. partly showed this move. This research project was funded by the Economic and Social Research Council of Great Britain (ESRC).
national project, without discussing political conflicts between the state and active civil society.

III-4. Changes in skills formation and social capital

III-4-1. Redefinition of skills formation and social capital

Recently, as social structures have been recognised as closely linked to human capital formation, skills formation has been freshly defined with the aid of the concept of 'social capital'\(^38\) (Putnam 1995; Fukuyama 1995, 1999; Coleman 1997). Whilst human capital is acquired through changes in persons' skills and capabilities, social capital is created by changes in the "structure of relations between actors and among actors" (Coleman 1997:82-3). Social capital is a variety of social structures or relations, within which productive activities of persons or corporate actors are facilitated (Coleman 1997: 81).

Brown tries to define skill formation more broadly as "the development of the social capacity for learning, innovation and productivity (LIP)" (Brown 1999: 235). As a result, he emphasises the importance of social capital in theorising skill formation. As he argues, "skill acquisition and utilisation are social acts ... which are predicted on relations of trust (high or low) which are themselves embedded (or disembedded) in an historical context (ibid. p. 237)". This definition reflects the fact that the concept of social capital has become important in the West with regard to "key dimensions, such as the relationship between social inequality, democratic communication and civic participation" (ibid. p. 237).

As discussed with regard to human capital theory, the economic value of the socialisation function of education, internalising favourable social attitudes, has been no less important than knowledge and skills in East Asian economies. As most East Asian countries
are trying to be 'high skills' or 'knowledge based' economies, they need new types of skills formation system, which emphasise lifelong learning rather than 'front-loaded' learning. In addition, they have begun to stress creativity, constructive communication skills and problem solving rather than punctuality, conformity and respect for hierarchies, which used to be emphasised as preferred attitudes for the work force. More important, as attitudes to work are recognised as being important as knowledge and skills with respect to human capital formation it has become a main concern of policy makers to facilitate attitudes as well as knowledge and skills which are compatible with high skills and the knowledge based economy. This means that successful human capital formation should be rooted in social capital. The increasing demand for social capital is one of the main reasons for putting education reform high on policy agendas.

III-4-2. A high skills economy and social capital

The concept of social capital is becoming one of the key terms in analysing a high skills economy. Brown suggests that the definition of high skills needs to be extended, beyond the degree of the stocks and flows of human capital. Green also, in relation to a high skills economy model, point to "a high level of workforce cooperation supported by civic trust and social capital ... as an important part of the model" (Green, A. 2001: 64-5). In addition, they also emphasise a wide diffusion of workforce skills as a characteristic of a high skills economy. Here, it is worth pointing out that, as Crouch et al. argues, "institutionalized

38 Putnam, in his lecture, defines the social capital as "features of social life -networks, norms, and trust- that enable participants to act together more effectively to pursue shared objectives" (1995: 664-5)

39 Brown includes seven facets as characteristics of a high skills economy: first, an inclusive system of education and training; second, a systematic process of skills upgrading; third, a high level of entrepreneurial and risk taking activities; four, institutionally embedded relations of 'high' trust; five, a model of human capability based on lifelong learning; six, a system of occupational selection based on the diverse range of human talent, knowledge and creativity; seven, a means of coordinating the supply and demand of labour (Brown 1999: 239).

40 Green, A. defines a high skills economy as "an economy with a wide diffusion of workforce skills where these are fully utilized to achieve high productivity across a wide range of sectors, at the same time producing high wage rates and relative income equality" (2001: 64).
trust" is required in order to develop more extensive relationships beyond personal trust, which tends to inhibit the development of collective goods (Crouch et al. 1999: 168).

As a high skills economy has become a goal for economic policy of the world's developed and developing countries, routes to such an economy have been a major concern of policy makers as well as relevant academics. To investigate these routes, first of all, four questions can be discussed. First, what is the definition of high skills and a high skills economy? Second, what ways are available to reach it? Third, how can economies move towards it? Fourth, what are the advantages of each route, and the barriers to moving on it?

At least the following three characteristics need to be included in relation to the definition of a high skills economy. First, it has to develop a learning society that enables people to learn throughout their life and so as to share their skills to maximise social capacity. Secondly, it has to build up relations of trust as a key part of social capital. In particular, it is essential that human capacity and skills obtained by continuous learning should be rewarded as a basis of relations of trust. Moreover, the relations of trust need to be extended to the level of institutionalised trust through negotiation between social partners. Thirdly, it is necessary to construct a coordination system between supply and the demand for labour in order to promote social cohesion and relative income equality.

III-5. Developmental states and globalisation in East Asian economics

East Asian developmental states, except for Singapore, have been challenged by globalisation and democratisation since the mid-1980s. In particular, the economic crisis in Asian countries in 1997-8 ignited heated discussions on the implications of globalisation for the role of developmental states. Castells (1999) argues that the success of the developmental state in economic development has ironically contributed to its demise in East Asian economies, because the developmental state is in contradiction with global and informational capitalism. In relation to Japan, he proposes that
this multidimensional crisis results precisely from the success of the Japanese model of development, which induced new economic, social, and cultural forces that came to challenge the priority of the nationalist project, and therefore, the developmental state (ibid. p. 216).

In his explanation, the demise of the Japanese developmental state started in 1989, and there was continuing crisis and political instability throughout the 1990s. He points to three sets of factors as main causes of the end of the Japanese developmental state. First, the financial system got out of government control under the conditions of the rapid globalisation of financial markets. Secondly, a transformation of the industrial development model toward “global decentralization” undermined the “systemic interaction between the developmental state and Japanese-based multinational networks” (ibid. pp. 235-6). Thirdly, the social structure based on patriarchalism was threatened by the rapid mobilisation of women through the increase of their participation in the political system as well as in the labour market. In sum, he argues that the demise of the Japanese developmental state as the embodiment of the Japanese national project results from its fundamental contradiction with the informational paradigm based on the network society (ibid. p. 241-8). As for the Japanese education system, its inability to generate “the critical mass of researchers and research programs” is pointed out as a critical weakness for continuing industrial, technological, and cultural development (ibid. p. 245).

With some oversimplification, Castells reaches the conclusion that the East Asian developmental state model came to an end because of the incompatibility of the developmental state with the global and informational paradigm. Furthermore, he argues that “the developmental state became the obstacle for the new stage of global integration and capitalist development in the East Asian economy” (Castells 1999: 212).

However, as he also has to admit, the pattern of economic development and crisis in the East Asian countries was “dependent on the specific set of relationship between the state, economy, and society” (ibid. p. 213; Henderson 1998). To understand the differences between countries in the impact of the economic crisis and its aftermath, “the interplay of
internal, social dynamics and external, financial flows, both mediated by the institutions of
the state" should be carefully considered (Castells 1999: 213). The various responses of East
Asian developmental states show how they have responded differently to the challenge of
globalisation, depending on their situational and institutional contexts.

Singapore is an example which shows that global and informational capitalization
has been compatible with the developmental state. Its financial markets have been globalised
and made transparent under state control. Since the 1990s, Singaporean economic strategy
has changed, becoming more flexible and open under the challenge of globalisation (Mallet
1999: 268-9). First, Singapore has tried to “promote entrepreneurialism and gradually expose
state-run corporations to market competition” (ibid. p. 268). Second, Singapore’s companies
have invested in other Asian countries, such as China and Indonesia, to overcome the
limitations of its small domestic market. Third, the government has driven the project for an
‘intelligent island’ to improve the efficiency of business and government. The government
has recognized the importance of the ‘technical innovation and creative thinking’ in order to
continue Singapore’s success in the globalisation and information age. Therefore the
government has tried to “perpetuate [Singapore’s] success by adding computers and a dash of
economic liberalization to the old combination of political and social engineering and state
economic leadership” (ibid. p. 269).

However, it is evident that a maturing economy and information revolution bring “a
more complex society” and multiply “the number and capabilities of competing interests”
(George 2000: 198). Therefore, there are significant changes in state control.

The degree of central control required in an earlier phase of development has already
been recognized as unsustainable. Hence, the spirited move towards entrepreneurship in
both private and public sectors. (George 2000: 206)

This change increasingly requires a shift from a top-down, charismatic mode towards
democratic and institutional mechanisms.
Taiwan shows a successful transition to democracy in response to globalisation. The consistent achievement of a “soft landing” of Taiwan economy has been accompanied by political liberalisation since 1987. During the 1990s, the Taiwan government played a “secondary role in the growing competitiveness of Taiwanese firms” while “networks” of these firms in Taiwan and other countries found “their own way out of the semiconductor slump” (Castells 1999: 291). The largest reserves of foreign currency in the world could protect the economy from speculative attacks during the economic crisis.

China has become another example of the developmental state in that it has successfully transformed its economic system from socialism to capitalism under the strong control of the state. Its economic success has been remarkable, even during the period of the Asian economic crisis in 1997-8. Therefore it is too early to predict the demise of the developmental state in China. However, it is also uncertain how long the Chinese communist party can keep control of China’s economy without confronting political conflict.

By contrast, from the experience of the financial crisis, Korea learned the lesson that the rapid liberalization of the financial markets without an appropriate supervisory mechanism is likely to lead to economic instability (Stiglitz 2002: 84). The financial crisis in Korea stemmed from the rapid and distorted liberalization of financial markets, which permitted excessive cross-border short-term loans to Chaebols which were in crises of profitability in the 1990s (Castells 1999: 291). Korea failed to install proper supervisory mechanisms in preparing for financial market liberalization during the early and mid-1990s.

This was partly because of pressure from the United States and the IMF for rapid liberalization of the financial market (Stiglitz 2002: 94), and also partly due to disorderly deregulation which resulted from the increasing influence of the Chaebols on the government during the period of Kim, Young-Sam government. The government was very optimistic about the implications of globalisation for the Korean economy and advocated economic liberalisation in the name of democratisation. This experience shows that economic
liberalization should be distinguished from democratisation, particularly in the transition from the developmental state to democracy.

Since the 1980s, globalisation has been mainly driven by the free market-oriented “Washington consensus” (between the IMF, the World Bank, and the United States Treasury) about development policies for developing countries (ibid. p.16). The Washington consensus arose from the “integration of traditional IMF concerns for macroeconomic stability (anti-inflation, anti-deficit policies) and the Bank’s agenda of efficiency-enhancing reforms (openness, competition, deregulation, privatization)” (You 2002: 214). It reflected a “shift in ideology toward neo-liberalism that emerged after the erosion of the golden age” (ibid. p. 214).

In this context, what kinds of alternative strategies are possible in response to globalisation in East Asian countries? Here, two questions can arise. Can the developmental state still be viable? Or, as Castells argues, is a new form of the ‘network state’, like the European Union, required to protect societies from unlimited global flows of capital and information? (Castells 1999: 329). In this regard, it is significant to examine the democratic transition in Korea because, with the active role of Kim, Dae-Jung government in overcoming the economic crisis, the Korean economy is likely to become more competitive (Stiglitz 2002: 127). The government took an active role in economic reform as well as in overcoming the economic crisis, promoting the involvement of social partners in making and implementing policy.

As the Cold War system wound down in the late 1980s, the possibility increased for Korea to pursue the national project of reunification on the basis of the participation of various social partners. While Korea has exhausted the possibilities of the developmental state, the role of the state is still crucial in building a consensus regarding the unification project. In addition, through the experience of the economic crisis in 1997-8, the role of the state is freshly recognized with regard to providing the “social safety net” and the
"productive welfare". For example, since the economic crisis, the issue of unemployment has suddenly become the most important item in the political agenda, and the social gap between the poor and the better-off has widened on an unprecedented scale. Therefore, with regard to the issue of Korean reunification, it is important to redefine the new role of the state, which is different from the past developmental state. The democratic form of the state can contribute to pursuing the national project on the basis of citizens' participation in and international support for 'East Asian peace'.

III-6. Conclusion

This chapter discussed two approaches to East Asian skills formation and investigated the role of the state in skills formation and economic development. It criticized the human capital approach because it focused on individuals without seriously taking account of the major role of the state in defining social institutions in which individual learning took place. By contrast, this chapter also pointed out that the developmental state approach was likely to over-emphasise the role of the state, neglecting the oppressive mechanisms of the state, particularly in labour control. In addition, social capital theory was discussed to emphasise the importance of social structures and relations within which high skills formation and learning were facilitated.

Finally this chapter explored how developmental states responded differently to the challenge of globalisation, depending on their institutional contexts. It pointed out that Korea learned the lesson that the rapid liberalization of the financial market unaccompanied by an appropriate supervisory mechanism could lead to economic crisis and economic liberalization should be distinguished from democratisation in the democratic transition.

\footnote{With regard to the issues of welfare and employment, the present Korean government emphasises the concept of productive welfare, like 'welfare to work' in the UK. With this concept, the government bring the issue of employment together with the agenda of education and training reform.}
In the next chapter, the role of the developmental state in skills formation will be explored in the Korean context.
Chapter IV: The developmental state and skills formation in Korea

IV-1. Introduction.

In this chapter, the characteristics of developmental skills formation in Korea are analysed, with a focus on the relations between nation-building, education and economic development. First, in relation to the developmental state, three different perspectives — political, political economy and sociological approaches — are analysed. On the basis of this analysis, developmental skills formation is defined. Then the characteristics of developmental skills formation in Korea are critically examined, with discussion of the division of Korea, military dictatorship and the stress on national values and discipline.

The development of skills formation in Korea will be divided into four stages: pre-developmental skills formation between 1945 and 1961; developmental skills formation between 1961-1992; the transitional period between 1993 and 1997; and the state-coordinated partnership mode of skills formation from 1998 onwards. This chapter will mainly focus on the period of developmental skills formation.

IV-2. Developmental state and Asian developmental skills formation

The term ‘developmental state’ was first defined by Johnson in his book titled MITI and the Japanese Miracle (1982). Through an analysis of the Japanese economic bureaucracy, he sought to explain how and why the developmental state intervenes in the economy. He emphasised the existence of “national goals” of economic development set according to political objectives (Johnson 1982: 19). In addition, he argued that the idea of the developmental state originated from the “situational nationalism of the late industrializers” (ibid. p.24). With regard to the controlling power of bureaucracy, he emphasised the implementation of industrial policy.
The government did not normally give direct orders to business, but those businesses that listened to the signals coming from the government and then responded were favored with easy access to capital, tax breaks, and approval of their plans to import foreign technology or establish joint ventures (ibid. p. 24).

Since then, Marquand has adopted Johnson's concept of the developmental state to examine the post-war economic development of European countries such as France, Sweden and Germany, as well as nineteenth-century Prussia and twentieth-century Japan (Marquand 1988). With regard to the relationship between developmental states and the market, he emphasises the role of the state as a "conductor".

The developmental state has not suppressed or dictated to the market: it has acted as a sort of conductor, trying to direct and harmonise the efforts of market actors whom it can influence, but not command (ibid. p. 107).

Although there are differences according to national contexts regarding power relations between social classes, as he argues, it seems to be evident that the developmental states have strongly "constrained" the market by drawing the "boundaries within which markets operate", and defining the "terms on which competition takes place" (ibid. p. 107). He is in line with Johnson's argument that differentiates the rational plans of the developmental state from the ideological plans of the Soviet-type command economy (Johnson 1982: 18). This means that the developmental state is 'market-manipulative' rather than anti-market. Moreover, Johnson argues that the plan-rational system of the developmental state, with a "strategic, or goal-oriented, approach to the economy", should be not only differentiated from the Soviet-type approach to economy, but distinguished from the market-friendly or market-oriented approach (Johnson 1982: 19).

More important, he points out that one of the most important roles that the developmental states have tried to play is to deliberately create comparative advantages by planning to "shift resources into more advanced sectors", as well as by "favouring some market actors at the expense of others" (ibid. p. 106). This idea can be expanded to developmental skills formation, in that East Asian developmental states have deliberately
created their comparative advantages such as low wage and well-disciplined labour, by linking education and training to economic development.

Amsden (1989), Castells (1992, 1999) and other academics have also used the term to explain the characteristics of rapid economic development in the East Asian countries known as NIEs, such as Korea, Taiwan, Singapore and Hong Kong. With the developmental state approach, Johnson, Amsden and other academics are explicitly challenging the neoliberal market model of economics. Green stresses the shaping role of the development states in relation to civil society, explaining rapid economic development as a part of their projects of nation-building.

The defining characteristic of the developmental state is the dynamic, shaping role played by the state leadership and bureaucracy in relation to civil society (Green 1997:32).

In this regard, he points to the “dual” goals, skills formation and citizen formation, of East Asian education systems (Green 1999a: 261). According to his explanation, citizen formation is a part of skills formation, but also a part of nation-building. In this regard, East Asian skills formation needs to be understood in the context of national-building. Moreover, as he argues, there have been specific historical and social conditions for East Asian developmental states and skills formation such as situational nationalism, the Cold War system, and the absence of powerful social interest groups (ibid. p. 263). In the next section, these conditions will be examined, mainly in the Korean context.

Here, one important question arises. Can the Johnson’s developmental state model be applied to analyse the role of the authoritarian state in Korea? This question is very important because it can explain the characteristics of the Korean developmental state. In addition, it provides the clue to explain why the Korean developmental state came to an end with the success of its national project. It is certain that the Japanese developmental state was the model of the Park Chung-Hee government. Park then declared in his book entitled The State, the Revolution and I that the purposes of the military coup were nation re-building and economic modernisation (Park, C.H. 1997). In the book, he praised the success of the Meiji
Restoration and following modernization in Japan as a "miracle" and the Meiji Restoration would be a good model in performing the revolution in Korea from then onwards (ibid. pp.172-7).

The major role of the Korean developmental state can be understood as the rapid industrialisation for nation re-building by a military regime in the context of the division of Korea and the Cold War. In this regard, the Korean developmental state followed the model of the pre-war Japanese developmental state. For the economic modernisation, the Korean developmental state relies on “maximal state’s intervention and authoritarian integration” (Cho, H.Y. 2000: 410). The division of Korea provided the state with a legitimation for centralised political control and ideological domination based on anti-Communism. In particular, the Korean War not only destroyed the economic and social structure, but also left South Korea being a “tremendous bulwark” against Communism (Choi, J.J. 1993: 25). Therefore, economic development easily acquired a national consensus for the sake of national security, because escape from poverty was regarded as a prerequisite to protect South Korea from the ideological attacks of North Korea.

In this context, economic development was pursued under tight authoritarian state control in the name of ‘anti-Communist’ nationalism. Therefore, Korean developmental skills formation emphasised ‘patriotic values’ and discipline based on ‘Can do’ ideology rather than critical thinking and creativity. It is characterised by centralised political control, manpower planning, and stress on patriotic values and discipline.

IV-3. The characteristics of the Korean developmental state

Some political approaches to the Korean developmental state tend to focus on the issue of state versus civil society (Choi, J.J., 1993; Kim, H.R., 2000). Those who take these approaches are keen to analyse the development of civil society as a counterweight of the developmental state. Choi, a leading academic in Korea who uses this approach, argues that
the anti-Communist state has been challenged by civil society along the three cleavages over "democratization, economic justice, and reunification" (ibid. p. 44). In this sense, he defines the nature of the developmental state in the 1970s as follows:

state-led, authoritarian developmentalism: consolidation of a stable political base through coercive force; accelerated industrialization through tightly staged authoritarian planning, with a heavy reliance on foreign capital; and the creation of a political alliance of civilian bureaucrats, technocrats, and industrialists centered on military elites (ibid. p. 26).

While this interpretation admits that the developmental state became a "catalyst for economic development", it is very critical of the role of the state in terms of democratization (ibid. p.49). For example, Choi argues that "state power that functions to demobilize and disarm the radical opposition movement must be characterised as a negative power" (ibid. p.49).

However, in his view, the concept of civil society tends to be defined as all civil associations excluding business, and civil society take an active role in the democratic transition. He defines civil society as

a network of organisations or a structure of classes, which emerge at certain historical junctures as articulate political and social groups to advocate common interests (ibid. p.13).

One of the weakest points in this definition is that it leaves out the class organisations of the bourgeoisie. It is more like the Gramscian idea of a popular national alliance, which is probably where it comes from. But Choi refers to the entirety of non-state forces in society, not just the progressive ones. This is the precisely the problem with this use of the term. When he defines civil society, what he really means is 'progressive social movements'. The definition is similar to those of a strand of American academics who normally define the concept as intermediary associations between the state and market (Diamond 1994)42. This analytical framework of the 'state versus civil society' focuses on the

Diamond defines civil society as an "intermediary entity, standing between the private sphere and the state. This excludes individual and family life, inward-looking group activity (e.g., for recreation, entertainment, or
contrast between the authoritarian state and progressive civil society. Therefore, the shaping role of the authoritarian state in relation to civil society, particularly business communities and anti-Communist groups, as well as power struggles in civil society between the class organisations of the bourgeoisie and labour, are rarely analysed. In other words, this approach tends to counterpose the state and civil society too much, without reference to the class analysis of Korean society. As a result, it downplays the fact that weakening the state without the participation of social partners could result in the dominance of Chaebols rather than the increasing influence of civil associations on the society, and accelerating the pursuit of economic liberalisation. Therefore, the analytic framework of the ‘state versus civil society (excluding business)’ needs to be changed into ‘participatory relations between state and civil society (including business)’, particularly with regard to the increasing influence of Chaebols. In this sense, it is not surprising that even Diamond, one of the leading academics accepting American version of ‘state versus civil society’, admits the need for “robust political institutions” in democracy-building (ibid. p. 16). In his view, how the “market-oriented” economic reforms can be paralleled with “strong, well-structured” state institutions, which are “somewhat insulated from the day-to-day pressures of politics”, has become a very important issue for democratisation in the East Asian context (ibid. p. 16).

By contrast, some political economy approaches are likely to emphasise the characteristics of rapid economic development in a “late industrialising” country (Amsden 1989; Ashton et al. 1999). These approaches tend to contrast the state with the market, and spotlight the positive power of the developmental state over capital accumulation, regulation and manpower planning, although some, like Castells, try not to downplay the authoritarian nature of the politics that accompanied this power. In her book entitled Asia’s Next Giant: South Korea and Late Industrialization, Amsden argues that the late industrialising state

spirituality), the profit-making enterprise of individual business firms, and political efforts to take control of the state” (Diamond 1994:5). This definition is more coherent, but disguises its fundamentally anti-state bias.

"intervenes with subsidies deliberately to distort relative prices in order to stimulate economic activity" (ibid. p.8). In addition, she emphasises the advantage of the 'institutions of late industrialisation', which are

an interventionist state, large diversified business groups, an abundant supply of competent salaried managers, and an abundant supply of low-cost, well-educated labor (ibid. p. 8).

In addition, she emphasises the importance of learning to catch up with the industrialised countries through the adoption of borrowed technology. Also, the education and training systems can be included as institutions of late industrialisation. In this regard, Ashton et al. suggest 'developmental skill formation' by linking the role of the developmental state machinery to development in education and training system (Ashton et al. 1999). Amsden is seriously oblivious to the politics of the developmental state.

These approaches tend to stress the advantage of such features of the Korean developmental state as state subsidies, the banking system based on government-large firm-bank collaboration, regulation of skills demand and supply, and manpower planning. By contrast, they are likely to downplay the negative effects of the authoritarian state on the economy, including corruption. In addition, they also pay no attention to negative effects on social relations, including the oppression of the working class, which resulted in one of the most militant labour movements in Asia (Castells 1999: 286). More important, as they focus on state power, they seem to be less keen to analyse changes in civil society, which has increasingly influenced policy making particularly since the early 1990s, although some like Wade would cogently argue that corruption in some areas became worse through rapid liberalisation.

On the other hand, in a broader perspective, some sociological approaches tend to stress nation-building rather than economic purposes in analysing the rise of developmental states (Castells 1992, 1999). These approaches analyse the role of the developmental state in terms of changes in the society as well as economic development. Castells emphasises the
concept of the nationalist project as the goal of developmental states and argues that "for the developmental state, economic development is not a goal but a means" (Castells 1999: 277). He explains the Korean nationalist project as the "creation of major Korean companies able to become global players in the world economy" (ibid. p. 259). In his view, the Korean developmental state achieved the national project "by using foreign loans, American military support, and the ruthless exploitation of Korean labor" (ibid. p. 259).

Green points out two characteristics of developmental skill formation, explaining the "wider project of state formation" as a driving force behind educational development.

The first is the degree to which educational development is planned and the role the central state and bureaucracy plays in this. The second is the emphasis placed on the moral and social dimensions of education (Green 1997: 48).

He emphasised the characteristics of "central control, planning, and stress on values and core skills" as key features of East Asian skills formation (Green 1999a: 257). This approach seems to try to explain skills formation with regard to both economic development and nation-building.

In sum, it may be suggested that the anti-Communist nation-building project expanded formal education and pro-government informal learning, stressing values and the socialisation of people into commitment to the project, and as a result the disciplinary attributes significantly contributed to economic development. By contrast, changes in education system and skills formation can be well understood in relation to the changing role of the developmental state which is based on the rise of civil society since the late 1980s.

Although these three perspectives evaluate differently the contribution of the Korean developmental state, they are common in regarding the Park Chung-Hee regime as the prototype of it. Therefore the analysis of the Korean developmental state will be focused on the characteristics of that regime. In next sections, the rise of anti-Communist nationalism and economic development machinery will be examined.
IV-3-1. The division of Korea and anti-Communist nationalism

The nature of the developmental state in Korea cannot be fully understood without considering the context of the division of Korea in the era of the Cold War. After liberation from Japanese colonialism in August 15, 1945, the Korean people's aspiration to build an independent nation-state was undermined by the divided occupation by U.S. and Soviet troops. Before the US occupation forces arrived in South Korea on September 8, 1945, many political and social organisations rapidly appeared and an atmosphere of “revolutionary nationalism” was epidemic (Choi, J.J. 1993:14)44. After the arrival of the US forces, the Right and the former Japanese collaborators established many counter-revolutionary organisations to compete with revolutionary nationalism. Under the direct supervision of the US military government, which privileged the Right or the Middle over the Left, a right-wing leader, Syngman Rhee, became in 1946 the chairman of the Representative Democratic Council, which later became the cornerstone for the formation of a separate regime in South Korea. After this, the revolutionary nationalism was increasingly oppressed by the US military government and the cleavages between the Right and the Left were deepened (Cumings 1981).

The establishment of two separate regimes in 1948 signalled the division of Korea and resulted in the bloody Korean War (1950-1953). The Korean War became a turning point in the relations between the state and civil society in South Korea. The South Korean state changed “from an extremely unstable and fragile anti-Communist state into a powerful bureaucratic one ruled by an authoritarian regime” (Choi, J.J. 1993:22). Most important, the war laid the basis for a Korean developmental state, in three aspects. First, the military became one of the most powerful political groups as a result of American military aid. The

44 By the end of October, people’s committees had been established in 7 provinces, 12 cities, and 131 counties under the national umbrella organisation of the Committee for the Preparation of Korean Independence (CPKI). The formation of the Korean People’s Republic (KPR), whose leadership was dominated by the Left, was proclaimed on the basis of the CPKI just before the arrival of US forces. However, the US military government soon refused to admit the KPR’s authority. See Kim, N.S. (1984), Namlodang yeongu[A Study of the South Korean Labour Party], Seoul: Dolbegae. In Cumings’ view, the total number of political and social
military forces of South Korea rapidly expanded, from 50,000 in 1950 to 600,000 by the end of the war (Lee et al. 1990:358). Second, revolutionary nationalism was almost eliminated, and the external logic of the Cold War was internalised as a national consensus to "regulate social and class relations" (Cho, H.Y. 2000: 410). Political dissidents and opposition movements were violently oppressed in the name of national security. Third, Korean industry had been completely destroyed, and also the landlord class was decisively weakened. Therefore, the state could easily centralise power without serious challenges from the previous regime. In this context, education was defined as one of the most powerful instruments for building the ideological legitimacy of the anti-Communist state, and it was strictly controlled under the supervision of the state.

During the 1950s, the anti-Communist state strengthened the authoritarian regime with massive military and economic aid from the United States. After the war, as Choi argues, nationalism was transformed into "statism that privileged anti-communism over unification" (Choi, J.J. 1993: 23). Moreover, as the Korean economy was almost destroyed due to the war, South Korea remained a pre-industrial society until the 1960s. The Rhee regime, relying on anti-Communist apparatuses and U.S. aid, tried to prolong its rule by force, but was overthrown by the April 19 Uprising in 1960. However, the new government came to end within one year, as a result of the May 16 military coup. Under the pretext that radical faction of students were calling for immediate negotiations with North Korea on reunification, Park Chung-Hee, who had been a Japanese Army officer, led the coup. Raising the issue of reunification in such an idealistic way suggesting a south-north student conference at Panmunjom in the Demilitarised Zone (DMZ) provoked an anti-Communist reaction from the military forces. The coup became a turning point for the Korean developmental state, because the military regime tried to seek legitimacy through state-driven economic development in the name of national security.

IV-3-2. The military dictatorship and social engineering in Korea

General Park came to power under martial law, promising the elimination of corruption and the reconstruction of the nation. The military regime exercised almost absolute power based on the military style of command until its end. Park immediately established a military junta called the Supreme Council for National Reconstruction (SCNR) and imposed authoritarian rule during the first two years. The National Assembly was dissolved and all political activities were banned. The press was also strictly censored. In addition, the SCNR created the Korean Central Intelligence Agency (KCIA), which was later symbolised as the most oppressive state apparatus of the Park regime. To keep power by winning the coming elections of 1963, the junta enacted the Purification Act to prevent over 4,000 former politicians from participating in political activities (Lee et al. 1990:362). Just before the presidential election, the exclusion of many civilian politicians from political activities was lifted. Moreover, the KCIA played a major role in creating a highly centralised new political party, called the Democratic Republican Party (DRP) with huge funds from unidentified sources. Later, SCNR members and many other officers, who had participated in the military coup, occupied most of the powerful posts in the party, so as to control the new assembly as well as the new party. Thanks to its strong political organisation supported by the military forces, the Park regime came to power, and one month later the DRP won the general election. The DRP had a majority of the parliament in spite of winning only 32% of the votes because, under the pretext of securing political stability, the new proportional representation system awarded up to two-thirds of a large proportion of seats to the party acquiring the most seats in the general election (ibid. p. 363).

Later, after the 1971 presidential election, in which the opposition party leader, Kim Dae-Jung, won the 45% of the vote, but 52% in the cities and about 60% of the Seoul vote, Park feared political uncertainty, suddenly announced a state of emergency and declared martial law in 1972. All political activities were banned and even basic citizens' rights were denied.
The constitution was suspended, and the National Assembly and all political parties were dissolved. Further political activity was forbidden, and restrictions were placed on other civil liberties, including free speech (ibid. p. 365)

Under martial law, Park proclaimed the new Yusin regime (the word is same as the Meiji 'Restoration' of Japan, in Chinese) and became a dictator with unlimited power. Under the new Yusin Constitution, the president was to be elected indirectly by a body called the National Council for Unification (NCU), which was headed by the president and was easily manipulated at his discretion. In addition, the president was not only to appoint one-third of the National Assembly but would also control the whole range of state affairs through special emergency measures. Korea became a highly regimented society by the end of 1972.

It looked as though the former head of the SCNR had succeeded in a bold bid to retrieve in civilian guise the power he had wielded in the 1961-63 period (ibid. p. 365).

In this context, the Park regime pursued a project for rapid economic growth to "compensate for its lack of legitimacy" (Choi, J.J. 1993: 28). For the project, compressed industrialisation strategies were imposed through five-year economic development plans. Once an economic development goal was targeted, all other things were subjected to the goal. No complaints were allowed; they were punished under the pretexts of political stability and national security. Therefore, Korean society itself was dominated by military discipline, and government departments and all social institutions were forced to act in a military, top-down style. As Cho argues, the regime mobilized the nation to realize the national goal (Cho, H.Y. 2001). In this regard, two examples may be selected.

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45 Many of Korean academics try to explain the character of the Yushin regime, applying the concept of 'bureaucratic authoritarianism' (Guillermo O'Donnell). They regard economic factors as the main cause of the regime. See Han, S.J. (1987) 'Bureaucratic Authoritarianism and Economic Development in Korea during the Yushin Period' in Kim, K.D. (ed). Dependency Issues in Korean Development, Seoul: Seoul National University
First, to mobilise the people, the *Saemaeul* (New Village) movement was launched by the government in the winter of 1971-72; every village as well as a whole range of public sectors were forced to play a role in changing people’s consciousness based on ‘hard-work, self-help, cooperation’. During this period, one of the most popular slogans was ‘Can Do’, which could be interpreted as meaning that everybody can follow the state’s direction without any excuse, like a soldier in a war. Later, the movement spread from rural areas to every urban area and to big and medium-sized companies. In this process, every village, school, and workplace was required to organise various *Saemaeul*-related associations, including a *Saemaeul* leaders’ association and a *Saemaeul* women’s association, as vanguards to promote the movements. In particular, schools were forced to lead in spreading the pro-government ideologies to communities as well as homes. The importance and effects of the movement were inculcated through compulsory subjects and constant events at every school until the early 1990s. By then, the National Council of the *Saemaeul* Movement had become one of the most powerful pro-government organisations in promoting industrialisation, as well as in building a national consensus on the national project. It also had a huge influence on elections as a major political agent for the ruling party, and contributed to its long-term rule.

Second, when the labour movement began to arise because of inhumane work conditions and low wages, the military regime severely suppressed it and tightened its control over labour. In particular, after the *Yushin* regime, any independent union was regarded as pro-Communist and illegal. In addition, most labour-related activities, including even night schools by churches, were banned as threats to national security. As economic development strategy moved toward heavy and chemical industries from light industries, most national resources were poured into *Chaebol*-dominated heavy industries. The *Chaebol*-oriented economic policies contributed to rapid economic growth, but brought some serious side-effects. First of all, the strategy forced unendurable sacrifices on labour, and relied on the government’s suppression of the labour movement: Workers in SMEs particularly suffered
from “low wages, poor working conditions, and despotic labour relations in the workplace” (Koo, H.G. 1993: 139).

It was a turning point in labour movement when Chun Tai-II, a garment factory labour, burnt himself to death to publicise the miserable work conditions, shouting ‘we are not machines’. After this, students, church leaders and intellectuals not only began to be concerned about conditions of labour, but helped workers learn their rights at night schools in churches. Moreover, some students and church activists began to involve in the labour movement, and in the 1970s, with their support, workers could develop critical consciousness. As the labour movement began to develop, Koo argues, the government’s suppression became harsh.

Partly as a reaction to this development, and partly as an effort to attack economic problems arising from its export-oriented industrialisation strategy, the regime of Park Chung Hee tightened control over labor and closed up all the legitimate space for organizing labor (ibid. p. 139).

This suppression continued until the late 1980s, and pushed the labour movement into becoming one of the most militant trade union movements in Asia.

Next, the Chaebol-oriented strategy resulted in a big productivity gap between big companies and SMEs. This became one of the most serious problems of the Korean economy in terms of competitiveness. As big companies relied on exploiting the low wages in SMEs, SMEs could not invest in the enhancement of their productivity. While SMEs were forced to struggle for a very small margin, compared to workers in big companies those in SMEs had to suffer from worse work conditions. Therefore, strikes in SMEs tended to explode in an extreme way, and these strikes became a driving force in building independent trade unions until the late 1980s.

As seen above, Korean society was socially disciplined and tightly controlled by force. The engineered society itself became a school for socializing people into commitment to the national project. By contrast, non-governmental organisations (NGOs) linked to social
movements were severely suppressed, and their informal learning programmes were also under strict and constant surveillance in terms of national security.

IV-3-3. Education as the major contributor to nation-building

To understand the role of the Korean developmental state in rapid economic development and the expansion of education, it is very important to examine the relations between nation-building, education and the developmental state. In Korea, it is significant to consider the historical background with regard to the relationship between nation-building and the role of education. In modern Korean history, Koreans have placed considerable importance on education as a means of independent state formation since the enlightenment movement of the late 19th century, but formal education in Korea dates back to the foundation of Taehak (the Greater School) in 372, in which the youth of ruling elite were allowed to study Confucianism as ruling ideology. In particular, after Japan deprived Korea of full authority over all aspects of Korean relations with foreign countries under the Protectorate Treaty of 1905, education was regarded as a way towards independence and nation-building against imperialist aggression. In this regard, many patriotic organisations came into being with the aim of raising the political and social consciousness of the Korean people, and provided education programmes for ordinary people while championing the protection of Korea’s sovereignty (Lee et al. 1990: 244). Further, the numerous private mission schools contributed to the development of modern schooling from the 1880s, and later still a greater number of private schools were founded by Korean people as centres of the patriotic enlightenment movement. Thus, until the annexation of Korea by Japan the total number of educational institutions, including primary, secondary and junior colleges, rapidly increased and reached around three thousand, the majority of which were founded by local influential persons (Lee, M.K. 1988: 63). It is not surprising that a close nexus between education and

46 Most were founded by Protestant missionaries.
nationalistic culture was strongly rooted in Korean minds (op. cit. p. 247). This seems to have had an influence on Koreans' respect for education and to have been the basis of rapid educational expansion after liberation from Japan.

To suppress the patriotic private schools, the Japanese 'resident-general' introduced the Private School Ordinance in 1908, which was changed to the Education Ordinance for Choson (Korea) in 1911 after the annexation to Japan. The Ordinance was designed to socialise Koreans as loyal citizens of the Japanese Empire through the tight regulation of the private schools which had enlightened Korean people and encouraged them to have an independent consciousness. Therefore, when Korea was liberated from Japan in 1945, one of the most urgent issues was the formation of a new education system for building an independent nation and for the eradication of the legacy of colonial occupation.

With nationalistic passion, a popular adult education campaign against illiteracy, with cooperation between the government, including the MoE, the Home Office and the Ministry of Defence, and voluntary organisations, was very successful as a part of the nation-building project. In South Korea, the adult literacy campaign was paralleled with the early universalisation of primary education, which was promoted both by Korean people's strong enthusiasm for education and the new government's need to socialize Korean people in the process of nation-building (Kim, Y.H., 2000:99). With regard to parents' enthusiasm for education, after the social class system was totally destroyed by the land reform and following the Korean War between 1950 and 1953, education was recognised as one of the most important factors promoting social mobility. As a result of the national literacy campaign, the adult illiteracy rate decreased from 78.0% in 1945 to 4.1% in 1958 and primary school enrolment rate rapidly increased to 96.4% in 1959 (ibid. pp. 99-102). Although the high rate of adult literacy and the universalisation of primary education were the result of the nation-building process nurturing national identity and civic values rather than the direct results of economic forces, they became a major factor enabling rapid economic development after the 1960s.
After the Park regime came to power, state control of education was tightened as schools were subjected to the purposes of political stability and economic development. Education policies put great stress on values imposed through tight regulation, focusing on the justification of the military regime and the socialisation of students who were required to swear an oath of loyalty to the state. In particular, when the government launched a series of a Five-Year Economic Development Plans, schools were forced to be the providers of skilled manpower, who could endure hard work with low wages. In this regard, developmental skills formation will be discussed in the next section.

In sum, as industrialisation was proclaimed as the major means to realise nation-building during the Cold War, success in economic development became the most important legitimisation of the military regime. As a result, education was subjected to the government’s national project, ‘economic development through political stability’. This defined the distinctive characteristic of Korean developmental skills formation. Therefore, to understand this formation, at least three conditions need to be considered. First, as revolutionary or moderate nation-building possibilities were fundamentally weakened by the Korean War, anti-Communist nation-building was dominant in the political context of the division of Korea, which was on the frontline of the Cold War. Second, in this context, the military regime came to power with almost absolute political power and could engineer a whole society to drive industrialisation and accept its legitimacy. Third, for Korean people, education has been regarded as the main route to high social status, and the social demand for learning has rapidly expanded beyond the control of the government, parallel with economic development. Therefore, both the demise of the Cold War system and the rise of civil society have decisively forced the modification of developmental skills formation since 1987.

47 For example, every primary student was forced not only to memorise the ‘National Education Constitution’ but to salute the national flag twice a day when it was raised and lowered.
IV-4. Korean developmental skills formation between the 1960s and the early 1990s

As seen in the previous section, developmental skills formation can be defined as a part of developmental state formation, which focused on economic modernisation as a major means for national security at the expense of political freedom. As Green points out, in many countries, education contributed to nation-building, and the state apparatus played a leading role in the process.

The development of national education systems in nineteenth-century Europe, Japan and North America, through occurring at different times, invariably overlapped with the process of nation-building, both contributing to it and as a function of it (Green 1997: 29).

In the process of rapid and dynamic nation-building, the role of the state was crucial in shaping education systems. In particular, the developmental state played a defining role in promoting the national education system as well as economic development in the name of nation-building.

IV-4-1. The developmental state and developmental skills formation in the 1960s and 1970s

The Park regime between the 1960s and the 1970s has been regarded as a prototype of the developmental state. The state was an authoritarian regime based on military force, playing a dominant role in promoting the national education system as well as in rapid industrialisation justified by nation-building. In particular, it vigorously drove economic development by central control and planning. In this regard, Korean developmental skills formation has five distinctive characteristics.

First, skills development plans were closely linked to centralised economic planning. As Ihm remarks, "skill development became an integral part of overall economic strategy" (Ihm 1999: 311). Manpower Development Plans were proposed according to the Five Year Economic Development Plans. Moreover, as Amsden argues, government
intervention in education and training was strengthened to catch up with the developed countries, as Korea was a "late industrializer" (Amsden 1989: 118). In this regard, the government designed the framework of vocational education and training according to economic development strategies.

In establishing the skills formation system, the Economic Planning Board (EPB), established in 1961, played a major role by controlling and coordinating the ministries through economic planning, budget allocation and the evaluation of programmes. The manpower agency of the EPB formed Manpower Development Plans, on the basis of the Five Year Economic Development Plans, through consultation with the Ministry of Education, the Ministry of Labour and the Ministry of Science and Technology (Ashton et al. 1999: 64). To provide theoretical support for economic policies, Korean Development Institute (KDI) was established and carried out research. Manpower planning was focused on quantitative targets rather than quality control.

The linkages between economic development and educational expansion could be successful due to the high demand for education as well as the implementation of quotas based on manpower planning during the 1970s. The increasing demand for education was limited and directed by the quotas system, in which the maximum numbers of student by level and field of study for each college and university were controlled by the government. The quotas were based on the predictions of manpower plans and implemented through the centralised control of the MoE over the school and college admission and examination systems. In particular, quotas for vocational and general education were implemented through the upper secondary examination system, and entrance quotas for universities were set according to the field of study.

In addition, the skills formation system relied on the coordinating role of the EPB, because vocational education and training were respectively under the control of the MoE and the MoL. One of the main issues regarding Korean skills formation is the fact that the vocational school curriculum has been separated from the qualification system, because the
qualification system is under the jurisdiction of the Korea Technical Qualification Testing Agency, within the MoL.

Secondly, industrial relations and the labour market were controlled by pervasive force of coercion. The Korean Central Intelligence Agency (KCIA) was established shortly before the launch of the EPB. The Park regime could directly control and mobilize the whole society by commanding “the twin engines of the KCIA and the EPB” (Oh, J. K. 1999: 53).

The KCIA was far more than just an intelligence-gathering organization. It quickly became an extremely powerful and pervasive force of coercion and control for the Park regime, not only in the political arena but also in the economic sector, even including labour control. (ibid. p. 53)

While the EPB was a command centre for rapid economic growth, the KCIA used to be a more powerful command centre for political stability and national security. The KCIA played a major role in domestic political manipulations.

Many of [uncompromising] intellectuals were dealt with brutally by the KCIA. Most of them did not literally lose their lives, but their “principled” stances cost them their livelihoods as they became “released professors” or “fired journalists” or “antirevolutionary elements”. (ibid. p. 53)

In particular, labour movements were severely suppressed because industrial relations were dealt in the name of national security. In this regard, the Korean developmental state was modelled on the pre-war developmental state of Japan.

The Park regime was based on the combination of developmentalism and militarism (Choi, J.J. 2002). However, this military regime was successful in mobilizing the nation, involving “groups of economists, scientists, engineers, managers, entrepreneurs, and others who could embrace the concrete goals of rapid economic growth” (op. cit. p. 53).

It was not difficult to mobilize the common people, who still led subsistence-level lives – some one-third of them were under- or unemployed in the early 1960s – to follow Park’s “marching orders” promising them jobs and liberation from poverty (Oh, J. K. 1999: 53)

Thirdly, the framework of VET was rapidly established as a major means to promote skills formation. During the 1960s and 1970s, many specialised vocational upper
secondary schools were established, and in the 1970s technical schools were given particular priority for the supply of skilled workers, with administrative and financial support from the government. Vocational upper secondary schools have been classified into five types, namely agriculture, technical, commercial, fishery and marine, and home economics. While commercial school students were more than half of the total number of vocational school students, and the majority of the schools are private, technical schools were gradually expanded by government policy and the majority of the schools are public. The government introduced many policy measures to strengthen the vocational education in the 1970s. These included:

(1) Specialization of technical high schools; (2) strengthening experiments and practices in vocational education; (3) initiation of the industry-school cooperation system; (4) establishment of certification standards for practical skill tests for vocational high school students; (5) compulsory certification of skill qualifications; (6) promotion of vocational school teachers' competency in practical training; (7) increase in scholarships for vocational high school students; and (8) giving incentive points in the college and university entrance examination to those vocational school graduates who advanced to the same field of study in colleges and universities as the field they studied at high school (Kim, Y.H. 2000: 103).

As a result, the number of students and schools greatly increased, from 275,015 and 481 in 1970 to 764,187 and 605 in 1980 respectively (Statistical Yearbook of Education 1997:317). During the same period, the proportion of technical school students of the total of vocational school students increased from 25.0% to 26.4%. In addition, the proportion of vocational school students of the total of upper secondary school students also increased, from 42.3% to 45% between 1975 and 1980. With the rapid expansion of secondary schools, including vocational upper secondary schools, the lower and upper secondary school enrolment rates rapidly increased, from 54.1 and 29.3 in 1970 to 96.0 and 66.2 in 1980 respectively.

Further, as the Korean economy partly moved from labour-intensive to capital- or skill-intensive industry in the 1970s, the demand for middle-level technicians promoted the
development of junior technical colleges offering two-year post-secondary school programmes. In addition, during the early 1970s, air and correspondence education for upper secondary and two-year junior college levels was opened to working peoples, housewives and others who had lost the chance to have upper secondary or higher education.

It was also during the 1960s and 1970s that the government enacted the Vocational Training Act and launched the public vocational training system to meet demand for technical skills during rapid industrialisation. By the Act, the government established public training centres and could offer materials and information concerning training to employers who provided training for their employees, but under this Act, employers were not obliged to provide training. However, Kim argues, "[m]ost individual enterprises did not recognise the necessity of such training at that time because industrial development was still in an embryonic stage and there was an abundance of good quality labor" (Kim, Y.H. 2000: 103).

As most employers preferred poaching to training employees when they needed skilled workers during rapid economic development, the government again introduced a levy system for vocational training by the Special Measures Act for Vocational Training in 1974. According to the Act, private enterprise with above 200 employees should provide training for at least 15% of their employees every year, and if they failed to train, or if their training could not meet government regulations, they would pay a fine. As a result, during the third (1972-76) and fourth (1977-81) Five Year Economic Development Plans, about 310,000 and 495,000 workers respectively were trained in public, authorised and in-plant training centres. However, this training was focused on initial vocational training. In addition, in 1976 the government enacted the Basic Vocational Training Act, which became the basis of the current vocational training system.

Fourthly, values education was emphasised as a main part of skills development; education for "morality and national ethics" was strongly stressed in formal education and training (ibid. p. 113). Education of this consciousness has contributed to developmental skills formation, not only by fostering the collective consciousness through "emphasis on
sacrificing oneself and obeying the rules for the organization and the nation”, but by “internalising the [group] norm[s] and attitudes to match the structure of social relationships of the labour market” (ibid. p. 113). Stress on anti-communism also contributed to apathy towards independent trade unions by linking labour movements to communist movements. In this regard, developmental skills formation stressed, as a way of nation-building, political stability as well as economic development. This distinctive characteristic of consciousness education enables skills formation to be explained with regard to both economic development and nation-building.

For example, to stress ‘loyalty, self-sacrifice, compliance, co-operation, hard-working, endurance and thrift’, Ethics, Korean History, Physical Education and Military Training were compulsory in upper secondary schools. In addition, the curriculum and teaching activities were under strict control, and individual schools had very little autonomy in choosing textbooks, teaching materials, and course subjects. Even universities not only had to provide many compulsory subjects such as National Ethics, Military Training, Korean History, Korean Language, and Physical Education, but also were under constant surveillance in relation to student movements. Secondary schools and universities were regimented, and the military spirit was spread through the imposition of militarised student unions and military training.

Fifthly, another distinctive characteristic of Korean skills formation was the rapid educational expansion with a low education budget. Compared to other countries, the level of public spending on education has been low in Korea. While the ratio of public education expenditures to GNP increased from 1.8% in 1965 to 4.2% in 1993, the ratio in other Asian countries (except Arab countries) increased from 3.5% to 4.3% (ibid. p. 109, Table VI). The Korean education system not only maintained large class sizes and high student-teacher ratios, but also adopted multiple shifts to overcome the shortage of school buildings. Moreover, the governments encouraged “the private sector to establish private schools by providing a coherent set of financial incentives such as tax exemption and public subsidies”
As a result, the percentage of enrolment in private schools reached 60% for high schools in 1995. However, the government controlled the tuition fees for private schools at the same level as that for public schools by providing "direct financial subsidies to private middle schools since 1971 and to private high schools since 1979" (ibid. p. 112). In addition, the government also strictly controlled the school curriculum with textbooks and the national examination system.

Another way to rapid educational expansion with a low education budget was to impose the financial burden on parents and students. For example, amongst the total education expenditure in 1994, equivalent to 11.8% of the GNP, parents and students had to pay 2.07% of the GNP in the form of tuition and fees, as well as 6.03% of GNP in the form of private lessons (ibid. p. 111, Table VIII). The total payment of parents and students was more than twice the government's budget. This means that the national system has been maintained by the state power based on the justification of 'equality'.

IV-4-2. Problems facing the Korean developmental skills formation system since 1980s

As seen in the previous section, when the framework for developmental skills formation was rapidly established during the 1960s and 1970s, it contributed to nation-building as well as to rapid economic development. In particular, the strong and well-organised initiatives of the state made skills formation based on manpower planning possible. However, particularly since the 1980s, the vocational track has had the low reputation of constituting 'second class' education for those who failed to enter universities. This low social status of the vocational routes contributed to the drift away from vocational tracks into general and humanities tracks leading to universities. The drift is also related to "poor working conditions, lack of promotion opportunities and a distaste for menial and repetitive tasks, which do not necessarily require 3 years of technical education at high schools" (Ihm 1999: 312). Therefore the problems facing Korean developmental skills formation since the 1980s need to be analysed in two levels: the VET system and the labour market.
The VET and qualifications system established in the 1970s significantly contributed to the provision of 'low wage and disciplined' workforces. However, the political concern with the initial VET system was weakened by the political and social pressures for the massive expansion of higher education during the 1980s and the 1990s (Ihm 1999: 314; PM1). For instance, higher education enrolment quotas were drastically expanded in 1981, when there were an additional 30 per cent and 15 per cent of university and junior college students respectively. By contrast, there were no efforts to enhance the esteem of vocational high schools. This shows that military governments underplayed the need for continuing investment in VET in dealing with rapid economic and social changes during the 1980s and until the early 1990s; this neglect is mainly because the initial VET system was regarded as providing low wage labour for the manufacturing sector, and quantity-oriented policies underplayed the need for quality in VET. Therefore, it is not surprising that large firms also became less interested in school-industry collaboration, and the division between school and industry increased.

More important, the structural problems facing the Korean developmental skills formation system can be analysed, by focusing on the widening wage and productivity differentials between big companies and SMEs since 1980s. Chaebol-oriented economic development contributed to widening the wage and productivity differentials, between large firms and SMEs. As a consequence, while SMEs have suffered from a persistent shortage of lower-level skilled labour, a surplus of white-collar workers has become a social problem (ibid. pp: 314-5). The widening wage and productivity differentials have led to a crucial weakness in skills formation in relation to the diffusion of skills. The proportion of SMEs, with fewer than 300 employees, is the vast majority of the total number of enterprises and employees in Korea. SMEs include as many as 99.9% of the total number of enterprises and 81.6% of total number of employees by 1994 (Kang, S.H., 1998: 4).
IV-4-2-I. Widening size wage differential and productivity differential

Most important, the widening wage and productivity differentials between large firms and SMEs became serious barriers to wide skill diffusion and an integrated VET system. Chaebol-oriented economic development resulted in widening these differentials. It is worth mentioning that the wage differential grew even while educational wage differentials played a major role in decreasing overall wage inequality in the 1980s (You and Lee 1999)\(^{48}\).

The average wage at small establishments of 5-19 employees declined to 51 percent of that of large establishments with 300 employees or more in 1996 from 66 percent in 1980. ... The anomaly of worsening size wage differential in the midst of overall improvement in wage distribution in the 1980s is closely tied to the peculiarities of the industrial structure in Korea (You and Lee 1999: 14).

You and Lee continue by remarking on the problems of the productivity differential.

Of even greater concern is the productivity differential across firm size in Korea. In Japan, the productivity differential between large companies and SMEs showed little change between 1981 and 1995, while in Korea the differential widened substantially from 51 percent to 38.9 percent during the period. (ibid. p. 17).

The widened productivity differential became a crucial weakness in skills formation in relation to wide skills diffusion.

Moreover, the widening wage and productivity differentials resulted in a labour market heavily polarized between large firms belonging to Chaebol groups and SMEs subcontracting to large firms. In addition, the rapid expansion of higher education enrolment quotas since 1981 resulted in a "persistent shortage of lower-level skilled and temporary workers, and a surplus of white-collar workers" (Ihm 1999:314-5). As a consequence, while large firms increasingly employed highly qualified workforce, SMEs experienced difficulties in recruiting even low-skilled workforces.

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The wage differential was stable only between 1988 and 1992, mainly because SMEs experienced a very high labour shortage (op.cit. p.16). The shortage was mainly because large companies increased the ratio of subcontracting or outsourcing in order to resist trade unions during the peak period of union organizing and strikes. For instance, large firms subcontracted because of the “relatively low wages of union-free SMEs” (ibid. p.17). As a consequence, the ratio of subcontracting firms among SMEs rapidly increased, from 36.5 per cent to 63.2 per cent during the same period. In addition, in the manufacturing sector, the rate of employment in large firms decreased from 48.9 per cent of in 1981 to 30.8 per cent in 1996. Therefore, the duality between large firms and SMEs became a barrier to building an integrated skills formation system.

IV-4-2-2. Increasing limitations of quantity-oriented manpower planning

In this context, the issue of skills mismatch between demands and supplies was increasingly raised. Manpower planning by the EPB was mainly focused on the centralised quantity control of a qualified workforce on the basis of the prediction of national skills needs. However, the quantity-oriented control mechanism became problematic, because as the economy developed, linking skills supply with future skills demand was increasingly difficult and complicated. For example, although SMEs demanded many vocational school graduates or trainees from training institutes, labour market entrants avoided working in SMEs.

More important, the polarization of the labour market contributed to the deterioration of vocational high schools, because they were left without appropriate investment for providing low wage workforces for SMEs for more than a decade. This was a serious VET policy failure, because as large firms were less interested in vocational high schools, industry-school collaboration weakened, and as a result, vocational education curricula were distanced from the demand of industries. The reputation of vocational high schools worsened and they were regarded as second-class schools for those who failed to get
a place in academic high schools. As a consequence, large or medium-sized firms tended to prefer those who graduated from academic high schools and participated in short-term vocational training programmes (Kim, S., 1987). Moreover, as vocational high school graduates lost confidence in their jobs, they would not stay long in these (Ihm et al. 1992).

This seems to be a result of poor working conditions, lack of promotion opportunities and a distaste for menial and repetitive tasks, which do not necessarily require 3 years of technical education at high schools (Ihm 1999: 312).

In this context, it is not surprising that the government's "vocationalisation" plan failed to reach the target of drastically increasing the ratio of vocational high school enrolment from 68:32 to 50:50 between 1991 and 1995. This failure shows why traditional manpower planning was no longer workable. There was increasing industrial demand for skilled workers due to persistent shortages of production workers. As mentioned above, the industries suffering from shortages of workforce were mainly composed of SMEs not least because the ratio of subcontracting rapidly increased between 1988 and 1992. However, by 1991, the advancement rate of middle school graduates to high schools reached 97.5 per cent. This means that a main reservoir of cheap labour was nearly drained away, because public training centres recruited trainees mainly amongst those who left school earlier, particularly in rural areas, and provided cheap skilled labour for SMEs (Lee, J.H. 1996).

Therefore, the vocational high schools were left to provide low-wage skilled workforces for SMEs. However, despite intense institutional and financial support, the ratio of academic to vocational enrolment was only 61:39. This was mainly because the low esteem for vocational education drove parents and students into enthusiasm for higher education (Ihm 1999). Parents and students preferred the academic track leading to universities at any cost, because they believed that it would provide better career opportunities. Moreover, as the school age cohort decreases, vocation high schools have found increasing difficulties in recruiting entrants.
This complicated labour market made manpower planning impractical, because it used to be based on initial VET on the grounds that vocational high schools graduates would find work if large firms or SMEs provided places, and that most of them would stay in their first job for all their lives.

IV-4-2-3. Disconnection between VE and VT and qualifications

The division between vocational education and vocational training and qualifications contributed to the weak connection between vocational high schools and industries. As seen above, vocational education and training were completely separated, under the control of the MoE and the MoL respectively. Moreover, the vocational high school curriculum was also unconnected to the qualifications system, because the latter was controlled by the MoL. It is not surprising that employers complained that “knowledge and skills acquired in vocational high schools are outdated and do not keep up with the changes occurring in the workplace” (Ihm 1999: 312). In this regard, the problems which have risen are the lack of the institutional involvement of social partners in VET policy decisions and the weak role of the qualifications system in enhancing the quality of VET.

There are virtually no functioning channels for the industry and labor to participate in major decision-making regarding vocational and technical education and training. In addition, the job qualification system is not effective in controlling the quality of vocational education and training (You and Lee 1999: 24).

IV-4-2-4. Confrontational industrial relations and firm-based unionism

As seen in the previous section, Korean developmental skills formation was built on the severe suppression of independent trade union movements. The suppression resulted in the militant trade unions. Most employers were antagonistic towards trade unions, which were excluded from decision-making and the implementation of training. Therefore trade unions showed little interest in training, because it was perceived as a means to control
employees. In this regard, it was almost impossible to develop functioning channels for industry and labour to participate in VET together.

More important, Chaebol-oriented industrial relations and the suppression of trade unions resulted in enterprise unionism. This contributed to widening wage differential between large firms with strong trade unions and union-free SMEs. You and Lee point out the relation between Chaebols and firm-based unions.

Most of these firms are unionized and pay substantial wage premiums. It seems fair to say the wage premium of large companies is made possible by the economic rents acquired by Chaebol. The enterprise unions in large companies are sharing these rents with the firms. (1999:15)

The enterprise unionism has prevented trade unions from participating in the policy decisions. The firm-based trade-unionism policies, along with industrial relations policies, were under the control of the MoL.

IV-5. Conclusion

This chapter has examined historically the characteristics of the developmental state and developmental skills formation in Korea. The most important characteristic is the combination of developmentalism and militarism in the context of the confrontation between South and North Korea. The military regime was successful in mobilizing the nation, driving rapid economic growth. However, as stressed above, rapid industrialization was driven on the oppression of political dissidents and trade unions. In this respect, the developmental mechanism was based on the combination of “economic planning” and “political manipulations”. Centralized political control and economic planning and stress on moral education and discipline were the main characteristics of developmental skills formation in Korea. Therefore, in this model, the characteristics and capability of the government strongly defined the direction of educational policies. In an authoritarian developmental state, other valuable purposes of education, including critical thinking and democratic participation, are
likely to be underestimated. Therefore it is not surprising that the phenomenon of "economization of education" was also prevalent in relation to economic planning.  

The Korean skills formation system has several distinctive features. First, the distinctive division between education and training still remains: vocational education and training are the responsibility of the MoE and the MoL respectively. Secondly, the divisions between vocational education and general education are more complex: particularly, key policies relating to vocational education have been strongly affected by economy-related Ministries. Thirdly, the division between formal education and informal education has not been overcome: liberal adult education and political adult education (in Korea, it is called 'democratic citizenship education' or 'political education') are the responsibility of the MoE and the Ministry of Government Administration and Home Affairs respectively. Fourthly, because the local education system has been directed by the MoE and has been separated from corresponding local government institutions, residents' participation in the process of educational policy-making has been prevented.  

In addition, as this chapter has analysed, there are other structural problems facing the Korean developmental skills formation system since 1980. In this regard, the next chapter will examine why the developmental state and developmental skills formation have been changing under the pressure of democratisation and economic globalisation.

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49 I am indebted to Bernstein, B. for this concept. During his reading group seminar at the Institute of Education in 1999, he used the word when he described the phenomenon in which decisions and implementation of educational policies are carried out according to the primary economic development strategies.
Chapter V. Changing skills formation, mobilised civil society and economic globalisation

V-1. Introduction

This chapter explores why developmental skills formation started to change in the late 1980s. It stresses changing relations between the state and civil society under the pressure of democratisation and economic globalisation. In relation to the changing roles of the state and mobilized civil society, different definitions of civil society, which derive form Marxist, liberal democratic and anti-authoritarian approaches, are analysed. Finally, this chapter discusses how such factors as mobilized civil society, globalisation, ICT and demographic change affect developmental skills formation.

V-2. Changing relations between the state and civil society under the pressure of democratisation and economic globalisation

Korean society has moved from a military authoritarian regime towards a democratic regime since 1987. The June people’s movement of 1987 became the turning point for political democratisation in that it paved the way for democracy-building and brought the revival of direct presidential elections in December 1987. After the movement, independent labour union movements expanded, and many civil associations were established. In 1993, a civilian government came to power after three decades of military rule. Since then, as the previous government made active participation in Segyehwa[globalisation] a priority on its policy agendas, economic liberalisation was accelerated.

The developmental state mainly rested on “doubled-edged, relative autonomy”, namely “relative autonomy vis-à-vis the global economy” and “relative autonomy vis-à-vis society” (Castells 1999: 325). Therefore both economic globalisation and democratisation
gave critical blows to the developmental state. Moreover, as they happened almost at the same time, they strongly influenced each other. In this context, the issue of education reform has been put high on governments' political agendas for coping with rapid changes in the global economy.

In this section and the next chapter, this thesis will examine how economic globalisation and democratisation have weakened the controlling power of the developmental state, and how the developmental skills formation systems have changed.

V-2-1. The demise of the Cold War system and globalisation

The demise of the Cold War system in the late 1980s became the major geopolitical context for the end of military rule in Korea. As mentioned above, the Cold War system was the main cause of the division of the Korean peninsula and defined the condition in which the Park military regime came to power in the name of anti-Communist nation-building. The collapse of the Soviet Union and the following demise of the Cold War system provided a changed situation in which for the developmental state it was difficult to suppress or control civil society, including social associations, by force.

The fundamental change in the geopolitical context was one of the main causes of change in the Korean developmental state and the skills formation system. The demise of the Cold War system decreased of the military tension and paved the way for peaceful co-existence between South and North Korea. In addition, economic globalisation has been accelerated by the demise of the Cold War system, as well as by the revolution in ICT. Such significant changes, as well as economic globalisation and political democratisation, have changed the nature of developmental state and the skills formation system.

In the process of economic liberalisation, while independent trade unions were again vitalised by the struggle to protect their job security, Chaebols also increased their economic power by borrowing funds from foreign financial market directly. In particular, the process of financial liberalisation was not carefully planned, but was distorted by the
influence of Chaebols on the government as well as by international financial institutions such as the OECD and the IMF. As a consequence, the Korean economy was rapidly exposed to the volatile global economy.

As part of its radical economic reforms, the previous government abolished the distinctive features of the Korean developmental state, including the Economic Planning Board which had been the main body regarding economic planning and coordinating since the early 1960s. In addition, the government “placed great emphasis on joining the OECD” as one of the so-called Segye/hwa (globalisation) strategies, and the “OECD made financial openness a condition of membership” (Wade and Veneroso 1998: 9). Chaebols also influenced the government to open up the financial market without any appropriate monitoring system, because they knew that they “could borrow abroad half as cheaply as they could at home” (ibid. p.10). As a result, the government loosened controls on companies’ foreign borrowings, abandoned coordination of borrowings and investments, and failed to strengthen bank supervision (Wade and Veneroso 1998: 9).

In this context, the government could no longer exercise strict control over business with “foreign currency allocations”, which used to be “its decisive tool for implementing industrial policy” (Johnson 1982: 25). This caused the crisis of the economic regulatory system of the Korean developmental state. Foreign debt, most of it private and short-term, ballooned “from very little in the early 1990s to roughly $160 billion by late 1997” (op. cit. p.10). The carelessly planned economic liberalisation by the previous government, including the loss of control of foreign currency without a new and appropriate regulatory system, was the main cause of the financial crisis in 1997.

V-2-2. The rise of civil society and democratisation

As mentioned in the previous section, the reduced military tension in the Korean peninsula and the global economy based on ICT weakened the controlling power of the
developmental state in relation to civil society. Moreover, the rise of civil society accelerated the speed of this weakening. Therefore the relations between the state and civil society have been changing, from the state’s direct control representing the dominant power of the military regime and Chaebols towards state-coordinated partnership resting on the balance between the forces of civil society, including business, the working class and professional groups.

The main issue arising now is how the changing roles of the state and civil society can be explained. For this, controversial definitions of civil society need to be examined. There are different definitions of civil society. First, the concept of civil society is defined as the sphere of private egoism or self-interest. This classic definition of civil society originated in 18th century and was developed by Hegel and Marx (Keane 1988:31). Hegel defined civil society in this way; he regarded the bureaucracy in the modern state as the means to realise the universal interest and argues that the state can secure the common interest of all its citizens instead of the war of each against all (Jessop 1982: 4-5).

Marx also regarded civil society as the sphere of egoism. However, in his early writings, he criticised Hegel’s analysis, arguing that state power and the bureaucracy are used to protect private property and class interests rather than the universal interest, which is a pure abstraction (ibid. pp. 4-5). Marx and Engels argued, in The German Ideology, that “the state is the form in which the individuals of a ruling class assert their common interests” (ibid. p.12). In addition, the form of the state is a reflection of the economic base of society and of the balance of class forces (ibid. p. 9).

By contrast, Gramsci defined civil society as the sphere in which power struggles between different forces take place. He argued that civil society is “ethical or moral society” in which the “hegemony of the dominant class has been built up by means of political and ideological struggles” (Simon 1982: 69). Moreover, Gramsci insisted that the state rests on a balance between the forces of civil society rather than simply reflecting interests of the ruling class. Simon tries to explain Gramsci’s view with the concept of relative autonomy.
Although a hegemonic class predominates in the state, it cannot use the state simply to impose its interests on other classes. The life of the state has a ‘relative autonomy’ from the ruling class, because it is the outcome of the balance of forces (ibid. p. 67).

Second, somewhat distinct from the European tradition, is the American tradition of liberalism and democratic localism, where civil society is defined as a sphere in which civil associations “foster patterns of civility in the actions of citizens in a democratic polity” (Foley and Edwards 1996: 39). Probably the most prominent proponent of this perspective was Alexis de Tocqueville who, in his book entitled Democracy in America, emphasised the positive role of civil associations for governance (ibid. p. 39). In this perspective, Putnam emphasises the importance of “networks of civic engagement” within which members cut across social cleavages for the sake of wider cooperation (Putnam 1993). He also suggests that “to the extent that social capital is of a ‘bridging’ sort - then the enhanced cooperation is likely to serve broader interests” (Putnam 1995). In this ‘liberal democratic’ approach, politicised organisations, including political parties, are excluded from the civic networks. However, as Foley and Edwards argue, how can such civic networks successfully shape political participation unless, in some form, they are engaged in political issues? (Foley and Edwards 1996: 41). By contrast, broad civic engagement may positively contribute to good governance in the particular context that such civic networks have been built on the democratic political system, including political parties.

Third, another definition of civil society is that is a “counterweight to the state”, although this definition seems to be part of the Tocqueville tradition. (ibid. p. 39). This anti-authoritarian’ approach has been credited by civil movement in Latin America, Eastern Europe and Asia that struggle or have struggled against the authoritarian state (ibid. p. 42). As in the democratic transition in these contexts, autonomy from the established political system has been important for wide civic engagement, because established political parties have failed to get wide support from people. Therefore, civil society is regarded as an

However, they also talk of the ‘relative autonomy’ of the state in the Eighteenth Brumaire of Louis Napoleon.
"autonomous sphere of social power" which can democratise the society from below (ibid. p. 46). However, the problem is that when a democratic government came to power, the established interest groups could resist the reallocation of social resources by the government, asserting the autonomy of civil society, and thus undermine the power of the government. Also, "social blocs" may provoke conflicts between regions or professions to protect their own interests or to "battle for control of the state" (ibid. p. 46).

As seen above, Marxist, liberal democratic and anti-authoritarian approaches emphasize the conflict between the state and civil society in different ways. However, their approaches are also very different with regard to the boundary of civil society as well as the relationship between civil society and democratic governance. Whereas the liberal approach regards civil society as requiring good governance based on broad networks of civil engagement independent of political associations or movements, the anti-authoritarian approach stresses civil society as a counterweight to the authoritarian state, focusing on the role of civil movements. Foley and Edwards succinctly point to the limits of these two approaches.

The civil society argument hinges on the virtues of association and of organized society per se; it cannot confront the conflictual potential thereof by definitional sleight of hand, but neither can it ignore the conflict at the heart of the modern "organizational society" (ibid. p. 43).

In the recent democratic transition in Korea, the Marxist, the liberal and the anti-authoritarian approaches have been used together, without a precise definition of civil society in this more complex context. Since the Democratic Movement of June 1987, citizens' movements such as the Citizens' Coalition for Economic Justice (CCEJ), the Korean Federation of Environmental Movement (KFEM), the People's Solidarity for Participatory Democracy (PSPD) and YMCA have rapidly become influential, differentiating
themselves from so-called minjung movements (Kim, S.H. 1996; Kim, H.R. 2000). Whereas minjung movements have rapidly lost people’s support due to their clinging to a class-based theory and a militant struggles against the state and Chaebols, the citizens’ movements have increased their influence on government policies as well as their support from the general public, insisting on peaceful demonstrations based on suggesting policy alternatives. Moreover, the citizens’ movements have rejected the class-based theory, and have emphasized the importance of civil society as a basis for building democracy, and then differentiate civil society from the state and market. More important, since the civilian government came to power in 1993, regulations regarding the establishment and operation of civil organisations have changed. For example, in 1994 the registration system for civil associations changed, from requiring registration upon establishment to allowing it after establishment. The Act of 1963 has been criticised as a weapon to “suppress anti-government activities” by active civil associations (Kim, H.R. 2000: 601). As a result, the number of various civil organisations has rapidly increased under the auspices of the autonomy of civil society.

Since 1987, more than 70 per cent of the total number of existing Korean NGOs, selected by the criteria of being non-state (state includes state-patronised) and non-profit, have been established (ibid. p. 603). Since then, citizens’ movements, particularly those led by former leaders of student or minjung movements, have rapidly expanded, “differentiating themselves from the class-based militant, so-called ‘minjung’ movements” (ibid. p. 600). By contrast, the militant minjung movements, which represented the working class, have lost public support, as the public prefers peaceful reforms to revolutionary transformation, particularly since the civilian government came to power in 1993. Therefore, citizens’ movements, based on the middle class and professionals rather than the working class, started

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51 These three representative NGOs except YMCA (Seoul YMCA was established in 1903) are established after the 1987 movement. For example, the CCEJ in 1989, the KFEM (created by the Korean Anti-Pollution Movement Association established in 1988) in 1994, the PSPD in 1994.
to represent public opinion and lead on social issues. In this context, former leaders of student or minjung movements or active members of citizens' movements, particularly those with professional jobs such as professors and lawyers, have participated in political parties, led by the previous or the present President, and in governments.

More important, in 2000 the previous government introduced the Non-Profit Voluntary Organisation Act, in order to promote the voluntary sector. As a consequence, the state-patronised organisations have lost their privileges, which had been provided by the military regime to control them, and the government subsidy for them has decreased. By contrast, NGOs have been granted a significantly increased amount of public fund. In conclusion, particularly since 1993, the relationship between the state and civil society has rapidly changed. Regulations have been changing, from the state-directed mobilisation towards the state-supportive mobilisation of civil society.

However, as mentioned above, the imprecision definition of civil society tends to focus on the conflict between the state and civil society, and this seems to contribute to weakening the power of the state. Therefore, for the institutionalisation of the partnership between the state and civil society in the transition to a democratic society, the relations between the state and civil associations and trade unions and business need to be analysed. At the same time, as recent political conflicts regarding economic and social reforms indicate in Korea, effective political institutions, including well-rooted political parties, are very important for successful reforms based on civil society. Therefore, the relations between the state and active civil society need to be cooperated on the basis of partnership between stakeholders.

Choi, J.J. argues in his book entitled Democracy after democratization (2002) that after democratisation, the focus of conflict has changed from 'state versus civil society' to 'conservative civil society versus active civil society' (Choi, J. J 2002: 193). This means that

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52 Kim analysed 730 NGOs selected from the total 3,899 organisations in the Directory of Korean NGOs, according to his analysis, using criteria for NGOs such as being non-state (or non-state patronised) and non-
for democracy, government has a role in promoting the participation of active social associations, reducing the influences of Chaebol and conservative civil society on the basis of regulation.

V-3. The impact of mobilised civil society and globalisation on developmental skills formation

With regard to changing skills formation, it is important to analyse the impact of mobilised civil society and globalisation on the institutions for developmental skills formation such as the developmental state, employers, labour and VET providers. Amsden points to the importance of "institutions of late industrialisation" (1989: 8). An "interventionist state, large diversified business groups, an abundant supply of competent salaried managers and an abundant supply of low-cost, well-educated labour" have played major roles in rapid economic development.

Until 1992, authoritarian governments drove skills formation on the basis of economic and manpower planning. As mentioned above, the Economic Planning Board drew up the Five-Year Economic and Social Development Plans in which economic growth targets were set on the basis of employment expansion policies reflecting the growth rate of the economically active population (Lee, J.H. 1996: 36-7). Performance standards based on the economic growth targets were then imposed on big companies in return for subsidies and the provision of low-cost and well-disciplined labour. In addition, education quotas and training targets based on manpower demand projections were imposed on schools and training agencies, in return for funding and provision of teachers or instructors. Briefly speaking, the developmental state directed the whole process of skills formation from planning to implementation, controlling employer organisations, trade unions and VET

profit (Kim, H.R. 2000: 598, 611).

53 The Five-Year Economic Development Plan was replaced by the Five-Year Economic and Social Development Plan after the fourth Five-Year Plan in 1977, reflecting societal demand for a balance between economic and social development.
providers. Therefore, to look at changes in skills formation, it is very important to investigate how the roles of the developmental state and VET providers have been challenged by employers and trade unions under the pressures of democratisation and globalisation, accelerated by the development of ICT. On the basis of this investigation, this thesis will analyse the emerging framework of VET and lifelong learning in relation to changing skills formation, focusing on regulations.

The financial crisis became a turning point with regard to the emerging framework of VET and lifelong learning as well as to changing skills formation. Lifelong learning has been freshly recognised as a main means to cope with rapid change in the employment system as well as with the social demand for higher education. As the Fauré Report (1972) emphasised, changes in the socio-economic context and technological revolution have been very important factors in promoting lifelong learning.

Changes in socio-economic structures and the scientific and technological revolution make it [renovation in education] imperative (Fauré et al. 1972: 105, emphasis in original).

Therefore, with regard to the increasing social demand for lifelong learning, the impacts of mobilised civil society, globalisation and ICT on lifelong learning need to be examined. In this respect, this chapter will examine how these pressures affect institutions for skills formation and regulations for VET and lifelong education.

Moreover, it will try to explain the characteristics of changing skills formation, compared to other East Asian developmental states such as Singapore or Taiwan, pointing out that the representation of labour has been institutionalised since the late 1990s on the basis of mobilised civil society. For example, the Tripartite Commission was set up to cope with conflicts over employment adjustment issues caused by the economic crisis. As experienced in the Tripartite Commission, the democratic transition contributed to institutionalising the representation of labour and moreover to the changes in skills formation. In addition, Korea has already become one of the most Web-connected countries
in the world. The rapid development of the IT infrastructure has dramatically promoted lifelong learning, coinciding with the mobilisation of civil society and the pressures of globalisation. It was not only rapidly increased the social demand for IT-related education and training, but also itself provides a significant condition that promotes the participation of civil society in lifelong learning in practice. In this context, this chapter will investigate how the nature of the state, Chaebols and trade unions is changing in relation to changing skills formation and lifelong learning.

V-3-1. Globalisation

Up to the mid-1980s, rapid economic development was mainly ascribed to the success of the industrial policy based on selective protection and the state control of finance. However, the economic success of the developmental state model resulted in changes in political and economic circumstances after the late 1980s. The pressures of economic globalisation prompted a “shift from bureaucratic discipline towards a greater reliance on market discipline” (You and Lee 1999: 7). In addition, You and Lee point out, the “decline of the potential growth rates in the 1990s” makes “modifying the institutional mechanisms” necessary for continuing economic success (ibid. p. 7).

The recent Presidential Commission on Education Reform (PCER) Reports, Education Reform for the 21st Century, stress the concept of ‘globalisation’ (segyehwa) and the ‘information society’ as the main background for the proposal of an ‘open and lifelong education society’ which allows everybody equal access to education at any time and place (PCER 1997: 12-16, 20). The PCER reports proposing reforms dramatically addresses globalisation as one of the most notable features of the change to come.

... the world has become a “world without economic borders.” Globalization should be taken into account in designing a national survival and development strategy to meet the challenges of the next century. Without a proper plan to counter the challenges of the new

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civilisation and era, we would be condemned to fall behind the rest of the world in history. (PCER 1997: 12).

This quotation clearly explains that the challenge of ‘national competitiveness’ is the major reason for adopting a new education system for ‘open and lifelong education’. Its approach to globalisation seems to stress, to great extent, borderless economic competition and economic liberalisation. In other words, globalisation is regarded as the major phenomenon which justifies neo-liberal approaches to restructuring the developmental mechanism. However, it is worth mentioning that whilst there has sometimes been an automatic equation between economic liberalisation and democracy, particularly amongst neo-liberals, we should beware of this equation because many countries, such as Chile and the Philippines under Marcos, have liberalised under authoritarian regimes.

The Reports point out that some educational problems should be overcome in order to sharpen the nation’s competitive edge in the era of information technology and globalisation. However, they focus on the problems of formal education: the education system oriented to university entrance examinations, that results in a lack of creativity; the heavy burden of spending on private tuition which in 1994 reached 5.8 percent of GNP and exceeded the government’s budget for education, which was 3.8 percent of GNP; the government’s strict regulation of school administration, with standardised textbooks and the tight application of the national curriculum, which has made it impossible for schools to provide diverse educational programmes; and the weakening of the moral perspective in education, which has resulted from the present system of learning by rote memorisation (PCER 1997: 17-19).

In this respect, the Reports suggest the need to transform the Korean burning passion for education into constructive energy by building an open and lifelong education system to redirect this enthusiasm. They emphasise the directions of globalisation (liberalisation), devolution (democracy) and privatisation. However, they not only tend to separate education from training, but link lifelong education mainly to access to higher
education, addressing lifelong ‘education’ rather than lifelong ‘learning’ which would include education and training together. In this respect, suffice it to say here that whilst the Reports suggest a direction toward ‘lifelong education’ or a ‘learning society’, their proposals are still narrow and supply-driven, focusing on ‘solving formal education problems’ rather than overhauling the whole education and training system. As a result, they seem to fail in attracting the attention of main social stakeholders such as employers and employees.

However, since the financial crisis of 1997, the focus of lifelong learning policies have been moving from solving formal education problems to building a new framework for vocational education and training with regard to rapid changes in the labour market system such as increasing “flexibility” and the serious level of unemployment. In this respect, the concept of ‘human resource development (HRD)’ suddenly has become important in relation to a new framework for VET and lifelong learning, and later the Ministry of Education was replaced by the Ministry of Education and HRD in 2001. There is a real possibility of narrowness in the implementation of lifelong learning, although in the knowledge economy a new broad framework for lifelong learning is required, to build on the basis of a holistic approach to knowledge, skills and attitude.

As the Korean economy depends absolutely on foreign trade, globalisation is, to some extent, an inevitable challenge. Since the economic crisis, it has become a crucial issue for education and training to cope with the effects of economic liberalisation on social cohesion as well as on national competitiveness. In return for the rescue fund from the International Monetary Fund (IMF), economic liberalisation has been accelerated under the pressure of the IMF. In this context, the government has emphasised the importance of harmony between ‘democracy’ and ‘a market economy’ in overcoming the economic crisis (see the inaugural address of Kim Dae-Jung). This means that the financial crisis may have provided the momentum for the Government to restructure the Chaebol-oriented economy into an entrepreneurial and flexible one. With the lack of a transparent system in the financial market, the dirigiste economy started to reveal structural problems resulting from the
collusion between the government and Chaebols after the 1980s. Chaebols had become stronger by increasing their control over financial agents under the policies of economic liberalisation in the 1980s. When the civilian government came to power, they were so powerful that they distorted the liberalisation process and created “vulnerability in the financial system” (You and Lee 1999: 8).

Although the Korean economy has rapidly recovered from the crisis, it has been fully exposed to the fluctuating global economy. For example, the Korean economy has increased its transparency, opening financial market after reducing the rate of banks’ debt with public funds. However, the IMF structural adjustment programmes increased the gap between the well-off and the poor, by increasing irregular jobs and benefiting the few Chaebols at the expense of the many SMEs. The rate of atypical jobs has rapidly increased again, since the Asian economic crisis (Shim, S.W. 1999). As a consequence, the economy has recently shown fast growth, while many Asian economies, including Japan and even Singapore, are still in difficulties due to the aftermath of the Asian economic crisis. Therefore, it is very important to understand how the dynamics of democratic transition have contributed to economic reform as well as to rapid recovery and growth. These might be partly because the government could build a consensus on economic reform in urgent circumstances by bringing stakeholders together, as in the case of the Tripartite Commission. ‘Consensus building’ has changed, from the exclusion to the inclusion of labour. This signals changing skills formation.

Moreover, since the economic crisis, there has been a broad consensus that the state-directed rapid economic growth strategies resulted in structured corruption linking politicians and Chaebols, and these strategies are no longer effective in Korea. As a result, Korean society has undergone restructuring at unprecedented levels (Lee, J.S. 1999). The direction of reform has been focused on the changing role of the government, including its being “confined to setting rules and monitoring activities of agents” with regard to the market economy (Kim, C.S. 1999). Moreover, the President called for “private initiative and public
involvement" based on partnerships between civil society and the state with regard to democracy. (Kim, Dae-Jung, 1999).

On the other hand, rapid cultural changes resulting from globalisation and ICT are giving rise to increasing friction and tension between old and new generations as well as between oriental and western cultures, particularly in a 'compressed growth' society. As 'the transformation of time and space' has propelled social life away from the hold of traditional culture and values, cultural 'self-identity' becomes problematic, as pre-modern customs and pre-established precepts co-exist with modern life-styles within the industrialised economic context (Giddens 1991: 14-21). The traditional culture and value system has lagged behind society's increasing material prosperity. In this respect, as well as the adaptation to rapidly changing economic circumstances, the ability to cope with a set of tensions resulting from the breakdown of traditional social ties and 'to play an active part in envisioning the future of society', has became increasingly important in the present-day world (UNESCO 1996: 61). In relation to the implications of the new era of globalisation for education, the PCER Report points to the importance of new citizenship based not only on the strengthening and deepening of the understanding of cultural heritage, but also on open minds, a multi-cultural perspective and the principles of autonomy and decentralisation (PCER 1997: 15-6). In particular, as Korea has been a mono-ethnic country for a long time, developing an intercultural perspective and cross-cultural communication skills has become important in the globalisation age.

V-3-2. Mobilised civil society

It is the varying relationship between the state and civil society that makes different responses to the globalisation pressure. As mentioned above, since the civilian government came to power, civil society has been rapidly mobilized, and its influence on VET and lifelong learning policies has significantly increased. In particular, trade unions, NGOs, and employers' organisations have played major roles in changing the relationship between the
state and civil society and their influence on policy-making and implementation has dramatically increased. As a result, the framework of skills formation has changed an institutional environment which is conducive to the rapid growth of VET and lifelong learning. For example, since the 1987 Democratic Movement, more than 70 per cent of the total number of Korean existing NGOs has been established (Kim, H.R. 2000: 603). In the process, the registration system for civil associations changed, from requiring registration upon establishment, which had been introduced to "suppress anti-government activities" after the enactment of 1963, to allowing it after establishment since 1994 (ibid. p. 601). The change has resulted in a rapid increase in the number of NGOs, which have increasingly contributed to the mobilisation of civil society by expanding in public space.

[NGOs] have extended the scope of their activities in diverse social issues to ensure an environment conducive to the enlargement of public space, the expansion of citizens' rights, and the diffusion of pluralistic social life. ... Korean NGOs outside the formal apparatus of the state have come of age in dealing with diverse social issues in the public domain (ibid. p. 608).

Moreover, the role of NGOs has rapidly increased because they have been "credited with providing social services, formulating public opinions, monitoring and criticizing social corruption, and suggesting creative alternatives to government policies" (Chung, S.B. 1999). For example, the government has entrusted 44 Women’s HRD Centres (replaced Working Women’s Houses in 2001) to Women’s NGOs such as YWCAs or Women Workers’ Associations since 1993. In particular, many NGOs provided education and training programmes for the unemployed with the support of government funds after the financial crisis in 1997-8.

However, there was serious tension between the Kim Young-Sam government and active civil society when the government tried to pass two controversial laws in the National Assembly, suppressing opposition from trade unions and opposition parties (Shin, D.C. 1999: 10). One was the National Security Planning Agency Act, which was to revive "[the NSPA’s (former KCIA)] domestic political role of spying on Korean citizens", which was outlawed
after the civilian government came to power (ibid. p. 10). The other was the New Labour Act, which was intended to weaken trade unions by making "it easier for companies to dismiss workers, hire replacements for striking workers, and adjust working hours" in 1996 (ibid. p.10). However, the mobilised civil society led by trade unions, NGOs, student groups and opposition parties resisted the government and finally annulled these two Acts. This event increased the momentum towards a new stage of democratic transition, because, with the political impacts of the financial crisis on voters, it paved the way for the opposition party to win in the coming presidential election for the first time for almost five decades. Since the Kim Dae-Jung government came to power, despite many conflicts between the Government, NGOs and trade unions, NGOs were regarded as partners in the process of democratisation, and trade unions have started to be represented as stakeholders in dealing with employment adjustment.

More important, one of the most fundamental changes is the representation of trade unions as stakeholders in policy-making and implementation, reflecting the changing relationships between workers, employers and the government. As a result, the range of legislation regarding the participation of labour in vocational training has rapidly expanded. For example, companies employing more than 30 full-time employees, except some companies prescribed by the Presidential Decree, are obligated to establish a 'Labour-Management Council' in each business or workplace by the Workers' Participation and Cooperation Promotion Act of 1997. The Council has the status of a "consultation body" to improve the welfare of workers and to ensure the sound development of business through participation and cooperation between workers and employers" (The 1997 WPCP Act). Although employers are still not enthusiastic about managing the Councils, the legislation paved the way for the participation of labour in promoting welfare and training at the
workplace. The councils are legally empowered to consult, resolve or report on important matters regarding workers' welfare and training every three months, irrespective of collective bargaining with a trade union. With regard to training, the main functions of the councils include 'consultation' regarding "recruitment, placement, education and training of workers", as well as 'resolutions' regarding the "establishment of employees' education and training plans and skills development schemes" (ibid.). In addition, a Central Consultative Body of Worker, Employers and the Government was established to "consult on main labour problems such as industrial relations, employment, workers' welfare relating to national industry, economy, and social policy, consisting of those who represent workers, employers, public interests and the Government" (ibid.).

The Tripartite Commission was set up to build the 'Labour-Management-Government' partnership mechanism for restructuring the employment system and the labour market after the financial crisis. Although it has mainly focused on industrial relations and employment issues, it has started to play a role in promoting the participation of labour in vocational training. It reached basic agreements entitled "agreements on the direction of improvement in the vocational training system" in July 2002. As it acknowledges, the agreements aim to deal with "changes in the structure of the labour market and invigorate development of workers' job skills". The objectives of the agreements include encouraging "participation by both Labor and Management in policy-making concerning development of job skills and the operation of related systems", enhancing "the efficiency of operation of systems" regarding finance from employment insurance for job skills development, and promoting "workers' voluntary education and training". Finally, the three parties agreed to "look for ways to form 'financial resources for workers' voluntary education and training', to alleviate their burden". In addition, the Commission also reached an agreement on the

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55 In an interview with a member of staff of the Korea employers Federation (KEF), he described that although almost 99 percent of legally demanded companies established the 'Labour-Management Council', they are not seen to be enthusiastic in the management of the Council.

56 See http://www.lmg.go.kr/eng (24/02/2002)
"creation of employment for the youth" in April 2002. In this agreement, labour, management and the government agree to do their best to establish a regulatory mechanism supporting a smooth transition from education to the labour market. Although the role of the Commission is still a controversial issue between trade unions and employers, it is evident that it is a peculiar experiment in the transition of the Korean developmental state after the rise of the trade union movement and the financial crisis.

The experiment of the Tripartite Commission was successful in “maintaining social stability and labour peace in the midst of massive deterioration in employment and social conditions” (You and Lee 1999: 28). However, the system has still some crucial institutional limitations, including the enterprise trade union system and confrontational industrial relations.

The Vocational Training Promotion Act allows more choices for employers and employees in choosing types of training or course (standard or other training), teaching materials (state-edited or employer-edited). The government provides support directly to employees as well as employers for training expenses, facilities, tuition fees and expenses for qualification tests. As a result, participants in further training programmes dramatically increased, from 679,000 in 1997 to 1,239,000 in 2000, while those on initial training programmes declined from 78,000 to 61,000 during the same period (MoL 2001: 44).

V-3-3. Development of information and communication technologies

Korea has become one of the most Internet connected countries in the world, on the basis of the Broadband Internet Service Provision. By 2002, 15 cyber universities, which become a part of the higher education system by the Lifelong Education Act, more providing higher education programmes for 17,200 persons. The development of information and communication technologies (ICT) is not only a prerequisite for the implementation of

57 The number of students is number of projected enrolment. See Jung, IS 2002: 27)
lifelong learning, but a major factor in expanding the social demand for lifelong learning. As Deleon (1985: 32) argues, the response to the expanding social demand may be a crucial element in the necessary transformation of educational systems and the learning process. In this connection, the development of ICT has been seen as a catalyst for the recent ‘compression of time and space’ across the world and as a prerequisite for the implementation of educational reform to cope with the challenge of globalisation as well. Thus, most industrialised countries have made efforts to apply ICT in educational reform, focusing on raising learning standards and widening learning opportunities, and reflecting the rapidly changing mode of production, from so-called Fordism to post-Fordism. In this respect, it is not surprising that the PCER report argues that “continuing education and lifelong education are integral parts of an information society” and “the introduction of multimedia information technology into education will trigger revolutionary changes in the management of education systems, contents and teaching methods” (PCER 1997: 14).

However, the purpose and strategies of educational reform and the need to harness the potential of ICT are different according to the social, economic and cultural context. For the analysis of the role of ICT in educational reform, Guile identifies four perspectives on reform: economic, democratic, equity and developmental (Guile 1998: 5). He insists that each perspective offers a partial approach to any particular issue, and that it is the critical issue for the educational policy maker that all learners are to be “encouraged to develop their intellectual capability by using ICT as a resource to reflect, analyse and conceptualise” (ibid. p. 8). Furthermore, he distinguishes media (i.e. CD-ROMs) and integrated learning systems, primarily based on undertaking pre-set tasks through access to information from Computer Mediated Communication (CMC). The latter stresses communication and interaction between individuals, organisations and societies and increases “the scope for collective analysis, critical reflection and the production of new knowledge” (ibid. p. 11). The CMC approach, as he points out, emphasises the importance of “inquiry-based learning”, reconceptualising the relationship between learning and ICT as a new pedagogic process.
Further, information and communication technologies are regarded as a main locomotive for the "institutionalisation of lifelong education" (ibid. p. 14). The idea of an open learning society as the objective of the reform is mainly based on the utilisation of new information technology in education. In particular, it seems to focus on making education accessible at any time and in any place through multimedia and an integrated education system (ibid. p. 15). However, this access-oriented approach based on the development of ICT could have complex effects on education, in that technology cannot be a panacea. For example, those who stress the opportunity for equal access to ICT often fail to pay attention to "how certain educational uses of ICT may result in the emergence of new forms of social and educational divisions within societies" (Guile 1998: 7-8). In this context, despite the idea of lifelong learning for all, new technology could make the gap between information-rich and information-poor persons wider. In addition, whilst the access-oriented approach is likely to provide the underprivileged with a 'less expensive' alternative to formal education, the middle class or those above may still opt for formal education, providing better opportunities for the close interaction and dialogue with teachers and peers on which human social networks mainly depend. In this respect, as Young argues, the 'access model' could be 'a way of legitimating reduced spending on public education and therefore becoming a basis for new social division and inequalities' (Young 1998: 147). Therefore, the PCER report seems to be too optimistic about access and outcomes in relation to the implications of new technologies for education and training.

Moreover, as communication and interaction have been increasingly stressed with regard to ICT, one of the main issues is how successfully cultural differences are addressed. In particular, as global networking becomes unencumbered by time and space and promotes mutual communications and collaboration, ICT-oriented education trends to make the cultural perspective increasingly important. The media through which people communicate in a society condition their approach to space and time and have enormous effects on the formation of cultural and political views.
Therefore, in the information society, the re-formation of cultural identity and citizenship in cyber space is seen as a critical challenge to the promotion of participation in ICT-based interaction and learning. While ICT may play a crucial role in realising a learning society based on a new framework of learning and work, the trans-national free flow of information could undermine "the hegemony of the nation-state which has historically provided the basis of citizenship, national identity, nationhood, and party-political interests" (Guile and Young 1996: 7). As Young argues, our understandings of change in the state, civil society and new citizenship are required:

new concepts of community, self-identification and social action emerging in the information society are in the process of restructuring our common understandings of civil society and the role of the citizen" (ibid. p. 8).

Next, the rapid development of ICT has resulted in fundamental changes in the industrial structure and work patterns. For the 'capitalist restructuring' of the international market, capitalists employed 'all the new telecommunications technology to place investment and situate production wherever they could achieve the best returns on investment' (Allman and Wallis 1995: 30). Rapid technological alteration affects the industrial, occupational and skill structures of the labour market. An OECD report (1996) points out that "among the white-collar workers, the highly skilled experienced the largest employment growth, including the continuing high demand for qualified workers" (OECD 1996:33). Also in Korea, IT industries have rapidly increased since the 1990s. For example, the average increase rate of IT industries reached 23.9 percent between 1991 and 1999, compared to 5.9 percent of the real GDP of national industries during the same period (The Bank of Korea 2000). As a result, the IT industries' contribution to the GDP growth dramatically changed, from 3.6 percent in 1991 to 45.9 percent in the first half of 2000. In addition, the number of PCs and the population of Internet users rapidly increased from approximately 4.5 mil. and 0.1 mil. to 10.3 mil. and 10.8 mil. respectively (ibid. p. 4).
Therefore, these dramatic changes in the economy and in Internet use have stimulated the social demand for continuing learning. In this regard, adult and lifelong learning institutions, including the Open University, cyber universities and university extramural institutes and private learning institutes have rapidly expanded their learning markets, on the basis of linking the new Credit Bank system with distance or informal learning at the workplace. Further, since the financial crisis, the increasing insecurity of employment has expanded the social demand for lifelong learning, partly because employees would like to upgrade their skills not to be left behind from their colleagues, and partly because they would like to prepare for moving to other jobs.

Whilst preparation for globalisation and the information society is stressed as the major background to educational reforms in the global perspective, the serious side effects of the college-entrance examination system have been the key issue in the crucial debates over educational reform.

V-3-4. The demand for reform of the college-entrance examination system

The university entrance examination system has been criticised as the main reason for the excessive economic burden on parents, as well as for promoting rote learning, and has been a major issue whenever educational reform has been discussed. The PCER Reports point to the need for fundamental reform of education, in that Korean education will otherwise not be able to produce persons who possess high levels of creativity and moral sensibility in the era of information technology and globalisation (PCER 1997:17). The abolition of the secondary school entrance examination created 'a narrow bottleneck' into higher education under the quota system for college students' numbers. As the university entrance examination is regarded as the decisive screening process for children's future life, it has become a most important issue for parents.

In this respect, the PCER Reports suggest the ideal of 'an open lifelong learning society', focusing on widening access to higher education. Three basic policies promoting a
lifelong learning society can be identified. Firstly, the Credit Bank system is emphasized, to widen access to higher education and to meet the enthusiasm for higher education degrees. The Credit Bank system has played a major role in promoting work-based or informal learning, emphasising credit accumulation at various formal or informal learning institutes. In this respect, the Lifelong Education Act replaced the Social Education Act in 1999, and provides a legal framework of lifelong learning on the basis of the Credit Bank system.

Secondly, vertical linkages between vocational and technical education institutes are suggested, to widen higher education opportunities for graduates from vocational high schools. The PCER Report proposes vertical linkages between vocational high schools and Junior Colleges or Polytechnic Universities “to ensure that graduates of vocational high schools will be given a chance to continue their higher education” (PCER 1997:61). It suggests a system in which “high schools can choose to merge their curriculum of the second and third years with that of the vocational college (2+2) or polytechnic university (2+4)” (ibid. p.62).

Thirdly, as a way towards the integration of vocational education and training, horizontal linkage in vocational education and training is suggested. Horizontal linkage is based on the two groups of institutes supervised by the MoE and the MoL. The MoE is in charge of formal vocational and technical education based on schools or junior colleges, while the MoL is in charge of initial and further training based on public or private training centres or polytechnic colleges. As informal learning of adults, including in-plant training, is becoming important in lifelong learning policies, a co-operative relationship between the MoE and the MoL is crucial for implementing these policies.

V-3-5. Demographic change

Though ageing is less rapidly than in western countries, the population of Korea is nevertheless ageing. The proportion of 5-19 year-olds declined from 28.4 per cent in 1990 to 24.0 per cent in 1995, whereas, the population of 35-70+ year olds increased from 34.3 to
39.9 per cent during the same period (National Statistical Office 1997: 90-1). To some extent this trend explains the rising demand for adult education and continuing vocational training. The index of ageing, that is the division of the population of those aged 65 years old and over by that of those aged 14 years and under, rapidly increased from 7.2 per cent in 1970 to 28.3 per cent in 1997. It is expected that this will reach 49.9 and 76.5 per cent in 2010 and 2020 respectively (ibid. p. 92).

As the ageing of the population and workforce becomes an important social issue, 'the need for retraining will be particularly important if countries are to make the best use of their available workers' (McRae 1994: 105). However, not all retired or aged people will need to be retrained in relation to paid work. These people can become part of the voluntary workforce, since, as McRae argues, 'many of the new jobs - in particular those involved with caring for other old people - will have to be done by people who are prepared to donate their time' (ibid. p. 105). In Korea, to increase the female rate in the economically active population is seen as a way to solve the ageing problems, because this rate is still low compared to many other developed counties. For example, while the rate in Korea is 45.9 percent, in the US and Japan it is 61.8 and 50.4 in 1997 respectively (ILO 1999).

The effects of the ageing of the population and the workforce on education systems have been increasing, as ageing is becoming manifest. The declining size of the population of 0-14 year olds has put pressure on school systems to rationalise school places. These changes may allow governments the options of reducing class sizes in primary and secondary schools and of increasing participation rates in post-compulsory education. Whilst universities in Seoul are still crowded with applicants, more than a few universities, particularly local universities, are already under pressure in competing for the recruitment of students. Moreover, demographic changes could be a catalyst for diversification in lifelong learning. Companies have to emphasise teaching more specific skills to the in experienced workers rather than teaching the basics to the young. Learning institutions, also, will need to become more learner-friendly and to offer sophisticated programmes on networks of education and
training for adults. More importantly, the ageing of the population and workforce has increased demands for learning such as the re-training of employees and education linked with social services for the growing population of retired and aged people. As the speed of increase in the dependency ratio of the aged has risen, the role of education linked with social services has also become important. While compared to western countries, the issue of ageing has not been emphasised, the increasing social demand for lifelong learning partly reflects the recent demographic change.

V-4. Conclusion

The demise of the Cold War system and the rise of active civil society paved the way for the transition to democracy. Democratisation weakened the controlling power of the developmental state in relation to civil society. Moreover, as economic globalisation has been accelerated by the post-Cold War system, it has changed the context in which the developmental state plays a role in promoting economic development and skills formation. Therefore this chapter pointed out that both democratisation and economic globalisation made critical impacts on the demise of the developmental state and on developmental skills formation in Korea. It also explained that mobilised civil society, globalisation, ICT and demographic change all demanded lifelong learning in the Korean context.

Effective political institutions and the active involvement of social partners are required for successful democratic reforms based on mobilised civil society. In this regard, the nature of the new framework for skills formation depends on how the partnership between the state and civil society in the transition to a democratic society is institutionalised. The role of the state and active civil society has changed, and they need each other in the process of the institutionalisation of any new framework for skills formation and lifelong learning.
In the next chapter, the new framework for skills formation and lifelong learning will be examined in detail.
Chapter VI: New framework of VET and lifelong learning in post-developmental skills formation

VI-1. Introduction

The main components of developmental skills formation can be identified as policies for trade and industry, "super ministries" and a strong central control over the education and training system (Ashton et al. 2002:23). Therefore, to examine the transition of developmental skills formation in Korea, this chapter investigates how the government's institutional structures have changed under the pressures of globalisation and democratisation; the focus is on the regulations for VET and lifelong learning. With regard to the regulations, this chapter concentrates on funding, the framework of qualifications, and the labour market, because these can clearly show the characteristics of changes in the institutional structures. In addition, it investigates the need for a holistic approach to lifelong learning during the transition of developmental skills formation, examining the increasing demand for high skills and social cohesion in the global and knowledge economy.

VI-2. New regulations for VET and lifelong learning

Since the mid-1990s, a new framework for VET and lifelong learning has been developed to introduce new skills formation and thus to cope with the challenges of globalisation and the information society (later, the knowledge-based economy). Therefore, in this section, the new regulations for VET and lifelong learning will be analysed by comparing them with former developmental skills formation, focusing on funding, a qualifications framework and the labour market. The new framework for VET and lifelong learning will be discussed on the basis of explaining the transition from the developmental
skills formation shown in Figure V-1 to the new skills formation shown in Figure V-2 on later pages.

The direct state coordination of the supply and demand for skills was given up with the replacement of the Economic Planning Board (EPB) by the Ministry of Finance and Economy (MoFE) in 1994. This means that manpower planning is no longer a characteristic of skills formation in Korea. As shown chapter IV, the EPB had played a major role in deciding the demand for and supply of skills by drawing up manpower plans based on targets for economic growth and job creation\(^9\). For example, in the 1970s the quota system for university enrolment was introduced to coordinate the "forecasted skill demand of industries" with the "projected student demand for higher education" according to economic planning (Ihm 1999: 314). This was possible because the EPB had overarching control over other Ministries, having the power of budget allocation, economic and social planning, the coordination of economy-related policies and the evaluation of policy implementation. However, after the roles of EPB were divided between two Ministries, namely the Ministry of Planning and Budget (MPB)\(^60\) and the Ministry of Finance and Economy (MFE), economic policy coordination by the MFE was separated from the budget control of the MPB. Since then, there has been no vertical coordination system and education and training have been more autonomous.

As a consequence of these developments, three significant changes in skills formation can be identified. First, the government almost abandoned the college enrolment quota system after 1995. Since then, except national universities and private universities in Seoul and the surrounding area, universities and colleges have been allowed to decide the numbers of their intake (MoEHRD 2002). Secondly, the government also gave up the plan to

\(^9\) In educational research, regulations normally deal with the four institutions of funding, inspection, evaluation and a qualifications framework.

\(^9\) The government's Economic Plan started in 1962. However, the title of the Plan changed from the 'Five Year Plan of Economic Development' into the 'Five Year Plan of Economic and Social Development' in 1977.
expand the enrolment ratio of vocational high school students (Ihm 1999: 315). Thirdly, with the increasing flexibility of the labour market, the focus of the vocational training system has changed, from initial to continuing vocational training, particularly since the economic crisis in 1997. In this context, skills formation has expanded from formal learning to informal learning in the light of the need for lifelong learning. More important, government intervention in VET and lifelong learning has been changing from direct control based on standardisation to 'steering at a distance' based on diversification.

By contrast, the Ministerial Meeting on HRD, for which the MoEHRD is mainly responsible, was established to coordinate Ministerial cooperation for HRD at the central government level. For the coordination, the Minister of the MoEHRD became the Deputy PM for Education, and the HRD Policy Bureau was established under the MoEHRD. The main aim of the Ministerial Meeting is to coordinate VET and HRD policies, stressing the importance of human resources in the knowledge-based economy. However, as the Ministerial Meeting has not been given the power to decide the HRD-related budget allocation, its role in this coordination is very limited. More important, in the context of economic liberalisation and political democratisation the government itself no longer has much power to control the demand for and supply of skills. Therefore, although drawing up a pan-governmental 'manpower plan' was proposed as one of the major roles of the Ministerial Meeting, this activity is different from manpower planning by the EPB.

In this regard, it is necessary to understand the new framework for VET and lifelong learning in the light of a new approach to skills formation in the context of economic globalisation and political democratisation. This issue will be discussed in detail in the next sections, which will explain the move from the developmental skills formation system shown in Figure VI-1 to a new framework of the skills formation system shown in Figure VI-2.

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60 When the EPB was abolished in 1993, the jurisdiction over planning and the budget was directly subject to the Office of the President. Since the Kim Dae-Jung government came to power, the Ministry of Planning and Budget has been established.

61 For the organisational chart of the MoEHRD, see http://www.moe.go.kr/English/
Figure VI-1. Developmental Skills Formation System in Korea
Figure VI-2. New framework of the skills formation system in Korea
VI-2-1. Changes in the funding system

The systems for funding vocational education and training need to be examined separately because their major sources of funding are different. Two major sources of public educational finance are governmental support and private contribution such as payments for students' tuition; these are respectively equivalent to 4.07 per cent and 2.96 per cent of GDP in 1998. The major portion of the government budget for education and training depends on the general budget coming from taxation and from government-run funds, managed mainly under the responsibility of the relevant Ministries. The governmental education budget, equivalent to nearly 20 per cent of the government's total budget, is mainly dependent on the government budget.

By contrast, the larger portion of the governmental training budget is from the Employment Insurance Fund (EIF); for example, in 2000 only 31 per cent came from the government budget, whereas 69 per cent came from the EIF (KLI 2000: v). In particular, the allocation of funding is normally defined on the basis of the specific purposes of funding. Therefore the EIF is allocated only for training defined by the Employment Insurance Act of 1995. The funding mechanism strictly divided between education and training, has contributed to preventing education and training from linking together. In this context, as many Korean academics point out in interviews, the coordination between the Ministry of Education and the Ministry of Labour is likely to be very limited unless the Ministerial Meeting has the power to allocate all the related government budget.

VI-2-1-1. Vocational Education

Vocational education is provided by vocational upper secondary schools and junior colleges. Expenditure on vocational education in the governmental education budget was only 2.7 per cent of the general account (excluding the special account) in 1999 (KEDI, 2000). This was a very small portion of the general account, compared to 80.1 per cent and 15.8 per cent respectively on primary and secondary education, and junior college and
university education. More important, 142 out of 158 junior colleges were private, whereas 319 out of 764 vocational high schools were private in 2000.

Therefore, as junior colleges become the main providers of vocational education, this tends to be driven by the labour market rather than manpower planning or social partnership. By 2000, 42 per cent of vocational high school graduates entered tertiary education; the majority of them proceed to junior colleges. Compared to 19.2 per cent in 1995, the rate of entering tertiary education is dramatically increasing (KEDI, 2000)\(^6\). Therefore, the role of vocational high schools is rapidly changing, from preparation for a job to preparation for tertiary education. This results in significant changes in VET and lifelong learning.

First, as vocational high schools are marginalized, investment in vocational high schools has gradually decreased compared to that in academic high schools or even junior colleges. Since the establishment of provincial education councils (PECs) in 1995, the majority of the school budget is allocated by the central government to provincial education offices (PEOs). By 1999, 83.4 per cent of the total education budget was distributed through the PEOs mainly for primary and secondary school education (Krivest 2000: 47). Although, the largest section of the allocated amount, such as teachers' salaries, are mainly fixed by the MoEHRD, the new funding system makes a difference between provincial education offices, depending on superintendents and local education councillors. For example, until the mid-1990s, a significantly weighted amount was allocated to vocational high schools, because they need extra facilities and equipments for practical work\(^6\). But, since the late 1990s, the rate for this weighting has been lower, and moreover this rate is left to superintendents' discretion. Therefore the funding level of vocational high schools varies, and the gaps between different vocational high schools according to superintendents' support for vocational education.

Secondly, since the main sites for vocational education have moved from the high school to the junior college level, main investment in vocational education has been focused on junior colleges. As a consequence, this policy tends to threaten the survival of some vocational high schools rather than leading to 'parity of esteem' between academic schools and vocational schools. Some successful vocational high schools are encouraged to convert themselves into 'specialised vocational high schools', with more freedom to choose their own curriculum. By contrast, some vocational high schools with difficulties in recruiting their intakes may convert themselves into comprehensive-style 'integrated' high schools if they choose. Because, the governments seem not to be less enthusiastic over raising the social status of vocational education as a whole, the majority of vocational high schools are experiencing more difficulties in recruiting pupils.

Thirdly, as vocational education is moving towards the junior college level, initial vocational training is also moving from the vocational upper secondary to the junior college level. In 1999, twenty polytechnic colleges, which had been amongst 40 public vocational training institutes under the KOMA were allowed to award Industrial Associate Degrees as they had been placed under the Korean Foundation for Polytechnic Colleges in 1998. The rest of 40 institutes also provide training programmes, equivalent to the junior college level, with short courses. In addition, eight vocational training institutes under the Korea Chamber of Commerce and Industry (KCCI) provide 2-year public training programmes equivalent to the junior college level, and most of their graduates can get an Industrial Associate Degree with the support of these institutes. As the rate of entering upper secondary schools reached 99.5 per cent in 2000, it is very difficult for initial training institutes to recruit trainees for vocational upper secondary level programmes. Even many public training institutes providing junior college level programmes no longer find it easy to recruit trainees for traditional manufacturing occupations although the programmes are free, compared to 4.2 million won.

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63 In an interview in 2000, a former director of the vocational education department in the MoE told me that the weighted rate had been 170% or 200%, but it was reduced to 130% a few years ago.
(about £2,100) per year of private junior colleges. Polytechnic colleges provide associate
degree programmes for a fifth of the tuition fees of private junior colleges. They have
gradually increased their tuition fees under pressure from their competitors.

VI-2-1-2. Training

As mentioned above, there are two major sources of finance for training. One is the
government budget, which is mainly for the operational costs of COMA and training for the
unemployed amongst the uninsured. The other is from the Employment Insurance Fund for
initial training, further training and training for the unemployed amongst the insured. By
2000, funding from the general budget was less than half of funding from the Employment
Insurance Fund. After the financial crisis, the funding for training was sharply increased,
from about 643 billion won in 1998 to 805 billion won in 1999. However, as the rate of
unemployment declined, 5 per cent of this funding was cut in 2000 (MoL 2001).

One of the most significant changes in the funding system for VET and lifelong
learning is the move from the training levy system, focused on initial training for school
leavers, to the Employment Insurance System (EIS) emphasising further training for the
employed or the unemployed. With the enactment of the Vocational Training Promotion Act
of 1997 and the annulment of the Basic Vocational Training Act enacted in 1976, the training
levy system was completely replaced by the Employment Insurance System in 1999. The
Employment Insurance Fund pays for three different components, namely employment
security, vocational training and unemployment benefits, and is raised by way of social
contributions (KRIVET & NCVER 2000: 59-60). The contribution rate to the EI Fund is
different according to the components. For example, while 0.3 per cent of the payroll is paid
for the Employment Security Fund, a varying percentage of the payroll, between 0.1 per cent
and 0.7 per cent, depending on the size of the firm, is paid for the Vocational Training Fund.
These two payments are made by the employer only for the employed. By contrast, for
unemployment benefits the employer and the employee go halves; each paying 1 percent of
the payroll. For employers, the total contribution rate of the three components add up to a maximum of 2 percent of the payroll, except in special economic circumstances, in which it can be increased to 3 per cent.

Compared to the levy system based on the Basic Vocational Training Act, the EIS based on the Vocational Training Promotion Act has many significantly distinctive characteristics. First, the main focus of the EIS is to encourage employers and employees to undertake further training on a voluntary basis (KRIVET 2000: 74). This focus reflects significant changes in the labour market. For example, the rate of graduates from lower secondary and upper secondary schools who advance to the higher school level dramatically increased, from 84.5 and 27.2 to 99.6 and 68.0 respectively between 1980 and 2000 (Statistical Year Book of Education1980, 2000).

As a consequence, compared to further training, the demand for initial training in basic skills for early school leavers rapidly declined in the 1990s. For example, the rate of initial public training and in-plant training declined from 90.5 per cent and 30.3 per cent in 1993 to 41.8 per cent and 16.3 per cent in 1997 respectively (KLI 2000:24-5). However, while public training under the levy system focused on basic skills training for early school leavers without any basic skills or qualifications, it lacked incentives “for existing employees to improve their technical knowledge and skills to enabling them to attain higher-level technical certificates” (KRIVET 2000: 73-4). By contrast, the EIS provides incentives for employers or employees undertaking training, as it gives them financial support in the name of the vocational competence development scheme (ibid. p.75). As a result, the focus of training has rapidly shifted towards further training. For example, 98.8 per cent of employees who completed in-plant training in 1999 underwent further training (ibid. p. 25). Since then, the VT system has been situated as the main part of the lifelong learning framework.

Secondly, particularly since the enactment of the Vocational Training Promotion Act in 1999, the main driving force of further training has shifted, from public to in-plant training. The EIS assumes two forms of training, namely public and in-plant training,
depending on the training institutions (ibid. p. 26). Public training institutions include the Korea Manpower Agency (KOMA), the Korean Chamber of Commerce and Industry (KCCI), government agencies, autonomous local institutions and the Korea Employment Promotion Agency for the Disabled (KEPAD). The KOMA is the biggest public training provider, with 40 institutions, including 20 polytechnic colleges. By contrast, in-plant training includes three different ways of training: independent training at an in-plant training institution; cooperative training with other employers; and commissioned training through a training institution run by a third party. While initial training is still driven by public training, further training has been mainly provided by way of in-plant training.

Thirdly, with regard to training for vocational competence development, the budget is mainly allocated to employers or employees rather than public training centres. For example, in 2000 80 per cent of the vocational competence development budget from the EI Fund was allocated to employers who provided in-plant training, external education and training and paid study leave for employees. In addition, when employers invest in training facilities or equipment, they can apply for a loan or subsidy. Particularly in the case of SMEs, joint vocational training on the basis of close locations or similar occupations is encouraged. By contrast, in 2000 20 percentage of the vocational competence development budget was allocated to employees as training incentives, particularly for the elderly, and as tuition loans for studying at the level of higher education.

Fourthly, the system for authorizing specific training providers was abolished, instead, any education and training institutes can now apply for 'approval' to provide government-sponsored training programmes on a project basis, if they provide the required facilities and instructors. Therefore, private training providers have to compete with each other to provide programmes for the government or employers. In this context, some NGOs, such as the YWCA and CCEJ, have been providing government-sponsored training programmes. In particular, since the Kim, Dae-Jung government came to power, many NGOs
have increasingly been allowed not only to provide various programmes for local residents or the unemployed, but to manage public training or welfare facilities with financial support\textsuperscript{65}. For example, 44 Women's HRD Centres are managed by several NGOs, including the YWCA, and the Korean Women Workers' Association, with support from central government.

VI-2-2. Changes in the qualifications system

As a part of the Education Reform, a new vocational education system was proposed to smooth the school to work transition on the basis of a new qualifications system. Three characteristics of the new qualifications system should be identified. First, it is designed to build a lifelong learning framework for vocational school graduates or workers to enter tertiary education. In the new framework, vocational school graduates are given priority in entering colleges for a relevant field of study (KRIVET 2000: 72). In this regard, a ‘two plus two’ programme was introduced to link the curriculum of the second and third years of vocational high schools with that of the junior colleges.

Junior college graduates have been awarded Associate Degrees since 1996. In addition, for industrial workers, polytechnic college graduates have been granted Industrial Associate Degrees since 1998. These two-year vocational degrees are a response to the strong public desire for higher education degrees, as well as a contribution to high skills formation in the knowledge-based economy. Those who hold Associate Degrees can either enter a university or go to work. To establish the lifelong vocational education system, governments have not only reduced the regulations of junior colleges, but invested a great amount of money in junior colleges rather than vocational high schools.

\textsuperscript{64} For standard training, minimum requirements are more than 60m\textsuperscript{2} facilities and more than 20 hours training.\textsuperscript{65} For example, in an interview with a staff member of PSPD, she mentioned that the organisation provided some programmes for civil servants for more than one year, with financial support from a local government.
Secondly, the system tries to link qualifications with formal education through the Credit Bank system. National qualifications holders are given a limited numbers of credits for a Bachelor's or Associate Degree (ibid. p. 34). For example, professional engineers, master craftsmen, engineers and industrial engineers are given 45, 39, 30 and 24 credits respectively. If a qualifications holder has 2 or more qualifications in an identical item, the highest qualification's credits are granted, and the rest of qualifications are granted 3/4, 1/2, 1/4 of the credits in order of the qualification grade. However, the highest number of credits avail through the acquisition of qualifications is 110 out of 140 for a bachelor's degree and 65 out of 80 for a two-year associate degree.

Moreover, the Credit Bank system has also contributed to recognising the value of work-based learning for lifelong learning because it has provided an alternative route to an associate or BA degree through the accreditation of informal learning. For example, since 1998, 2,269 BA degrees and 5,694 associate degrees have been awarded. The number of degrees awarded has gradually increased, and only during the second half term of 1998, 717 BA degrees and 572 associate degrees were awarded. However, for the success of the CBS, it needs to be recognised by the labour market, because the degree certificates are different from the certificates of ordinary higher education degree courses.

Thirdly, qualifications have been regarded as the major means not only to move from an academic clique-oriented to a capability-oriented society, but to attract the attention of industrial as well as education sectors to vocational education. The national technical qualifications system (NTQS) has been controlled by the KOMA. Qualifications are divided into two groups, namely the technical and the service group. Technical qualifications are classified into 5 grades, namely Professional Engineer, Master Craftsman, Engineer, 


67 In an interview with a former director of vocational department, the MoE, he points to three main motives of vocational education reform: to reduce the burden of private lessons for vocational qualifications; to overcome the side-effects of overheated competition for the university entrance examination; and to move from an academic clique-oriented to a capacity-oriented society. He also mentioned that the reform of the qualifications system was emphasised to build the new vocational education system in which the government, industry and the education sector were involved together.
Industrial Engineer and Craftsman. By contrast, the service group consists of Business Management (class I-III), Professional Business (class I-II) and Other Services (Master Craftsman, Industrial Engineer and Craftsman) (KRIVET 2000: 30). The NTQS is mainly focused on technical occupations, and has limitations in emerging or rapidly changing occupations such as finance or IT sectors. In addition, as the KOMA has been the state awarding body and, at the same time, the biggest public training provider, the NTQS has lacked a suitable cross-check mechanism. While the system was very effective for quantity-oriented manpower planning, it has shown serious limitations in raising quality and flexibility. Most important, the NTQS has been not only completely separate from vocational education or academic qualifications, but confined to technical qualifications under the responsibility of the MoL.

In relation to this, the KRIVET, established under the KRIVET Act in 1997, was proposed by the PCER Report of 1996 as the main institution to play a major role in building a new qualifications system. The main role of the KRIVET is not only to conduct research on VET and HRD and advise government on policies, but to be in charge of government-approved private qualifications (GAPQs). The GAPQs aim to reduce the rigidity of the state qualifications system by challenging the monopoly of state qualifications. The KRIVET assesses GAPQs every three years, and permits satisfactory awarding bodies to provide the qualifications for a further three years. In addition, it supports two Ministries, namely the MoEHRD and the MoL, and the VET Policy Commission in the process of policy-making and implementation regarding VET and qualifications.

Private qualifications awarding bodies can apply for government approval via related ministries. By February 2002, the government had approved 65 qualifications for 35 occupations with regard to 8 Ministries, including the Ministry of Finance and Economy, the Ministry of Labour and the Ministry of Information and Communications. Compared to the

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68 With regard to key functions of KRIVET, see Appendix 4.
69 http://www.krivet.re.kr/cgi-bin/qual.cgi, 5 September 2002
NTQS, this results in significant changes in private qualifications. As government approval is regarded as a kind of quality mark, many awarding bodies are competing for recognition. As a consequence, this recognition has contributed to enhancing the reputation of approved private qualifications. Therefore it seems to promote the role of the private sector in the national qualification framework and to affect national qualifications which reflect the demands of the workplace. However, the new framework may also result in another dual system of vocational qualifications, because whereas the KRIVET is in charge of the government approval of private qualifications, the KOMA is in charge of the national technical qualifications system. Therefore, the MoEHRD is preparing for new legislation regarding 'an integrated qualifications framework', including state qualifications and government-approved private qualifications together.

The KRIVET is now directly governed by the Korea Council of Humanities and Social Research (HSRC) 70, which was established under the Act on the Establishment, Management, and Promotion of Government-sponsored Research Institutes in 1999. The HSRC was specially created to supervise research institutes involved in the fields of the humanities and social sciences. The directors' board of HSRC is composed of one chairman and less than 15 directors, who are appointed by the Prime Minister. By 2002, the board members are composed of 1 minister and 4 deputy ministers from related ministries, 6 academics, 1 journalist, 2 representatives of employers, and one accountant. As this composition shows, the board is intended to "promote, foster and systematically control government-sponsored research institutes" on behalf of the government.

VI-2-3. Changes in the labour market

Since the Asian financial crisis in 1997, the high rate of unemployment has been one of the most serious issues. The unemployment rate soared to 6.8 per cent in 1998. This

70 With regard to organisation and responsibilities of HSRC, see Appendix 3.
was a real shock, because the rate had been less than 3 per cent for a decade. The most vulnerable victims were people with low levels of educational achievement. For example, the unemployment rate of those who were at least junior college graduates increased from 3.0 per cent to 5.7 per cent between 1997 and 1998, while that of low and upper secondary graduates increased more sharply from 1.5 and 3.3 per cent to 5.8 and 8.2 per cent respectively. In addition, the need for flexibility in the labour market became a serious issue. The layoffs, that were delayed to take effect in 1999 after the labour struggle against them in 1996, were introduced soon after the crisis. Lifetime employment in large firms is no longer allowed. Workers in SMEs were the hardest hit by the financial crisis. In 1998, “the average nominal wage in SMEs decreased by 2.5 per cent, whereas that in large firms was reduced by only 1.1 per cent” (You and Lee 1999: 19).

The rate of temporary or part-time employment soared dramatically from 43.3 per cent in 1996 to 53 per cent in 1999 and this become a serious issue for social cohesion (Lee, Y.H. and Kim, Y.S. 2001: 45). Normally have temporary or part-time workers been discriminated against, in wages and welfare services provided by firms, but the majority of them have been excluded from the benefits of major social insurances (Shim, S.W. 1999). With the increased rate of unemployment since the financial crisis, in 1999 the application of Employment Insurance was extended to temporary or part-time workers as well as to firms employing less than 5 employees (op.cit. p. 45). However, Employment Insurance still covered only 55.1 per cent of total wage employees in 2000. Therefore, training has been an important issue, particularly for the increasing numbers of temporary or part-time workers employed in large firms as well as for workers employed in SMEs.

The establishment of the Tripartite Commission was the one of the most significant experiences in the transition of the labour market in relation to developmental skills formation. After the economic crisis, the whole society was in shock, and there was huge pressure for economic and political change. In this context, the Tripartite Commission was set up, on the basis of the request of labour, in January 1998. Its main aim was to empower
labour to negotiate with government and management in return for allowing flexibility of labour. On a 9 February 1999 labour, management and the government reached the first tripartite compromise on social agreement; this is regarded as one of the major contributors to overcoming conflicts in industrial relations at that time. Also, at the request of labour, the Act for the establishment and operation of the Tripartite Commission was promulgated on May 1999, and the tripartite system was institutionalised on a legal basis as the Presidential advisory body.

This Commission contributed to agreement being reached between labour, management and the government on the adjustment of industrial structure and the labour market. There is no doubt that it contributed to the rapid recovery from the crisis. At the same time, the Tripartite Commission paved the way for the institutionalisation of trade unions' participation in making and implementing policy regarding industrial relations and training issues at the company and national levels. Since the legalization of the Tripartite Commission, the representation of labour has been recognized as an important issue in relation to VT. Although the mechanism is still vulnerable, because some representatives of labour and management are suspicious of the role of the Tripartite Commission, it has reached a basic agreement on training.71

This tripartite mechanism is a unique experiment in East Asia. As Sung, J. (1998) conceptualises 'developmental corporatism' with reference to Singapore, the absence of labour representation or its subordination to the state in the state-capitalist-labour relationship has been recognised as a main characteristic of 'developmental corporatism' in the East Asia. Particularly in Korea, as in Taiwan, the authoritarian state played a major role in capital

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71 See papers presented at the "Conference on the Development of the Labour-Management-Government Corporatist Model", January 25, 2002, Seoul. At the Conference, representatives of the Tripartite Commission expressed their perspectives and discussed the ways to develop it. However, the representative of the National Confederation of Democratic Trade Unions, which is the progressive one of two leading national confederation of trade unions and suggested the legalisation of the corporatist model, argued for the dissolution of the Tripartite Commission. There are two extreme perspectives about the Commission. While a part of the progressive labour criticise it as justifying the neo-liberal structural adjustment, some employers criticise it as a collectivist intervention counteracting a market economy.
accumulation and skills formation on the basis of the suppression of labour. Therefore, the establishment of the Tripartite Commission paved the way for state-coordinated partnership, particularly in relation to the labour market and training.

The Tripartite Commission is seen as a distinctive example of the effect of changing relations between the state and civil society on regulations for VET and lifelong learning under the severe pressures of globalisation and democratisation. In addition, this agreement seems to promote the engagement of trade unions in decisions on the Training Plan at the company level. By the Workers’ Participation and Cooperation Promotion Act of 1997, an employer should establish a ‘Labour-Management Council’, which it should make a decision on the ‘basic plan for education and training and competence development for employees’ at the company level. Therefore the agreement of the Tripartite Commission on training can influence the contents of these basic plans.

However, it should be mentioned that there are several weaknesses to be tackled compared to the traditional corporatist model. First, enterprise unionism places limit on the Tripartite Commission. In terms of the organisation style of trade unions, national confederations of trade unions are mainly based not on industrial unionism, but on company-based unionism. Second, although unions have been legitimised and have played a role in setting up the Commission, they have focused on wage bargaining and political struggles, and have not been prepared for negotiation on training issues. This means that it takes time to build trust between labour, capital, government and, social institutions.

As the issue of unemployment was put high on the political agendas, various active labour market policies were introduced to tackle the issues. For example, public training for the unemployed dramatically expanded until the rate of unemployment started to decrease. This paved the way for the rapid expansion of further training and lifelong learning. In addition, as social demand for a ‘social safety net’ has rapidly increased with the increasing flexibility of the labour market, particularly since the economic crisis, lifelong learning has been recognised as a means not only to prepare for the knowledge-based economy, but also to
tackle unemployment issues in the name of 'productive welfare'. In this context, new approaches to skills formation were introduced under the framework of National HRD, which emphasises the coordination between ET-related Ministries.

VI-3. Changing skills profile and skills requirements

It is well known that the rapid improvement in the skills profile has significantly contributed to the success of the Korean economy. As seen below in Table VI-1, the rates of advance in upper secondary school and higher education increased from 84.5 per cent and 27.2 per cent to 99.6 per cent and 68.0 per cent respectively between 1980 and 2000. In particular, as university enrolment quotas increased by 30 per cent in 1981, advance rate to upper secondary school suddenly increased from 27.2 to 35.3 in the same year. This change continued the academic drift towards mass higher education, while vocational education became marginalized.

<table>
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<tr>
<th>Table VI-1. Rate of Entering Higher Schools</th>
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<td>(%)</td>
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<tr>
<td>Lower Secondary School</td>
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<tr>
<td>Upper Secondary School</td>
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<tr>
<td>Higher Education</td>
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Source: Ministry of Education & Human Resource Development, Statistical Year Book of Education

By 2001, the rate of enter to higher education was more than 70 per cent, while more than 40 per cent of vocational high school graduates continued to higher education. The trend is supposed to continue, on the grounds that the 2000 survey of the expected level of education by expected students revealed that 96 per cent of registered students wanted to go to two-year junior colleges (12.8%) or universities (61.3%) or graduate schools and over
(21.9%) (National Statistical Office, Population & Housing Census 2000). In particular, since the government proposed moving the main vocational education from vocational high schools to two-year junior colleges, the nature of vocational high schools has been changing, from preparation for work to preparation for two-year junior colleges. In addition, initial public training has changed, from mainly training primary or lower secondary graduates to the level of vocational high school graduates to training upper secondary school graduates to the level of two-year college graduates.

The Korean economy has been seen as successful in reducing wage differentials in the midst of rapid economic development, on the basis of the rapid expansion of higher education. The expansion of higher education played a major role in narrowing wage differentials until the rapid economic liberalisation of the early 1990s (You and Lee 1999: 14). In other words, the rapid growth of higher education graduates contributed to the decrease of the HE degree premium. However, this process is reversing, as the demand for the highly educated, particularly in the financial and insurance sector, has increased under the process of economic globalisation (ibid. p. 14). For example, the demand for finance, insurance, real estate and business services contributed to 30.2 per cent of the total employment increase between 1992 and 1996, compared to 18.4 per cent between 1988 and 1992. Meanwhile, lower qualified labour became the main victims of the financial crisis. Therefore, priority has been given to VET policies to raise employability, or to build a safety net for the unemployed or the vulnerable in the liberalised economy.

One of the most serious structural problems is that Chaebols have exploited relatively low wages and union-free SMEs as a major means to maintain competitiveness. As a result, the productivity differential between large firms and SMEs considerably widened, from 51 per cent to 38.9 per cent between 1981 and 199572 (You and Lee 1999). According to You and Lee, the rate of subcontracting firms among SMEs drastically increased from 36.5

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72 The differential is an average labour productivity of SMEs as a percentage of average productivity of large firms employing 300 and more employees.
per cent in 1988 to 63.2 per cent in 1992\textsuperscript{73}. This means that large enterprises employed SMEs as a “union avoidance strategy” under the pressure of active trade union movements since the Labour Movement between July and September 1987 (\textit{ibid.} p. 27).

The strategy was possible not only because trade unions are based on enterprises, but because the influence and membership of trade unions is mainly dependent on the size of firms. For example, in the manufacturing sector, the unionisation rates of only 0.9 and 5.4 per cent in companies employing 10-29 and 30-99 workers respectively is starkly contrasted with that of 62.1 and 76 per cent in companies with 5000-15000 and more than 15,000 employees respectively (\textit{ibid.} p. 15). In this context, the wide wage gap and unfair subcontracts between large enterprises and SMEs has widened the productivity differential between them. For example, the productivity differential sharply declined, from 51.0 in 1981 to 38.9 in 1995 (\textit{ibid.} p. 17)\textsuperscript{74}.

As shown above, the mobilisation of trade unions has significantly influenced the demand for skills as well as the nature of the labour market. The number of trade unions and the union membership rate increased from 2,658 and 16.8 per cent in 1986 to 7,861 and 19.8 per cent in 1989 (MoL, \textit{Year Book of Labour Statistics}). Moreover, the majority of trade unions which had been subordinated to the state or employers started to be replaced by independent or active trade unions, in spite of political repression. As a result, as seen in Table VI-2, between 1987 and 1992 monthly wages in the manufacturing sector sharply increased more than 15 per cent every year while weekly average working hours declined from 54.7 to 48.7.

\textsuperscript{73} According to You and Lee, a subcontracting firms is defined as “more than 80 per cent of its total sales consist of sales to other firms, with less than 20 per cent of its sales going to end consumers” (1999: 16).

\textsuperscript{74} Average labour productivity of SMEs as a percentage of average productivity of large enterprises employing more than 300 employees.
Table VI-2. Changes in wages and working hours*

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<tr>
<td>Weely Average Hours Worked</td>
<td>54.0</td>
<td>52.6</td>
<td>50.7</td>
<td>49.8</td>
<td>49.3</td>
<td>48.7</td>
</tr>
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* Based on companies employing more than 10 persons
** Wages include regular payment, overtime payment and special payments
Source: National Statistics Office; Ministry of Labour, Year Book of Labour Statistics

In this context, the composition of persons employed by industry has significantly changed. As seen below in Figure VI-3, the proportion of workers employed in manufacturing declined from 27.8 per cent, the peak of this proportion of employed persons, to 20.2 per cent between 1989 and 2000, whilst the proportion in the utilities and services sector increased from 52.1 to 68.9 per cent during the same period. In addition, the numbers in the agriculture, forestry and fisheries sectors declined sharply from 19.6 to 10.9 per cent, during the same period, although the rate of decrease rate gradually declined after 1980.

Figure VI-3. Composition of Employed Persons by Industry

Source: National Statistical Office, Economically Active Population

The surge in trade union movements and the sharply increased wages of workers put pressure on employers to move towards skill-intensive manufacturing as well as
subcontracting or outsourcing. The pressure to increase wages originally resulted from the end of the unlimited supply of young and low-wage labour from the agricultural sector in the late 1960s and from the urban traditional sector in the mid-1970s (Lee, J.H 1996). In this context, the developmental state tried to suppress the workers' demand for wage increases or improvements in the working environment through the political repression of trade union movements in the name of 'national security'. However, ironically, the severe repression of trade union movements resulted in the mobilisation of the militant trade unions based on large firms belong to Chaebols.

In this context, with the increase of subcontracting, employers have tried to introduce new human resource management (HRM) since the late 1980s. This focused on a shift from a seniority-based system to an ability-based one. A survey conducted by the Korea Employers' Federation in 1995 shows that 283 firms out of about 3,000 with over 50 employees introduced new HRM practices, and some of the remaining companies were considering introducing them (Bae 1998:95). More firms will be seen to introduce new HRM practices in the future. The characteristics of traditional HRM, as Bae points out, have been 'seniority-based systems, rank-based grade systems, limited lifetime employment and confrontational employment relationships' (ibid. p.93). However, the limitations of traditional HRM systems have been recognized, particularly by large companies, as both internal and external economic environments have dramatically changed with severe global competition and the rapid development of technology. Therefore, particularly in relation to HRM, many companies have tried to replace traditional dual grade and post-centred systems with single grade and skill-grade systems focusing on employees' development of skill and knowledge (ibid. p. 94). The dual grade systems are based on separate promotion tracks for managerial/administrative and production employees. Neither the dual grade nor the post-centred systems could provide much motivation for the workers' skills development that is crucial in the move to value-added production. In this regard, large firms now emphasise the importance of further training rather than initial training. This change is also very important,
because they need more specialised skills and knowledge than before as well as continuously updated skills under the flexible production system.

As rapid technological changes require the new HRM approach, recruitment policy is moving to an emphasis on individual ability in relation to skills and knowledge already acquired, as recently in Japan (in relation to Japan, see Sakamoto-Vandenberg et al. 1998). Some Korean companies have started recruiting all year round rather than once a year, focusing on job-related ability. These shifts imply that companies tend to reduce investment in training; instead, work experience or qualifications will be more important. Such a trend has already been seen in some large companies since the economic crisis in 1997, focusing on employees' flexibility and skills development. In particular, as even Chaebols have become less committed to lifetime employment, lifelong learning policies are required to "construct a systematic mechanism for this life-long learning for the emerging diversified learners" (Sakamoto-Vandenberg et al. 1998:35).

However, as Bae points out, many companies are finding it a challenge to introduce a new HRM policy, because the seniority-based culture of the workplace that is deeply rooted in Confucian tradition is not congruent with such changes in HRM (Bae 1998:95). This problem seems to be closely related to the dilemma of HRM, which Green identifies in relation to industry in Japan: "it wants creative and autonomous workers with specialised skills; who are also co-operative workers with a high level of general skills" (op.cit. p. 30). Therefore, to promote skills development at the company level, it is important to overcome the tensions between individuality, based on specialised skills, and collectivism based on co-operative working relations. In this respect, it is also required to encourage the role of trade unions in promoting skills development and lifelong learning.
VI-4. Current issues in VET and lifelong learning

As seen in the above sections, since the civilian government came to power institutional structures for VET and lifelong learning have been in transition. Some major issues facing the VET system have arisen in the process of transition:

first, whether to continue to use a centralised manpower projection approach to decision-making that reflects a generally interventionist stance on matters concerning education and training; second, problems in keeping vocational education and training institutions relevant in a rapidly growing and changing economy; and third, deeply rooted social factors, e.g. high social demand for university education. (Ihm 1999:318)

As this writer points out, main challenges for policy making have been how to deal with these issues in the rapidly liberalised economic context. In this regard, lifelong learning policies seem to focus on building an ‘innovative’ skills formation system to modify or replace the developmental skills formation system. The sudden emphasis on national HRD policies needs to be understood as a way to deal with these issues.

Therefore, the changes mentioned in the above sections can be analysed in this perspective. First, the most significant change is the abandonment of enrolment quotas. This means that the social demand for university education should be encouraged as a catalyst for building the innovative skills formation solving the problems of continuously upgrading the education and training system. A shift is seen in the regulatory regime, from demand-oriented planning to supply-oriented coordination, with stress on the ‘knowledge’ economy. In this regard, central government is required to play a major role in creating an infrastructure to facilitate lifelong learning, mainly depending on ‘information networks’. Social partners are also encouraged to play a role in delivering education and training, mainly on the basis of ‘voluntary partnership’. Finally, individuals are expected to be ‘lifelong learners’ with the major responsibility to participate in and pay for higher education.

Lifelong learning seems to be regarded as a panacea for both social and economic troubles. However, it is worth questioning how long the social demand for university education can continue to be a driving force to build a high skills society without a proper
return for learning. In 2000, the rate of employment of university graduates was only 55 per cent, while almost 68 per cent of upper secondary school graduates were enrolled in higher education.

More important, lifelong learning policies need to be based on a more holistic rather than a narrowly divided approach, which separates adult vocational training from liberal adult education. While educationalists tend to emphasise liberal adult education, industry or economists are likely to stress vocational training in the name of HRD in the Korean context. This is partly because, as seen above, education and training have been completely divided in terms of the funding systems. It is partly also because the meanings of education and training have been narrowly and separately defined. For example, while education deals with knowledge or values at schools or universities, training is confined to the narrow meaning of technical or vocational skills used at a workplace or training centres. Therefore, education has been identified as rewarded by an 'academic diploma' and highly educated people are respected. By contrast, training has not been recognised in terms of a 'diploma' and has been less valued than education. However, this problematic division between education and training is now challenged, not least because the boundary between education and training is becoming blurred in the information age. Thus, a broader approach to lifelong learning is required, and it would contribute to reducing the side-effects of the overheated competition in the university entrance examinations.

In addition, the stress on values in schools has been mainly skewed towards 'loyalty to authorities' or 'conformity', without encouraging critical thinking or democratic citizenship. Therefore democratic citizenship education is now required in the transition of developmental skills formation. It is worth mentioning that lifelong learning has started to play a role in promoting local participation in building new local societies for the 21st century in Korea (Kwangmyung-Si 2001). Kwangmyung-Si has been one of the forerunners of building lifelong learning cities by proclaiming itself a 'lifelong learning city' in 1998, and investing in building an infrastructure according to its "Five-year Lifelong Learning Plan".
The Lifelong Learning Institute built according to the Plan is expected to encourage residents on the basis of democratic citizenship, to participate in 'local society building' as well as in learning or training.

As local societies need more democratic and active citizens since the establishment of elected local governments, citizenship is also required for new skills formation, particularly in the transition from an authoritarian society to a democratic society. As Green argues, East Asian skills formation includes such key features as "[c]entral control, planning, and stress on values and core skills" (Green, A. 1999a: 257). This means developmental skills formation requires "situational nationalism", with stress on values as well as the "developmental state" for central control and planning (Castells 1992). In this regard, education plays a major role in perpetuating and instilling situational nationalism in people's minds. Therefore, in the Korean context, changing skills formation seems to go along with the new 'values' required for consensus building, as well as the new 'institutional structures' required for coordination. Moreover, suitable knowledge, skills and attitudes all are seen to be essential for work as well as a richer life in post-industrial society. This is the reason way the approach to lifelong learning needs to be holistic, bringing education, training or vocationalism and liberalism together on the basis of democratic citizenship in Korea.

The emerging issues facing changing skills formation can be summarised in four points. Firstly, the institutional structures for central control and planning have changed since the mid-1990s. The Economic Planning Board (EPB) for central control and planning was demolished. Since then, the enrolment quota system based on the interests of economic planning nearly disappeared. As a result, the 'vertical' mechanism of manpower planning, as the main driving force of VET system under the EPB, needed to be replaced by a more 'horizontal' mechanism for coordination at the central government level. At the same time, as the civilian government emphasised the deregulation of the VET system, private or voluntary organisations were encouraged to participate in the delivery of VET and lifelong education.
However, it is still unclear how the new mechanism for coordination can promote the participation of social partners in making and implementing policy.

Secondly, the VT system has changed, from initial training-oriented to further training oriented, emphasizing client-centred VT and more choice for employers and employees. The Employment Insurance System, with the enactment of the Vocational Training Promotion Act in 1999, has substantially contributed to a rapid increase in further training for employees. As a consequence, the VET system has become placed as the main part of the lifelong learning policy framework, focusing on the establishment of a lifelong VET system. However, as the VET is failing to encourage SMEs to participate in training, the gap between big firms and SMEs become gradually deeper.

Thirdly, the representation of labour has been recognized as an important issue in relation to VT, particularly since the legalization of the Tripartite Commission. The Commission was designed to build consensus between labour, management and the government in 1999. This tripartite mechanism is a unique experiment in the East Asia. The Tripartite Commission is a distinctive example of the effect of changing relations between the state and civil society on regulations for VET and lifelong learning under the pressures of globalisation and democratisation. The commission reached a basic agreement on training. In which seems to promote the engagement of trade unions in decisions on training plans at the company level. By the Workers’ Participation and Cooperation Promotion Act of 1997, an employer should establish a ‘Labour-Management Council’ which should make decisions on the basic plan for education and training for employees at the company level. Therefore the agreement of the Tripartite Commission on training is increasingly important in promoting training at the company level. However, the tripartite mechanism is still vulnerable because a part of representatives of labour and management are suspicious of the role of the Tripartite Commission. Another serious issue regarding the prospect of the Commission is the fact that national confederations of trade unions are based not on industrial unionism, but on company-based unionism.
VI-5. Changing institutional structures of VET and lifelong learning

As argued above, the shift in the regulatory regime of developmental skills formation can be analysed as follows. Firstly, the university enrolment quota system has been almost abandoned, and direct state coordination of the demand for and supply of skills was significantly weakened. The Government also had to abandon the plan to expand the enrolment ratio of vocational upper secondary schools. As a result, higher education was suddenly put in the market place, and experienced a dramatic expansion during the 1990s. For example, the higher education enrolment rate of high school graduates in 2000 was more than double that in 1990, and reached 68 per cent. Moreover, that of vocational high school graduates dramatically increased, from 8 per cent to 42 per cent during the decade, with most of them enrolling in junior colleges. By contrast, the mismatch between the demand for and the supply of university graduates has been a serious social issue regarding skills formation. The rate of employment of university graduates was only 55 per cent in 2000, which was very low compared to that of junior college graduates, 77% in the same year.

Secondly, the training levy system was replaced by the Employment Insurance System (EIS) which depends on financial contributions from employers and employees. Since then, with the enactment of the Workers' Vocational Training Promotion Act of 1997, the focus of training has moved from government-led initial vocational training (IVT) to continuing vocation training (CVT) at the workplace. The EIS has contributed to the rapid increase of employer-led training on a voluntary basis. In this context, the driving force for vocational training has changed from public training to employer-led training.

Thirdly, institutional structures or networks for social partnership have gradually been built to replace the state coordination system. For example, the VET Policy Commission was legitimised to institutionalise the participation of social partners, particularly in promoting the new framework of qualifications. New government-coordinated private qualifications were introduced, to complement the rigid state-driven qualification system.
More important, the Tripartite Commission was set up to promote social partnership in labour market reform. Recently it started to be interested in training, and reached basic agreements on the participation of trade unions in training. In addition, since the establishment of provincial education councils as well as elected provincial and local governments in 1995, the delivery of education and training has been gradually devolved to provincial education offices or local governments.

Fourthly, the Ministerial Meeting on HRD was established to coordinate policies on human resource development, emphasising the more indirect and horizontal coordination of the supply-side of education and training. According to the Basic HRD Act of 2002, the main role of the Ministerial Meeting is to discuss and decide the "Five-year Basic Plan for HRD", Ministerial annual action plans and their implementation. However, the Ministerial Meeting is not allowed to allocate the budget for coordination. Therefore, the mechanism seems to depend on the evaluation system, information networks, and networking between research institutes and education providers and HRD-related organisations. More important, the role of local governments is emphasised in relation to implementing HRD policies. Also, non-governmental experts are allowed to participate by setting up "Sector Professional Committee" under the Ministerial Meeting, in reviewing agendas for deciding policies.

For a more systematic analysis, the shift in regulatory regime can be explained by using a table, as seen below in Figure VI-4.

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75 For the changing education system in Korea, see Appendix 2.
76 The Ministerial Meeting on HRD was later legitimised by the Basic HRD Act, when the Act was passed by the National Assembly in 2002.
### Figure VI-4. Shift in regulatory regime

<table>
<thead>
<tr>
<th>Classification</th>
<th>Developmental Skills Formation</th>
<th>State-coordinated Partnership</th>
<th>Effects</th>
<th>Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>Enrolment quota (The EPB)</td>
<td>Abandonment of enrolment quota</td>
<td>Marketisation and dramatic expansion of HE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>KOMA</td>
<td>VET Policy Commission</td>
<td>Participation of social partners in policy</td>
<td>VET Promotion Act of 1997</td>
</tr>
<tr>
<td></td>
<td>Surveillance of trade unions</td>
<td>Labour-Management Council at workplace</td>
<td>Legitimisation of role of trade unions in training</td>
<td>Workers' Participation and Cooperation Promotion Act of 1997</td>
</tr>
</tbody>
</table>

### VI-6. Conclusion

This chapter explored how skills formation had been changing from the developmental to the state-coordinated partnership model since the early 1990s, mainly focusing on changes in the regulatory regime of developmental skills formation. In Korea, developmental skills formation used to include such key features as the enrolment quota...
system based on manpower planning, training levy and stress on discipline, and oppression of trade unions. Under the pressure of democratisation and globalisation, skills formation has moved through two different phases. First, as seen in the PCER Reports, the Civilian Government between 1993 and 1997 emphasised the transition from the developmental to the liberal skills formation system (PCER 1997). The government gave up manpower planning based on the quota system and encouraged diversity and competition between providers in the light of client-centeredness.

Secondly, the People’s Government between 1998 and 2002, paved the way for state-coordinated partnership in tackling the Asian economic crisis. For example, the Tripartite Commission was established in response to the pressure of the IMF for the labour market flexibility. The new framework for skills formation can be characterized by state-coordinated partnership, because it emphasises the role of the state in promoting the involvement of social partners in education and training.

However, with regard to this transition in skills formation, some current issues arise. First, the division between vocational education and qualifications and the labour market prevents holistic approaches to lifelong learning from being implemented. For example, as the role of the MoE and the MoL is pivotal in promoting partnership between vocational schools and employers, a cooperative administrative system of VET is prerequisite for this partnership. Second, the Ministerial Meeting without funding allocation power may find it difficult to coordinate different Ministries when their interests are in confrontation. Therefore, to secure a broad partnership across Ministries’ boundaries, the Ministerial Meeting should have a means to influence each Ministry. Third, with the rapid economic liberalisation after the economic crisis, social cohesion has become a major issue in relation to skills formation and lifelong learning.

Therefore, in building the framework for new skills formation, the holistic approach to lifelong learning needs to be emphasised. Knowledge, skills and participatory citizenship all have to be recognised as essential for maturing democracy as well as preparing
for the knowledge-based economy. In this regard, the approach to lifelong learning is required to bring liberal education, training and democratic citizenship education together in Korea.

In next chapter, the change from the developmental to the state-coordinated partnership skills formation will be explored on the basis of the analysis of interview data.
Chapter VII: Developmental skills formation in transition: Towards the state-coordinated partnership model in Korea

VII-1. Introduction

This chapter analyses the interview data collected in preliminary and final fieldwork undertaken in Korea during the periods between 27 June and 14 August 1999 and between 5 September and 30 September 2002. Before analysing the collected data, the research methodology and theoretical framework will be briefly explained, to address the theoretical basis of the systematic analysis. With regard to research methodology, which was partly addressed in the research design section of Chapter I, several considerations are discussed, mainly focusing on the advantages of using qualitative research with semi-structured interviews in my work on my thesis. As for the theoretical framework, the concept of 'state-coordinated partnership' is suggested to explain the moving direction of skills formation and the emerging framework of lifelong learning.

The main part of this chapter is designed to provide more concrete evidence on the state-coordinated partnership in skills formation which has been theoretically conceptualised in the previous chapters mainly on the basis of the document analysis. Particularly, the chapter points out that the Tripartite Commission is a distinctive example of how the Korean economy has successfully responded to the challenges of globalisation and democratisation. Although its social foundation is still weak and fragile, it is certain that the institution paved the way for social partnership in industrial relations and skills development. Moreover, the Tripartite Commission is expected to play an active role in skills formation as well as industrial relations because the President, Roh, Moo-hyun, has showed his emphasis on its role since he was elected in December 2002.

78 See OECD (2001), The World Economy: A millennial perspective. “Korea has a history of successful accommodation to external shocks, and in 1999 per capita income bounced up by 9.6 per cent” (P.148).
In addition, the chapter points out that changes in skills formation in Korea are undergone in the context of political and economic change, and the approach to lifelong learning is likely to be increasingly holistic, including political and educational as well as economic, than narrowly skills- or economy-oriented.

VII-2. Research methodology II: qualitative research and semi-structured interviews

As explained in the introduction chapter, this study adopts a qualitative research method, and is mainly based on documentary analysis and semi-structured interviews.

VII-2-1. Semi-structured interviews

The interview as a research technique is used to gather information through direct verbal interaction between interviewer and interviewee. As Cohen and Manion indicate, the interview serves three purposes: as "the principal means of gathering information having direct bearing on the research objectives"; and as a device "to test hypotheses or to suggest new ones"; as a method to triangulate "with other methods in a research undertaking" (Cohen and Manion 1994:272-3). With regard to my study, interview data are independently informative, as well as valuable in conjunction with the method of document analysis.

As mentioned in the research design section of the introductory chapter, this research employed semi-structured interviews based on open-ended questions to gather information clarifying the research questions, as well as to collect important data that are very difficult to obtain by other methods. The semi-structured interview is attractive and widely used because it can "supply a frame of reference for respondents' answers" with "a minimum of restraint on answers and their expression" (Cohen and Manion 1994: 273). Compared to the semi-structured interview, the structured interview allows the interviewer little freedom to modify the content, sequence and wording of the questions, because they are
determined in advance. By contrast, an unstructured interview is an open situation without any restraint on answers. In a semi-structured interview, interviewees are allowed to express their viewpoints “in a relatively openly designed interview situation [rather] than in a standardised interview or a questionnaire” (Flick, U. 1998: 76). It is also regarded as the “more economic way”, if the main aim of the interview is to collect data including “concrete statements about an issue” (ibid. p. 95).

In particular, in my research, the semi-structured interview allowed deeper understanding, within a limited period of preliminary and final fieldwork, of the different positions of social partners or groups regarding the emerging framework of lifelong learning than any other method of data collection. The method was appropriate because the main aim of the empirical study was to provide the concrete evidence to explain changing modes of regulation, which have been analysed in the previous chapters on the basis of documents.

The preliminary interviews were carried out to understand different groups’ perceptions of the emerging framework of lifelong learning, as well as to collect documentary data on the lifelong learning policies and practice in which interviewees were involved. The 25 interviewees were mainly composed of policy-makers, NGOs and academics. The interviews were noted without tape-recording, to encourage open discussion. The interview notes and documentary data collected from interviewees were important sources in preparing for the final fieldwork as well as in writing the chapters of documentary analysis.

On the basis of the preliminary interviews, the final interviews were designed to gather deeper information, required not only to provide evidence regarding the changing modes of regulation of VET and lifelong learning, but to deepen my interpretation. In particular, a set of interview questions was focused on the cases of the KRIVET and the VET Policy Commission, which were established by the Education Reform Acts of 1997. However, other interview questions were adjusted to the different groups of interviewees, to gather relevant information, as well as to explore the different positions or viewpoints about the emerging framework of lifelong learning.
The 25 interviewees can be classified into 5 groups: composed respectively of 4 policy-makers, 3 representatives of trade unions, 3 senior members of staff (2 from employers' organisations, 1 from one of the largest firms in Korea), 6 researchers in research institutes, 6 senior members of staff of public or private training providers, and 3 academics.

In the interviews, I attempted to examine and compare different social partners' demands for lifelong learning policies and their different approaches to lifelong learning in this time of transition in skills formation. Therefore, interviewees were carefully selected to represent policy makers, various social partners and institutions.

First, four policy-makers were chosen from the Presidential Office and the two Ministries of Education and Labour, the main Ministries regarding education and training. Two were from the Presidential Office and the MoL, two were from the MoE(HRD).

Secondly, three trade union leaders were from the FKTU and the KCTU, which are rivals; one was from the headquarters of the FKTU, two from the Korean Teachers' Union (KTU), Chunkyojo, which is one of the biggest trade unions of the KCTU. In addition, two interviewees from the vocational education committee, the KTU, were representatives of commercial high school teachers and technical high school teachers respectively.

Thirdly, three senior staff members of enterprises were from the Korean Employers Federation (KEF), the biggest employers' organization, and the headquarters of the SMEs' association and Samsung Electronic Co. respectively.

Fourthly, six researchers from government-sponsored research institutes were from the KRIVT, the KLI and the KEDI, which are the main institutes for education, training and industrial relations. Three of the KRIVET researchers were interviewed. The KEDI is the oldest education-related government research institute and is in charge of lifelong education centres; the interviewee is in charge of the Credit Bank system. By contrast, the KLI is the government research institute regarding industrial relations and training.

Fifthly, the six interviewees who are training providers included public, voluntary and private training providers. Thus, while two were from the KOMA (the government
training provider and qualifications awarding body), two were from the KCCI, the largest employers’ organization and public training provider. In addition, two were from one of the Women’s HRD Centres, which are publicly funded voluntary organisations, and from a private training provider.

Finally, it is worth mentioning that the Internet was very helpful for following up sources related to the interviews. These kinds of sources were used in preparing for the interview, understanding and interpreting what people had to say, and triangulating interview data.

VII-2-2 The collection and analysis of data: validity and triangulation

As mentioned in the introductory chapter, the main purpose of this empirical study is to analyse, historically, why and how developmental skills formation has changed under the challenges of globalisation and democratisation. The data for this empirical study have been gathered through two methods.

One was the use of documentary and electronic materials, including policy documents, papers on the proceedings of conferences, journals and books, as well as web-based articles. Korean government resources were mainly obtained from the policy makers or members of research institutes who were interviewed. In addition, access to government documents has become easier, due to the enactment of the Open Information Act, which allows open access to government documents, and later the launch of the virtual government in November 2002.

The other method was the conduct of interviews to collect data regarding current policies and their implementation, mainly on the basis of two periods of fieldwork. The semi-structured interviews undertaken during the preliminary fieldwork were very open, with little restraint on answers, and without tape-recording, because they were designed to provide a comfortable situation for interviewees to express their viewpoints. By contrast, 17 out of 25
semi-structured interviews during the final fieldwork were tape-recorded as well as noted\textsuperscript{79}. Eight interviews were not tape-recorded because five interviewees wanted not to be recorded, whilst three were interviewed by telephone. It is worth mentioning that among the 17 interviewees, all the four interviews with policy-makers were tape-recorded. Trade unions leaders also cooperated in interviews, and kindly provided their own documentation.

All interviews were transcribed in Korean. In addition, one transcript of the interview was completely translated in English and other transcripts were partly translated in English for quotations. The analysis of interview data was based on transcripts and triangulated sources.

To enhance validity, the triangulation method was adopted. First, in collecting and analysing data, I compared a variety of data sources such as academic papers, government policy documents, Internet website articles and interviews. Secondly, the different perspectives or positions of social partners were triangulated to construct an accurate multidimensional explanation of how they interrelated. Thirdly, it is worth mentioning that the rapidly developed Internet sites of the government, trade unions, research or training institutions and mass media have been helpful for the comparison of the different views of social partners, as well as being additional sources of information.

VII-3. Theoretical framework for interview data analysis

While the previous chapter examined the transition in developmental skills formation and its effects on the framework of lifelong education and learning mainly on the basis of documents, this chapter will investigate the transition and its effects on lifelong learning by analysing interview data. In the dramatically changing context, how has the developmental skills formation system in Korea been changing? Does this research suggest that skills formation is moving towards the market-driven Anglo-American model? Or it

\textsuperscript{79} In fact, I interviewed 26 persons, but one researcher agreed to have a meeting with me for one hour on the
suggest that skills formation is moving towards another East Asian model, reflecting changing relations between the state and civil society under the severe pressures of globalisation and democratisation? To look at the transition, it is very important to examine how the regulations of VET and lifelong learning have changed, focusing on the actual mechanism of skills formation in Korea.

The interview data analysis mainly examines whether the state-driven planning model has been changing into a state-coordinated partnership model in Korea; analysis is focused on changes in the regulations of VET and lifelong learning since the civilian government came to power in 1993. This government proposed unprecedented broad blueprints for Education Reform, entitled PCER Reports, and launched the structural reform of VET systems, stressing the advent of “globalisation” and an “informational society”.

The reform proposals may be characterized by the key concept of ‘client-oriented’ education and training. They emphasized deregulation, pointing to the problems of the rigid education and training systems which resulted from state-driven planning and centralized control. In addition, the main purpose of VET reform was to overcome academic drift, by providing access to higher education for vocational high school graduates. Lifelong education policies were also proposed as the main means for curing the diploma-disease by providing various alternative routes to higher education, such as the Credit Bank system. As a consequence, the main bases for vocational education moved from vocational high schools to junior colleges and the advancement rate to higher education has dramatically increased.

Compared to European countries, the rapid expansion of higher education may be the main distinguishing characteristic of Korean lifelong education policies at this stage. This may be characterized by ‘humanistic or liberal approach’ to lifelong education, reflecting the academic-oriented education system. Government policies to expand vocational education at the secondary level were given up in the mid-1990s because it was impossible to prevent an increasing social demand for higher education. As a consequence, the focus of vocational

condition of not being included as formal interviewees.
education reform changed, from building partnerships between vocational high schools and enterprises to linking vocational high schools and junior colleges, as well as to building partnerships between junior colleges and enterprises. The government stressed the role of junior colleges, emphasising the importance of vocational higher education in the advent of the information society. The policies contributed to the rapid expansion of higher education in the 1990s.

By contrast, the nature of vocational education at the high school level has increasingly changed, from ‘vocational education for job’ to ‘preparatory education for vocational higher education’. In this context, educational policies to develop partnerships between vocational high schools and industry were unsuccessful because enterprises were not enthusiastic about long-term relationship with vocational high schools. For example, when the 2+1 system, in which vocational school students study at school for 2 years and are trained at enterprises for their final year, was introduced, it soon confronted the criticism that employers regarded it as a means to exploit cheap labour rather than as training. Therefore, for successful VET reform, it is prerequisite to build a social basis which supports the new framework. This is the reason why approaches to lifelong learning in Korea should be holistic, including political and educational as well as economic approaches.

However, the financial crisis in 1997 was another turning point in skills formation and lifelong learning because of drastic changes in the labour market. Under the pressure of the IMF’s structural adjustment programmes, the process of economic liberalization was accelerated and the rate of unemployment soared. As a consequence, the government was engulfed in solving urgent issues of economic restructuring and unemployment. The government did its best to develop the ICT industry in order to create jobs, and enhance economic competitiveness. Investment in human resources was also emphasised as the main driving force to cope with the challenges of the knowledge-based economy. Since then, lifelong learning has been emphasized as a main means to promote economic development as well as social development or personal fulfilment. In particular, government played a major
role in bringing social partners together to participate in economic reform and prepared the way for the new framework of skills formation and lifelong education.

From this stage, lifelong education started to be recognized as the main means to build the new framework of skills formation as well as participatory civil society. While humanistic or liberal approaches to lifelong education had been dominant in a discourse on lifelong learning until the mid 1990s, a vocational approach to lifelong learning has also been emphasized, with the concept of national HRD, since the late 1990s. However, different approaches to lifelong learning have been rarely connected in a divided education and training system, which may be characterized by the division of the MoE and the MoL. This means that the divided system has contributed to the prevention of holistic or comprehensive approaches to lifelong learning.

After the analysis of interviews and documents mainly collected from interviewees, this chapter suggests the term "state-coordinated partnership" in order to characterize the transition of the developmental skills formation in Korea. In my thesis, the concept of state-coordinated partnership is defined as a way of organising skills formation on the basis of both the role of the central government as the strategic planner and institutional coordinator and the increasing role of stakeholders in policy-decision and implementation. With regard to the state-coordinated partnership model, two major factors will be examined: the central government and the social partners. The main characteristic is that the role of central government has changed from the direct control of the whole process to strategic policy-decision and coordination. In this regard, it plays a major role in institutionalising partnership, in three main areas: first, determining the roles of partners through regulations; second, creating intermediary bodies for partnership such as the Tripartite Commission; third, providing incentives for key parties to participate in implementation. The state-coordinated partnership is also characterized by the increasing role of social partners, particularly in the process of implementation. Because capital and labour have increased their influence on
policies in the context of globalisation and democratisation, the support of social partners is essential for the successful implementation of policies.

This chapter examines both policy and practice levels of VET and lifelong learning, focusing on the changes in the regulations of funding, the qualifications framework and the labour market. It mainly investigates changes in institutional structures of developmental skills formation, such as commanding institutions, the centralised education and training system, and a labour control mechanism. The institutional analysis will contribute to a systematic understanding of transitional skills formation in Korea. As a consequence, it is necessary to examine the weakness as well as the strength of the developmental state approach to skills formation under the severe pressure of globalisation and the highly mobilised civil society. In this relation, this study tries to examine the dynamic power relations between the state and other stakeholders, in order to analyse the driving force of new skills formation without neglecting the conflicts between stakeholders, including capital and trade unions.

To investigate the changes in the regulations of VET and lifelong learning, the interview data analysis addresses in more detail what the central government has abandoned or established, and the effects on VET and lifelong learning. The interview data analysis is categorized into three main parts: dealing with qualifications, funding, and the labour market. In the first part, the new qualifications framework is explained on the basis of the KRIVET and the Credit Bank system. Secondly, the Employment Insurance System is discussed, chiefly as a replacement of the training levy system. Thirdly, the Tripartite Commission is critically examined, and it is claimed as the main characteristic of the emerging state-coordinated partnership model.

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80 Recently, western academics have started to point to the weakness of the development state and of developmental skills formation since the financial (or economic) crisis in south-east Asia. See Castells (1998), Brown, Green and Lauder (2001).
VII-4. Analysis of changes in the regulations of VET and lifelong learning in Korea

This section explores challenges facing the VET system since the 1990s, and examines the new regulations for VET and lifelong learning designed to cope with these challenges, on the basis of the analysis of interview data. It shows that the focus of VET and lifelong learning policies have been moving from developmental skills formation to increasing the involvement of social partners. As mentioned in Chapter V, the Kim, Young-Sam government paved the way for the demise of developmental skills formation, emphasizing the challenges of globalisation. By contrast, while the Kim, Dae-Jung government was struggling to overcome the Asian economic crisis, it laid the cornerstone for state-coordinated partnership on the basis of involvement of social partners and civil associations. This is partly because government needs the support of social partners and civil associations in continuing democratic reform as well as overcoming the economic crisis. It is also partly because particularly trade unions and active civil associations started to recognize the role of democratic government in relation to social cohesion and institutionalisation of social partnership. This means that government and social partners and civil associations have been increasingly changing their relations in response to challenges of democratisation and globalisation.

Therefore, interview data analysis is focused on how regulations of qualifications, funding and the labour market have been changing on the basis of changing relation between the state and civil associations.

VII-4-1. Changes in the regulations for qualifications in VET and lifelong learning

Analysis of the interviews on regulation of qualifications will be focused on investigating how the national qualifications system and delivery mechanism have changed with regard to skills formation and lifelong learning. In addition, problems over qualifications will be discussed mainly with regard to the "mismatch between the qualifications an
employee actually possesses and the qualifications that are required for the performance of a specific job within a specific labour organization" (Brandsma 1999:74). Moreover, the problems will be analysed in terms of the demand side as well as the supply side.

VI.4.1. Challenges facing the VET and vocational qualifications system

The government and social partners have come to agree that the national qualifications system has serious problems, although their stresses are different. For example, large firms have been complaining about the low quality of VET and vocational qualifications in relation to rapidly changing technologies.

Although the national technical qualifications system is still valid, they have had serious problems regarding their qualities. Re-education or continuing education has been required when qualifications holders have been employed. Moreover, some qualifications, such as bookkeeping, are no longer necessary due to technical changes. However, they still remain as national qualifications. (EM3)

This complaint is related to the mismatch between the qualifications which a labour market entrant possesses and the qualifications which a large firm demands for a specific position. The senior manager from the largest company in Korea continued to criticize the low quality of the public training system.

The huge amount of money from the Employment Insurance Fund has been wasted. For example, a lot of money is spent on training the unemployed. However, because the quality of training is low, it does not contribute to employment or enhancing the competitiveness of enterprises. (EM3)

As seen above, the criticism by large firms has been mainly focused on the low quality of VET and rigid NTQs, stressing the changing demand for high skills. In this regard, compared to SMEs, large firms tend to recruit a highly qualified workforce and to invest in long-term on-the-job training because they can employ overqualified labour with only a small amount of extra pay81.

81 According to a document of the MoL, entitled "Imgeum[Wages]", by 2000, the wages of two-year college graduates were only 3.4 per cent more than those of high school graduates (MoL 2002).
By contrast, SMEs complain of the difficulties in recruiting a young workforce regardless of their qualifications, let alone the quality of VET. An interview with a member of staff of the SME employers' organization showed the serious situation.

SMEs find it difficult to recruit employees amongst trainees from public training because trainees are likely to get a job in large firms. ... Particularly, in case of three D [dangerous, dirty, difficulty] industries, they mainly depend on foreign industrial trainees or migrant workers. It is difficult to recruit a young workforce with advertisements.

While SMEs are eager to employ graduates of public training institutes or technical high schools, they tend to avoid SMEs even when it is very difficult for them to find a position in a large firm. Briefly speaking, the polarization of the labour market is one of the most serious problems facing the Korean skills formations system.

More seriously, as the esteem of VET worsens due to the impression that it leads to a 'low wages and hard work' job, youths increasingly avoid VET programmes. In addition, if young people get work as soon as they graduate from a vocational school, their status seldom changes, although they may later get a first degree on the basis of part-time study. This is one of the main reasons why the advancement rate of vocational school graduates is so high. In this context, the government changed the centre of vocational education from the high school to the junior college level, emphasizing the lifelong VET system. The policy has contributed to accelerating the advance of vocational high school graduates to higher education. Therefore it is not surprising that a vocational high school teacher criticized the lifelong education policy focusing on the expansion of higher education.

Lifelong education is likely to be misunderstood as advancing directly from vocational high schools to higher education (TU2).

The emphasis on junior colleges resulted in a reduced investment in vocational high schools, and the esteem for vocational high schools has deteriorated (TU2; TU3). As a technical high school teacher argued, the majority of technical high school graduates hope to
continue to study at a junior college or a university, avoiding the lowest and hardest employment.

The reason why the advancement rate of vocational schools is so high is that educational attainment (or a degree) is a major factor in deciding the salary level or promotion, as well as decisions on marriage or the evaluation of an individual (TU3).

In this context, it is not surprising that the purpose of the vocational high schools has been gradually changing, from preparing for work to the last resort for access to higher education.

In addition, as the rate of advancement to higher education reaches nearly 70 per cent, the public training institutes have experienced difficulties in recruiting trainees, because these institutes have mainly targeted those who left school earlier. For instance, as a teacher at a public training institute said, trainees are ashamed to take a vocational training course, although it allows them an opportunity to get an associate degree almost free of charge.

Vocational training institutes are facing difficulties in recruiting trainees, because trainees feel shame about the lower prestige or social reputation of vocational training compared to formal education. (PUP4)

Policy-makers also admitted the problems of VET and national technical qualifications, although their focuses are different depending on their ministries. For example, policy-makers from the MoE or the Office of the President pointed to the rigidity of the NTQ system, stressing the need to combine vocational education curriculum and NTQs.

The national technical qualifications were regarded as very exclusive and problematic in adapting to the changing demand of industries. Therefore, the private qualifications system was introduced to vitalize the NTQ system. (PM1).

Setting up the mechanism to relate vocational education, and qualifications to the labour market has been more important than anything else. (PM2)

The main purpose of the qualifications reform was to cope with the rigidity of the national technical qualifications system. (PM3)

These policy-makers were mainly focused on the supply side of VET and qualifications. On the other hand, a policy-maker from the MoL emphasized on-going
training reform, changing from standardized training to a client-oriented training system in response to the changing demand of employers.

Until the late 1980s, vocational training had been something like making the same products according to standardisation. But now, tailored or client-oriented training is more required than standardised training. (PM4)

However, he also focused on the supply side of training, and addresses the dilemma of matching the vocational curriculum with employers’ demands in relation to qualifications, explaining the case of IT-related occupations.

During the updating of vocational curricula, qualifications become obsolete (PM4).

It is interesting that while employers or policy-makers stress the problems of VET and qualifications mainly in the light of provision, trade unions or providers seem to stress the problems of the labour market and lower esteem for VET. Therefore, both the supply and the demand side of skills formation need to be considered in order to understand why the VET and qualifications problems have become so serious.

More important, since the Asian economic crisis, even large firms are likely to reduce investment in long-term training and prefer experienced workers to inexperienced labour market entrants. During the period of rapid economic development, in return for governmental support for large firms they had been under pressure to “take considerable responsibility for the social welfare of their employees”, including investment in long-term training (Stiglitz 2002: 10). For example, while the government provided initial training based on broad basic skills and disciplines, large firms provided long-term employment as well as long-term specific job training. However, the enforcement of the IMF structural adjustment programmes released firms from that responsibility, without promoting alternative social welfare systems to cope with the problems posed by a market system (ibid. p.36). As a consequence, there was a sudden dramatic increase in atypical jobs and in unemployment, and the transition from school or university to work became difficult.
In explaining the purpose of reforms in qualifications, a senior researcher of a government-sponsored research institute pointed to the limitations of developmental skills formation in the changed economic context.

Five Year Economic Development Plans were based on a developmental model of catching up with developed countries through compressed development within a short period. Therefore, it is certain that providers played a crucial role. However, the state-driven model started to reveal limitations. Therefore, private sectors are encouraged to participate in the qualifications system (RE1)

The main problems of the state-driven qualifications system have been inflexibility of national qualifications and the quality mismatch between provision of and demand for qualifications. In this context, the three Vocation Education Acts – the VET Promotion Act, the KRIVET Act and the Basic Qualifications Act – were enacted to cope with problems of the state-driven VET system, on the basis of partnership with industry. However, under the previous governments, the partnership had slowly been institutionalized to involve social partners. For example, although trade unions were allowed to participate in policy decisions by the VET Promotion Act, institutions for social partnership were established very late. Korean experience shows that, in the democratic transition, while the process of deregulation is comparatively fast, developing partnerships based on a new consensus is very difficult and takes a long time. Therefore the Roh Moo-hyun government has recognized that the state has an essential role, not only in reducing the rate of atypical jobs, which has soared since the structural adjustment under the pressure of the IMF, but also in involving social partners in labour market reform and skills formation. This partly explains why the government acknowledged its direction as an “effective and enabling government” when it came to power, and why it struggles to attract the attention of social partners in building new framework for skills formation.

As the PCER Report acknowledges, the main purpose of the VET reform has been to build a ‘lifelong VET system’ based on the connective vocational qualifications system. In
this regard, the VET Promotion Act was intended to promote 'school to work transition' and 'work-based learning', building a new framework for vocational qualifications on the basis of the VET Policy Commission and local VET Committees at the central and local levels. In addition, the KRIVET was established by the KRIVET Act and the Basic Qualifications Act has broadened the qualifications framework, including GAPQs. Therefore the VET policy Commission, the KRIVET and GAPQs will next be examined, to explain how the vocational qualifications system has changed.

1) The VET Policy Commission

As mentioned above, the qualifications issue has been at the heart of VET reforms. In this regard, the VET Policy Commission was proposed by the VET Promotion Act as the main body to lead the qualifications reform.

As an organization to govern the whole VET system, in 1997 the VET Policy Commission was proposed ... to build the new VET system, taking the initiative in the qualifications reform (PM1).

The VET Promotion Act, which replaced the Industrial Education Promotion Act of 1963, proclaimed the direction of the new VET reform. The Industrial Education Promotion Act not only increased investment in industrial education, but paved the way for school-industry collaboration on the basis of placements with firms. By contrast, the VET Promotion Act covers broader issues of VET reform, including the VET Basic Plan based on cooperation between the MoE and MoL, connection between VET providers, school-industry collaboration, the central VET Policy Commission and local VET Councils and the evaluation of VET providers.

The VET Policy Commission was established by the VET Promotion Act in order to deliberate on issues regarding VET policies. The Act states that the Commission mainly deals with the VET Basic Plan, important policies regarding the qualifications system, and VET policies regarding administrative and financial support by central and local
governments. The VET Policy Commission consists of no more than 25 members: 10-13 seats for cabinet members, three seats for chairmen of local VET Committees, three seats for each representatives of VET providers, industry and labour. In addition, according to the Basic Qualifications Act, the VET Policy Commission deliberates and decides whether qualifications match the criteria of GAPQs. It is significant that social partners are allowed to participate in decision-making in VET at the local as well as the central level. More important, the Commission, which is under the responsibility of the Office of the PM, coordinates the MoE(HRD), the MoL and other ministries in relation to VET and skills formation.

However, as a policy-maker involved in the legislation admitted, the Commission could play an only very limited role in VET reform. As a result of the Asian economic crisis, the launch of the VET Policy Commission was delayed until 1999. By 2001, the VET Policy Commission had been convened only twice, and no local VET Committees had been set up. As a consequence, in 2001, the Office of the PM decided to make the VET Policy Commission a responsibility at the ministerial level. Its main roles are supposed to be taken over by the Ministerial Meeting on HRD, or by a newly proposed qualifications-related Commission (PM2; PM3).

The jurisdiction of the VET Policy Commission is supposed to move from the remit of the office of the PM to the Ministerial Meeting on HRD. (PM2)

The Ministerial Meeting has already taken over the major role regarding VET policies. It is important to examine why the VET Policy Commission was unsuccessful, although the MoE was enthusiastic during the process of legislation. This examination will help to understand the transition from the developmental to the state-coordinated partnership model, with the changes in the process of policy-making.

There may have been several reasons why the VET Policy Commission has not played a major role. For example, this may be partly because the long-term VET reform plans could not attract the attention of social partners, due to the urgent issue of training for the
unemployed or those who needed to change their jobs after the financial crisis (PM1). It is also partly because of poor cooperation between the MoE and the MoL at the governmental level. Most researchers and academics who were interviewed pointed to the division between the two Ministries as the main reason.

In Korea, coordination or cooperation between vocational education and vocational training is not possible while the MoE and the MoL are separated. This is because of the budget. What I have felt while I have been working for the President Advisory Council is that cooperation is unlikely without a merger. (PR2)

This succinctly explains why cooperation between the MoE and the MoL has been difficult, and why such cooperation is vital in VET reform.

The poor coordination between the two Ministries also had a negative effect on the process of establishing local VET Committees. The establishment of these committees was mainly suspended because they were not provided with appropriate financial support due to the lack of cooperation between the two ministries (KRIVET 1999).

As the result of a survey, local governments stated that they could establish the local VET Committees if related authorities devolved and relevant funding was allocated, but it might be difficult to set them up if they had to do it with their own budgets. (RE1)

However, local governments have played a role in coordinating VET-related associations or committees at the local level because there have been demands for the local partnership between stakeholders, irrespective of the VET Promotion Act. For example, in Inchon, the fourth biggest city, the ‘Vocational Education Development Committee’ was established, and academics, teachers and employers have discussed the issue of vocational education (TU2). This shows that ministerial cooperation can contribute to building a wider partnership between social partners in VET at the local as well as the central governmental level.

More important, as a policy-maker said, it is mainly because a few political elites were dominant in the process of legislation, underplaying the involvement of social partners in the legislation and implementation.
Most important, if the VET Policy Commission had been established on the basis of the demand of employers and labour, it could have played a role according to the plan despite the economic crisis or the change of government. (PM1)

This shows the problems of state-driven reform without encouraging the involvement of social partners during the period of the Kim Young-Sam government. It is not surprising that social partners felt they were not allowed to take an active role in the Commission. However, the mention also shows that policy-makers started to recognize the importance of involving social partners in the policy-making and implementation of VET reform as political relations between government and social partners have changed since the Asian economic crisis.

It is worth mentioning that partnership-oriented reform is more difficult and takes a longer time than market-oriented reform in changing developmental skills formation. This is because partnership approaches are based on compromise between social partners, as well as on ministerial cooperation. An academic interviewee addressed the point well from his experience.

When some people, including me, suggested [vocational] educational reforms, they considered getting the balance between the introduction of the market and the development of school-industry networks right. ... However, whilst marketization was workable with deregulation only, networking had to be carried out with various kinds of catalytic roles. (PR1)

He continued to explain why partnership or networking is so difficult to develop in the democratic transition of developmental skills formation. He ascribed the main cause of the underdevelopment of networks to the inertia of the past state-driven developmental model.

When regulation becomes loose after the authoritarian state has been driving economic development, the market mechanism tends to work easily. This is because during the period of rapid economic development, the government performed the function of the market. By contrast, it has not developed networks. ... Therefore, it seems to be the

82 They were members of the Presidential Commission on Education Reform (PCER) during the Kim Young-Sam government (1993-1997).
inertia of the past economic development period that prevents networks from developing.

(PR1)

His remarks imply that partnerships or networks are not voluntarily built by the demise of the developmental state. This partly explains why the VET Policy Commission was not successful when it was not accompanied by active participation of social partners as well as ministerial cooperation. In this regard, later, the role of the Ministerial Meeting on HRD and the Tripartite Commission needs to be examined in terms of ministerial cooperation and the involvement of social partners.

Social partners, particularly enterprises seem to feel that their voices have not been heard in making decisions on education and training policies despite of the involvement in various policy commissions. For example, an interviewee from a large company was very critical of perfunctory policy commissions.

There has been no systematic mechanism for enterprises to participate in policy-making concerning education and training, and the government has unilaterally decided. Policy commissions, including the VET Policy Commission are mainly for display. (EM3)

This means that social partners' demands for the active involvement in making policies become stronger. Compared to the senior manager of a large firm, an interviewee from a teachers' union said confidently that their negotiating power had increased because the power relations between the state and social partners have changed.

The participation of trade unions has been guaranteed by the increasing power of trade unions. Although I have participated in seminars organized by the KRIVET or the MoE since legalisation of Chunkyojo [Korean Teachers' Union], the situation of vocational education has not been improved, due to budgets and the limitations of the policy decision process. However, as the influence of Chunkyojo has increased, its negotiating power has become stronger (TU2).

This shows that the political power of trade unions has increased particularly since the Kim Dae-Jung government took office in 1998. This means that the 'developmental partnership' without the active involvement of trade unions no longer work in Korea. Therefore, the government has been under pressure to establish a systematic mechanism for
state-coordinated partnership. In this regard, while the establishment of the VET Policy Commission was significant in providing a legal institution for the state-coordinated partnership, the Commission was not enough to develop a systematic mechanism on the basis of ministerial cooperation. Therefore, the Commission should work in cooperation with the Tripartite Commission as well as the Ministerial Meeting on HRD.

Finally, as an academic interviewee said, it is necessary that active civil associations can play a role in a move towards institutional reform.

As the merger of the MoE and the MoL is one of the most important issues [in relation to VET reform], active civil associations are required to concern themselves with the issue (PR2).

A policy-maker also admitted that civil associations had been increasingly influential in policy-making and in the monitoring of policies.

From now on, the voices of the clients will be very important in policy decision, as well as in monitoring the implementation of policies. (PM1)

The above assumptions suggest that the social and political influence of active civil associations has significantly increased in the process of democratisation. This change has been possible in a context where bureaucrats and existing political parties have been distrusted by people over democratic reform. This issue will be discussed with regard to the Tripartite Commission again.

2) KRIVET

The KRIVET was established to build a new national qualifications framework, including the system for government-approved private qualifications. According to the Basic Qualifications Act of 1997, the KRIVET carries out investigations and research regarding qualifications on the request of the VET Policy Commission, and manages the GAPQ system.

Its original purpose was

"to unify the vocational education and vocational training system, as well as to develop vocational school-industry networks" (PR1).
The academic quoted above, who is involved in making the PCER Reports, pointed out that it had been proposed that the KRIVET should have merged with the Korea Manpower Agency (KOMA).

Originally, the merger of the KRIVET and the KOMA was proposed because the KRIVET was supposed to carry out the role of the KOMA. The KRIVET was thought to be unable to play a role properly if the KOMA existed separately because the KOMA was in charge of qualifications and vocational school-industry collaboration. (PR1)

The KOMA had set standards and also had been the only body awarding national technical qualifications since the launch of the national technical qualifications system. Therefore, the KRIVET was proposed on the grounds that it took over the KOMA on the basis of the merger of the MoE and MoL. However, the economic crisis prevented the two ministries from being merged, because training for the unemployed was in an emergency. In addition, the MoL was against the merger of the KOMA and the KRIVET because the MoL worried about losing its own control of the KOMA (PR1).

In this context, the KRIVET was established with the contribution of the MoE and the MoL in 1997, and has played a major role in implementing GAPQs. Its mission is “to conduct research and carry out projects in support of government policies on TVET and HRD, and thereby foster the development of the vocational skills of the people through the provision of lifelong learning for all”. The KRIVET has maintained a close partnership with the two ministries by advising them regarding TVET and HRD policies, and supporting their implementation. In addition, it has been designated as one of UNESCO’s Regional Centres of Excellence in Technical and Vocational Education and Training since 2000.

However, the role of the KRIVET in VET reform has been limited because of the divisions between VE and VT, and between the KRIVET and the KOMA. First, the continuing separation between VE and VT has prevented it from connecting the vocational high school curriculum and national vocational qualifications; this connection is one of main

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83 The Korea Manpower Agency is also named as the HRD Korea. See http://www.hrdkorea.or.kr.
aims of VET reform. Second, the coexistence of the KRIVET and the KOMA has made it difficult to promote industry-school collaboration in the context where the VET Policy Commission could not enforce VET reform. It also resulted in the dual system of national qualifications, because the GAPQs and the NTQs are separately based on the National Technical Qualifications Act and the Basic Qualifications Act respectively.

With regard to partnership, as mentioned above, the VET Promotion Act requires the involvement of VET providers, industry and related organizations in setting the standards, methods and procedures of examinations. In this regard, a researcher of the KRIVET stressed the involvement of industries in qualifications.

When the KRIVET conducts occupational analysis or develops the qualifications examination system, it emphasizes the involvement of related industries (RE1).

He also explained the difficulties in involving industries.

Industries seldom think that initial training is their task. Because they have a strong sense of workplace operation first, it is very difficult to bring them into participation in qualifications (RE1).

However, employers tend to think the KRIVET has its main partnership with the MoE(HRD). This view may make them less interested in cooperation with the KRIVET.

The KRIVET was established on the basis of collaboration between the MoE and the MoL. However, as the MoL is mainly driving it at the moment, the MoL rarely pays attention to it (EM1).

Therefore, the KRIVET needs to be seen as having a close partnership with both the MoEHRD and the MoL. In this regard, cooperation between the two ministries is a precondition for such a partnership.

Moreover, employers are likely to feel they are substantially excluded from decisions on policy and from the implementation of VET reforms.

Employers are excluded from substantial involvement. In the case of the VET Policy Commission, only a first invitation letter was delivered and since then there has been no contact for a few years. The HRD Policy Commission also invited the KEF [Korean

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Employers Federation] to attend meetings several times at first; since then there has been no contact. The process is very superficial (EM1).

In this context, it may be difficult to persuade employers to involve themselves in the reform of qualifications.

In conclusion, on top of the increased opportunities of participation in seminars and meetings, the involvement of social partners needs to be institutionalised at the policy-deciding level of the KRIVET and the MoEHRD.

3) The Basic Qualifications Act

The Basic Qualifications Act of 1997 was enacted to decide the basic framework of the qualifications system in order to meet the various demands for qualifications. It introduced the system of government-approved private qualifications (GAPQs) in order to pave the way for the new national qualifications framework.

The private qualifications system was introduced to vitalize the national technical qualifications system. The NTQs were regarded as very exclusive and problematic in flexibly adapting to the changing demands of industries (PM1).

In other words, the original purpose was the replacement of the NTQ system by the GAPQ system as the NTQ system started to reveal limitations.

Therefore, private sectors are encouraged to participate in the qualifications system. The Qualification Basic Act is one of the reform Acts (RE1).

According to the Act, the VET Policy Commission deliberates and decides whether qualifications are suitable to the criteria of GAPQs. By contrast, the KRIVET conducts investigations and research regarding qualifications on the request of the VET Policy Commission, and manages the GAPQ system. In addition, the Act states that the administrative body for national qualifications “should consider how to involve VET providers, industry and related organizations in setting standards, method and procedures for examinations” (The Basic Qualifications Act, 9-2).
However, the application of the Act is restricted in the case of the “creation, improvement or abolition of national qualifications”. Instead, the National Technical Qualifications Act still regulates the implementation of national technical qualifications. This position is the result of negotiation between the MoE and the MoL, because the MoL worried whether its authority to control national technical qualifications might be lost.

As the MoE proposed the Act unifying qualifications-related Acts in terms of vocational reform, the MoL was strongly against the legislation. The MoL regarded it as initiating competition between the two ministries not only because qualifications used to be under the responsibility of the MoL, but also because the MoL was facing pressure for the merger of the two ministries. (PM1)

As a consequence, the enactment of the Basic Qualifications Act resulted in the co-existence of the NTQs and the GAPQs.

The GAPQs system has contributed to challenging the rigidity of the national technical qualifications system. As a consequence, the KOMA may have been under pressure to enhance the quality of national technical qualifications in order to meet the industrial demand.

Since the introduction of the government-approved private qualifications system, competition between two qualifications systems has contributed to improving the service of the KOMA and the KCCI85 that are responsible for the operation of national technical qualifications. (TU2)

However, it is questionable how the GAPQs will be recognized in the labour market. Particularly, large firms seem to be sceptical.

The GAPQs rarely contribute to enhancing the competitiveness of enterprises. Enterprises need qualifications having a quality and public reputation at least at the level of Nomusa [a recognised professional qualification regarding industrial relations]. IT-related qualifications lack competitiveness (EM3).

By contrast, awarding bodies or training providers seem to believe that it will be a long time until the labour market recognizes their values.

85 The KCCI is responsible for a few IT-related qualifications on the basis of delegation from the KOMA.
As even national qualifications are not well recognized at the moment, it will take a long time for the GAPQs to be valued (PRP1).

The possibility of success of the GAPQs depends on whether qualifications holders are recognized or not when they are employed, as well as whether the publicity is successful or not. The results have to be seen yet (PUP3).

Therefore, private awarding bodies have been encouraged to involve themselves in the new qualifications system, with some privileges of national technical qualifications being also allowed for GAPQs.

National technical qualifications have been allowed some privileges. For example, by related Acts, national technical qualification holder(s) are treated preferentially, particularly such in industries as architecture, civil engineering and boiler making. Next, national qualifications are accredited according to the Credit Bank system. .... However, at the end of this year, such privileges are also expected to be allowed for government-approved private qualifications. (PUP3)

Recently, many private or voluntary organizations have applied for such approval, and by February 2003, private qualifications in 39 subjects were authorized as government-approved qualifications. For example, in 2001, the KCCI became the awarding body of GAPQs for 15 subjects.

However, there are some worries about the over-issue of qualifications in order to make profits.

Recently, with a boom in the GAPQs, in an extreme case, they tend to be regarded as a business to make profits. This never happened in the case of previous national qualifications (RE1).

Qualifications tend to be over-issued. If the GAPQs become the means to make profits, qualifications can be over-issued to make recruiting trainees or examinees easy. However, they will be likely to disappear in the long run. (PUP3)

More important, as the education-industry-research partnership is increasingly pivotal for high skills formation in the knowledge-based economy, the government is still under pressure to cooperate in strengthening the social foundation for the partnership. In
other words, ministerial cooperation is required as the prerequisite for the connective lifelong learning system. For example, the government should solve the problems resulting from the division between the MoE and the MoL. As a government officer admitted, the world of education is seriously separated from the world of work.

Although it is easy to talk about VET, the division between VE and VT is very serious for the implementation of VET. Vocational high schools are separated from public vocational training institutes and they are not linked at all (PM3).

In this regard, the unification of the qualifications system is increasingly important, and the need for a new unified qualifications Act has been raised.

VII-4-I-3. The Credit Bank system and the Lifelong Education Act

With the labour market being flexible, the role of the government in VET has expanded from initial VET to the areas of continuing VET and lifelong learning. As a consequence, VET and lifelong learning policies have strengthened the link between vocational education and vocational qualifications and access to higher education. For example, the Credit Bank system has also provided a new framework for lifelong learning, focusing on access to higher education on the basis of the accumulation of credits at informal learning institutions. Since the enactment of the Accreditation Act of 1997 and the Lifelong Education Act of 1999, the Credit Bank system has been the main driving force to promote liberal or humanistic approaches to lifelong education. This was confirmed by an interview with one of the leading academics who is one of the pioneers of lifelong education in Korea.

The main motivations for participation in lifelong education based on the Credit Bank system are to get a degree, and the majority of participants are studying because of their desire to learn rather than for a job. The Credit Bank system is working well. (PR3)

The Lifelong Education Act, which replaced the Social Education Act, has contributed to the rapid expansion of the CBS. The Act makes it easy for private or voluntary organisations to provide various informal education programmes, allowing them to provide

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programmes without needing the governmental ‘approval’ of these programmes. The approval system used to function so as to prevent civil associations from providing critical adult education.

In addition, distance education started to play a role in providing various programmes on the basis of the CBS, and may become another driving force to build the new lifelong education system. By 2002, 15 cyber universities had been established and many people are participating in programmes to obtain higher degrees through the accumulation of credits. The total authorized number of new students was 16,700 persons, but only a slightly more than a half of this were registered in the second term of 2002.

The KEDI has played a major role in setting standards for the CBS-related modules and in the assessment of providers and programmes. As the CBS accredits a variety of education and training programmes at diverse informal education organisations, the number of education and training providers, formally evaluated by KEDI, has rapidly increased. With the introduction of the CBS, even graduates from vocational training centre are allowed to apply for a two-year associate diploma when they graduate from a two-year course with the completion of the necessary requirements of 80 credits. Those who have the two-year associate diploma tend to come back to study at a university for a BA degree, requiring a minimum 140 credits for the application. Therefore, the CBS is seen as successful in providing diverse paths to degree acquisition and has significantly contributed to promoting lifelong learning by linking work and learning.

The Credit Bank system has worked well. As Korea becomes a highly educated society, those who are without a degree get marginalized. As a consequence, the system seems to be regarded as the alternative system to achieve a degree. (PR1)

However, the labour market value of the degree obtained through the CBS is still an issue. Although, as mentioned above, the main motivations of participation are to get a

87 However, in the interview with the researcher in charge of the CBS in the KEDI, he points out that cyber universities are in financial difficulties because they were established in separated institutions, like new universities and have to compete with established higher education institutions in recruiting students.
degree rather than a job at the moment, there is a question about how far the social demand will continue if the labour market undervalues the degree. In addition, as the researcher in charge of the CBS pointed out, there is still a need to develop a more proper exchange mechanism between vocational qualifications and credits for the combination between work and learning.

When the Credit Bank system accredits qualifications, a proper exchange mechanism has still not been settled. (RE4)

In spite of these limitations, the CBS is seen as laying the cornerstone for the lifelong learning system. As a consequence, the Lifelong Education Act is becoming the foundation for discussing the new framework of lifelong learning. This framework includes the diversity of lifelong education providers and of assessment and recognition systems such as the CBS. Moreover, the assessment and the accreditation systems may pave the way for the lifelong VT system, when they are linked to the financial support system of the Vocational Training Promotion Act. More important, as seen in the discussion about the study leave system at the level of the Tripartite Commission, the lifelong VT system can encourage a mobilised civil society. For example, trade unions can play a part in promoting democratic citizenship, providing democratic (or active) citizenship programmes on the basis of the CBS.

VII-4-1-4. The Ministerial Meeting on HRD and the Basic HRD Act

After the economic crisis, the Ministerial Meeting on HRD was established in 2001 to coordinate education and training in terms of national HRD. At the same time, the Minister of the MoEHRD, the Deputy PM for Education, has been responsible for the management of the Ministerial Meeting which makes policy decisions for VET and lifelong learning issues.

88 It might sound strange to western people, but a higher education degree means more than a job in Korea. For the meaning of a degree in East Asia, see Dore, R. (1997) The Diploma Disease: Education, Qualification and Development (2nd edn.), London: Institute of Education, Univ. of London.

89 I would like to acknowledge the support of Dr Lee, B.H. He allowed me to discuss impending lifelong learning issues with him for one and a half hours, instead of a formal interview.
As a result, the MoEHRD has become the main ministry coordinating the broad framework of skills formation. This change seems to reflect the fact that the paradigm of skills formation has changed from initial VET based on a division between education and training to continuing VET based on the combination of education and training. As a consequence, government policies on VET have increasingly focused on broadened access to higher education and lifelong learning.

The main roles of the VET Policy Commission, except government-approved private qualifications, have been taken over by the Ministerial Meeting. The replacement is inevitable because VET policies have been the main agenda of the Ministerial Meeting. The role of the VET Policy Commission should be a part of the Ministerial Meeting in order to implement VET policies effectively. In other words, VET policies should be in line with national HRD policies (PM2).

This statement shows that government is supposed to play a major role in guiding a broad partnership across the boundaries of each ministry. In addition, VET policies are supposed to be treated as a part of national HRD policies. The concept of NHRD is officially defined as a broad concept, incorporating the three elements of "manpower development, cultural as well as social capital, and entire system efficiency related to education and training" (MoEHRD). However, in reality, the concept can be regarded as a narrow meaning of lifelong learning because it tends to be economy-oriented, being distinguished from the concept of lifelong education, which is favoured by the world of education. Therefore the economic approach to lifelong learning is still separated from the liberal approach to it.

In addition, social partners and VET providers are allowed to consult by participating in Professional Committees established under the Ministerial Meeting. However, representatives of social partners are excluded from the process of making decisions on policy at the highest level (RE1).

The Ministerial Meeting on HRD is to promote central Ministerial cooperation. (RE1)

The decisive point is that representatives of private or voluntary sectors are not allowed to participate in decision-making. (PM2)
The government is playing a major role in policy decisions at the highest level, and encouraging the participation of social partners mainly in the process of implementation. An interviewee from the MoEHRD says that the ministry is interested in the role of the Tripartite Commission in relation to HRD. However, the approach seems to be very pragmatic.

What particularly concerns the MoEHRD is to seek the cooperation of the Tripartite Commission in relation to HRD at the company level. ... If the Tripartite Commission is well operated, it can play an important role. It seems to be a very good mechanism because labour, management and government can proclaim together when they agree with any efforts of the special Committee. (PM2)

The establishment of the Ministerial Meeting paved the way for ministerial cooperation in relation to VET and lifelong policies. However, the coordination of policy by the Ministerial Meeting is significantly limited. The Ministerial Meeting is managed on the basis of agreement between all related ministries, and policies are mainly implemented under the responsibility of each ministry. Moreover, in spite of the passage of the Basic HRD Act of 2002, the Ministerial Meeting was not allowed to gain control of HRD-related budgets, because the Ministry of Planning and Budget (MPB) was against it. As a result, the role of the Ministerial Meeting is mainly focused on policy coordination based on evaluating the 'investment effect' of HRD projects implemented under the responsibility of each Ministry.

Irrespective of budget control, each Ministry has to be responsible for projects. ... The main task of the future is to build a proper evaluative system (PM2).

This means that the main role of the Ministerial Meeting is to coordinate loose cooperation between Ministries on the basis of evaluation. In this regard, the role of the central government in VET seems to have changed, from planning and direct control of implementation to shaping a national framework within which networks of stakeholders can contribute to skills formation. However, as an academic interviewee said, there is still scepticism about the role of the MoEHRD in the coordination of VET because the MoEHRD tends to be regarded as a political compromise to avoid the merger of both ministries.

The MoEHRD is formed by the expansion of the function of the MoE and it is not a merger of the MoE and the MoL. ... Without merging the two ministries, even the
MoEHRD may find it difficult to coordinate VE and VT. Unless it is allowed to control
the budget, there will be no way of enforcing the coordination. (PR1)

A researcher also argued that merging both ministries is the prerequisite for a
unified qualifications Act.

As long as the MoE and the MoL are not merged together, the unified Act may not work,
although the National Technical Qualifications Act will be unified with the Basic
Qualifications Act. ... The merger of the MoE and the MoL is the prerequisite for the
unification of the two Acts. (RE2)

Why is the merger of the two ministries so difficult? Many academics and
researchers interviewed point out that bureaucracy and the ministries’ self-interest have
prevented the merger. A researcher at one of the government-sponsored Research Institutes
argued:

The ministries’ orientation to self-interest is mainly related to the fear of the reduction in
posts resulting from restructuring the government administration. (RE5).

By contrast, officers from two ministries pointed to the problems of the merger. An
officer explains the unique relations between training and industrial relations.

In Korea, the MoL has been responsible for industrial relations as well as vocational
training. The MoL can control industries because of its responsibility for industrial
relations. Under such a system, vocational training policies can be implemented
effectively. (PM2)

He, also, worried about the possibility of a new gigantic Ministry.

If the MoE and the MoL had been merged, the new ministry might have been gigantic,
due to the inclusion of industries within its boundary. Such a huge organization has been
unprecedented in Korea. (PM2)

On the other hand, another officer stressed the different roles of both ministries,
drawing a distinction between education and training.

The government has separated the ministries because they have different perspectives and
functions. It may be wrong to look at education from the perspective of training and vice
versa. They have their own respective roles and functions. (PM4)
Considering the opposition of both ministries, a political determination might have been decisive. However, previous government is said to have lost the opportunity to merge the two ministries, due to the financial crisis and because training for the unemployed was one of the most urgent issues during the period (PR2). Here, it is worth mentioning that according to the Constitutional Act, no second term for a President is allowed, for fear of long-term dictatorship. Therefore, unless government starts to implement reform during the first half of the term, the government may find it difficult to overcome the opposition.

VII-4-1-5. Changing role of vocational high schools and junior colleges

One of the most important changes in VE at the practical level is the moving of its main provision from vocational high schools to junior colleges. As a consequence, funding for vocational high schools has rapidly been squeezed, and students and parents are avoiding the vocational schools.

The government invested about 100 bil. Won every year in vocational high schools for equipment or for the diversification and specialisation scheme. But the amount was cut to 30, 40 bil. Won from the late 1990s. Moreover, the government cancelled the rating system, which provided vocational schools with almost double the amount of funds per student for facilities and equipment, and devolved the authority to superintendents. (PM1)

Vocational schools increasingly find it difficult to recruit students. This seems to result from the failure of education policies that have undervalued vocational education and have contributed to academic drift. As nearly a half of vocational high school graduates continue to higher education, the purpose of the schools is changing, from preparation for work to preparation for vocational higher education. However, the serious problem is that as vocational school teachers argue, the majority of students continue to higher education
without any motivation to study\textsuperscript{90}. The trend to ‘universalisation of higher education’ requires government to consider a new framework of VET and lifelong learning\textsuperscript{91}.

Recently, more than 40\% of vocational school graduates have proceeded to higher education, mainly to two-year junior colleges. In this context, junior colleges also allocate a certain portion of offers to vocational school graduates. As a result, the number of junior colleges has rapidly increased since the mid 1990s. In addition, from 2005, in the examination for entry to higher education, vocational studies are supposed to be taken as a new area, along with the two existing areas of social studies and science studies. The new examination system is expected to accelerate the advance from vocational high schools to junior colleges, because a majority of junior colleges are supposed to select students on the basis of their marks in the vocation studies area\textsuperscript{92}.

VII-4-2. Changes in the regulations of funding

Whereas the VET Promotion Act proclaims the direction of the new VET reform, its weakness is the lack of funding to implement it (RE5)\textsuperscript{93}. The lack is mainly because the funding system is divided between VE and training, and also because the focus of training policies has changed from initial training to further training. The most significant change in the regulations for VET funding may be the launch of the Employment Insurance System (EIS), and this section mainly discusses its implications for training.

\textsuperscript{90}I interviewed two vocational teachers, who are representatives of the teachers’ trade union. Both emphasised that vocational schools lost their identities because the government had downplayed vocational education.

\textsuperscript{91}Irrespective of the quality of higher education, the rate of graduates who continued to higher education was 63.9 percent of females and 69.2 percent of males in 1999.

\textsuperscript{92}See http://www.hani.co.kr, (Internet Hankyoreh, 4 Feb. 2003).

\textsuperscript{93}In an informal interview, a researcher working for the Presidential Commission for HRD Policy succinctly pointed out that “the VET Promotion Act proves to be almost a dead Act because there is no funding to implement the Act. It plays a role only as a signal for the direction”
The EIS paved the way for a change in funding for training from the training levy to the social insurance system, focusing on developing the vocational competency of the employed. In fact, the EIS completely replaced the levy system in 1999, when the Basic Vocational Training Act of 1976 regulating the compulsory system of training and the VT Promotion Fund Act were annulled. On the basis of the EIS, the Worker Vocational Training Promotion Act (the VT Promotion Act) of 1997, which was valid in 1999, has played a major role in changing the training system, from being initial training-oriented to being further training-oriented. An officer from the MoL stressed that the training system has changed, from state-driven to client-oriented.

By the Worker Vocational Training Promotion Act, the training system has changed from state-driven to employer-oriented, and client-centred. (PM4)

It would be better to say that the focus of training policies has changed from initial training to further training. However, initial training is still fairly state-driven. Public initial training programmes are mainly provided by the KOMA and the Korea Chamber of Commerce and Industry (KCCI). They are divided into one-year courses for graduates from lower secondary schools and above, and two-year courses for graduates from upper secondary schools and above. For example, the Vocational Training Institutes (VTIs) of the KOMA mainly provide one-year or short-term programmes, while those of the KCCI provide two-year training programmes. By contrast, Polytechnic Colleges provide two-year diploma programmes. Although the two-year training programme of the KCCI is not a diploma course, support is provided for trainees who wish to get a two-year associate diploma when they complete the training programme. The funding for public training programmes is provided by the government budget or the Employment Insurance Fund.

However, as one member of staff of the VTIs pointed out, with the influence of a diploma-oriented and academic-centred society, youngsters are likely to avoid vocational training and many trainees prefer 'white collar' to blue collar' jobs.
One of the most distinctive characteristics of trainees in these days is that they have ‘white collar’ consciousness. When vocational training centres recruit trainees, IT-related courses are very competitive, while there are vacancies for manufacturing courses. (PUP4)

Therefore, although tuition and accommodation are free, it is getting difficult to recruit trainees for traditional ‘blue collar’ jobs. To encourage recruitment, by linking up with the Credit Bank system, VTIs of the KCCI try to provide trainees with opportunities for a two-year associate diploma, like two-year junior colleges’ graduates. However, it is very difficult to change the academic-centred consciousness of trainees. More important, the division between education under the MoE and training under the MoL makes it difficult to be flexible in meeting students’ demand. If the VTIs of the KCCI want to be an institute with the title of college, like Polytechnic Colleges, they have to get permission from the MoE. After this, it may be difficult to get funding from the MoL; their funding might even be reduced to the level of Polytechnic Colleges.

Compared to initial training, further training can be described as employer-oriented. The VT Promotion Act was enacted to “establish a system for vocational competency development and to encourage enterprises to provide further training for the employed on a voluntary basis” (KRIVET 2000: 76). It lifted strict restrictions on in-plant training provision to allow more autonomy for employers in providing further training programmes such as vocational competency development training for their employees.

Before the VT Promotion Act, the government controlled training methods and contents, approving training provision on the basis of government-decided criteria such as for the training process and the period. But, after the enactment of the Act, training has changed, becoming employer-oriented. (PM4)

However, “employer-oriented” would not mean same as “market-led” because the government is still playing a major role in regulating the market and defining the role of social partners. For example, as an officer says, to improve the quality of training the government monitors training programmes and provides valuable training information for consumers through an Internet system, called WorkNet, as well as providing administrative
and financial incentives for outstanding programme providers (PM4). According to the Act, the government regulates the minimum criteria for the financial support of training. For example, the training period should be 20 hours and over, and the space of the training facility should be more than 60 metres square.

More important, the system of funding for training may be characterized as a 'state-coordinated' social partnership-oriented rather than as market-oriented. First of all, while the government is mainly regulating the system, the main contributors to funding are government, employers and employees. For example, while 31 per cent of the total training budget came from the pure government budget, 69 per cent came from the EIF in 2000 (KLI 2000: v). This means that the larger portion of the total training budget is collected from employers and employees on the basis of the social insurance system, called the EIS. Moreover, the EIS is mainly allocated for training the development of employees' competency, according to the Employment Insurance Act of 1995.

Therefore, the concept of 'employer-oriented' seems to mean that the majority of the EIF is directly allocated to employers, who can choose training providers. However, as a senior member of staff of the Korean Federation of Employers complained of the complicated requirements for financial support, the government still intervenes strongly, by defining the maximum rate of financial support for large firms and SMEs as well as the criteria of funding.

Although large firms provide training for employees which costs more than the maximum limit of the financial refund, in many cases, they could not get a complete financial refund because of the complicated requirements. (EM1)

For this reason, he argued that the EIS needed to be changed, because they voluntarily invested in training more than the maximum limit of financial support.

Large firms need to be exempted from the Employment Insurance System, only contributing their share to re-employment of the unemployed or support for SMEs. (EM1)
This shows that employers' associations such as the Korean Federation of Employers are sceptical of the EIS. However, the EIS has contributed to the rapid expansion of continuing training and paved the way for lifelong learning. The government provides two forms of financial support for employers who provide training for the employed: a subsidy for training costs and loans for training facilities (KRIVET 2000: 77). The government also provides two forms of financial support for individual employees covered by the EIS. One is a subsidy for training costs in case an employee is 50 years old and over or planning to transfer jobs. The other is a loan for an employee attending higher education for the purpose of developing vocational competence. So far, financial support for training has been mainly provided for employers. However, according to the officer quoted above, individual support is supposed to be increased from now on. As a consequence, since the changes in the funding system, further training has rapidly increased.

The number of workers trained has increased since the implementation of the new training policy under the EIS. In addition, most in-plant training schemes include "advanced" courses, instead of basic training as tended to be the case under the levy system. (KRIVET 2000: 78)

However, the EIS also has some problems to tackle, because while further training in large firms has rapidly increased, the EIS has not been successful in reducing the gap between large firms and SMEs in the provision of training opportunities.

In addition, large firms are the main beneficiaries of the training programs for the employed. It would therefore appear that the EIS has not succeeded in increasing substantially training provided by small enterprises. (KRIVET 2000: 78)

It was confirmed by an interviewee from an association of SMEs that the shortage of workers prevented SMEs from providing training programmes for employees.

It is difficult to provide training for employees because of the shortage of workers. In case of skilled or experienced workers, they are so busy on production lines that they have no time to participate in training. (EM2)

Job-hopping is also pointed out as one of the main factors reducing the incentive to train.
Moreover, when members of a workforce become skilled workers, they are likely to move into larger firms. (EM2)

In this context, employers of SMEs tend to complain that the EIS operates like a levy.

SMEs only pay money for the Employment Insurance without benefiting financially from it. (EM1)

Therefore, one of the most serious issues to tackle in the provision of training may be the increasing polarization of the labour market, particularly between large firms and SMEs. In this regard, the EIS needs to introduce "special financial incentives to encourage training by small firms and some targeting of the programs at older workers, women and low-skilled workers" (KRIVET 2000: 79).

VII.4-2-2. Workers' Learning Fund and state-coordinated partnership

On the other hand, as a way to promote partnership between labour and management, the 'participation of labour and management in training for competency development' has been encouraged by the Enforcement Ordinance of the VT Promotion Act since 2001 (PM4).

If employers provide training for employees according to plans drawn up in cooperation with employees, the government is to provide full support for the training according to the Enforcement Ordinance of the VT Promotion Act since 1st July 2001. (PM4)

In this regard, the 'Labour-Management Council' is emphasized as the main means to promote labour-management partnership in training. Recently, the government has promoted labour-management partnership in training at the company level. However, as the officer pointed out, labour-management cooperation is the prerequisite for developing the participation of labour and management in training.

It is not easy to promote the participation of labour and management in training for competency development in a situation in which trade unions are normally confronted with employers. (PM4)
However, enterprise unionism tends to place limits on corporatism in training, and a move to industrial-sector unionism is needed. Moving from enterprise to industrial-sector unionism has been an important issue in relation to training as well as industrial relations. In this regard, since the new government came to power, industrial-sector unionism and collective bargaining has been a major issue. This issue will be discussed in the next section.

More important, the Tripartite Commission came to an agreement on the 'Workers' Learning Fund' in November 2002. This is the result of continuing discussions about the 'plan for raising funds for workers' learning', which was proposed in the 'Agreement on the Direction of Improvement in the Vocational Training System' in July 2001. The fund is to promote training for cooperation between labour and management. According to the Agreement, a Decision-making and Evaluation Committee will be established to review projects proposed by labour-management cooperation and choose amongst them, as well as monitor the management and evaluate the results.

On the other hand, with regard to the promotion of lifelong learning, the distinctive division between the vocational education budget and the training budget has been under challenge. Whereas the vocational education budget is mainly dependent on the MoE budget, as mentioned above, the training budget is managed by the MoL. The distinction between education and training has been strengthened mainly by the completely divided budget system. One officer pointed out why this distinction has been strengthened in Korea.

While vocational education funds are allocated from the 'government budget' for the management of schools, training funds for vocational competency development of the employed are mainly allocated from the 'Employment Insurance Fund'. These different sources of funds make it impossible for a part of the education budget to be used in training and vice versa. (PM2)

Therefore, it is evident that a big change in the funding system is necessary for the development of the lifelong learning system.

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94 The Tripartite Commission reached agreement on the Workers' Learning Fund after the Subcommittee on Economic and Social Affairs had come to an agreement on the Fund in September 2002.
VII-4-3. Changes in the regulations of the labour market

VII-4-3-1. The Tripartite Commission and state-coordinated partnership

With regard to skills formation, the most distinctive change in the labour market may be characterized as the 'launch of partnerships between labour and management and the government'. The establishment of the Tripartite Commission (KTC) is one of the most significant changes in the regulations of the labour market. It is worth mentioning that the KTC was set up to share the sufferings between labour, management and government in the process of overcoming the economic crisis. This means that the government, for the first time, recognized trade unions as partners in negotiation with government and management. This shows the implications of globalisation and democratisation for the relations between the state and civil society in Korea. The government accepted trade unions as its partners in overcoming the economic crisis ignited by globalisation. The government could press employers to share the sufferings which resulted from economic reform, referring to the pressure of the trade unions.

It is true that the Tripartite Commission played a role in overcoming the economic crisis.

(PR1)

Due to the effort of the KTC, labour, management and the government could reach agreement on the adjustment of the industrial structure and the flexibility of the labour market. It is significant that the KTC contributed to coping with the economic crisis by alleviating social conflicts between labour and management, not least because confrontational industrial relations had been one of the characteristics of the Korean economy. In the process, the representation of trade unions was strengthened while the tension between the government and the Chaebols was increased. For example, the Korean Confederation of Trade Unions (KCTU), which had been oppressed as a combination of illegal trade unions, was recognized as a legal organization, like the Federation of Korean Trade Unions (FKTU). Teachers' trade unions was also legalized by the Act on the
Establishment and Operation, etc, of Trade Unions for Teachers in 1999. These changes show a significant change in government policies on trade unions; the state has been moving from being an oppressor of the trade union movement towards being a mediator between labour and management.

The KTC was legalized as the Presidential advisory body on the basis of the Act on the Establishment and Operation of the Tripartite Commission in May 1999. Until then, it had been regulated by the Presidential Decree No. 15746. The legislation paved the way for the institutionalisation of labour, management and the government negotiating over policy concerning training as well as industrial relations. In particular, the government has been very positive in operating the KTC, compared to labour and management. This might be because government regards it as a productive mechanism.

The MoEHRD also would like to be a part of the Tripartite Commission. ... The Tripartite Commission would be very effective if it were managed properly. Under the Commission, there are special Committees, which seem to be a very good mechanism because labour, management and the government can reach agreement with a little effort.

This tripartite mechanism is a unique experiment in East Asia. The Tripartite Commission is seen as a distinctive example of the changes in the regulation of VET and lifelong learning, as well as of the labour market, under the severe pressures of globalisation and democratisation. However, it has not been successful all the time, because some representatives of labour and management withdrew several times, and the KCTU and the Federation of Korean Industries (FKI) had not come back until the next government came to power in 2003. At the moment, the FKTU, the Korean Employers Federation (KEF) and the MoL play a major role in decision-making. Therefore, the Commission needs to find new long-term projects, which can reflect main interests of both labour and management. An academic explained this situation well.

However, now, the Tripartite Commission can’t play a role well. During the period of the economic crisis, it functioned well, but why can’t it function now? Sure, it, to a certain degree, might function because of the situation of crisis. But, if the Commission proposes
and reaches an agreement on lifelong education, doesn’t the promotion of lifelong learning become a long-term role? (PR1)

In this context, training and lifelong learning started to be regarded as an important agenda of the KTC. Recently it came to an agreement on training and lifelong learning. As mentioned in the previous section, the KTC reached an ‘Agreement on the Direction of Improvement in the Vocational Training System’ in 2001. At the head of the text of the Agreement, the concern of labour, management and the government about skills is well explained.

The Three Parties (Labour, Management and the Government) hereby agree as follows, sharing the view that the quality of human resources is the key to securing national competitiveness as well as that of workers and businesses in this knowledge-based era. The following agreements are also designed to positively come to terms with changes in the structure of the labour market and to invigorate the development of workers’ job skills. (KTC 2001)\textsuperscript{95}

Following this agreement, it also came to another agreement on the ‘Workers’ Learning Fund’ in November 2002. If the first agreement is a kind of proclamation of the direction, the second is expected to promote actual partnerships between labour and management in training because it includes funding resources. As a consequence, it may contribute to the institutionalisation of labour-management partnership in training, although the amount of the fund is not revealed.

\textit{VII-4-3-2. Labour and Management Councils and weak social partnership}

In addition, according to the Workers’ Participation and Cooperation Promotion Act of 1997, an employer should establish a Labour and Management Committee (LMC), which should decide the ‘Basic Plan of education and training and competence development for employees’ at the company level. In 2001, according to the revised Enforcement Ordinance of the VT Promotion Act, the government allows exceptions to designated criteria

\textsuperscript{95} The text was obtained from the website of the KTC and slightly changed, \url{http://www.lmg.go.kr/eng/index.htm}, on 28 Nov. 2002.
in order to promote training by the LMCs. In addition, government policies on training encourage the role of the LMCs in promoting in-plant training.

However, there are still some limits for the LMCs in playing a major role in skills formation. First, although they are established by the Act, they seem to find it difficult to be active, particularly in SMEs because few SMEs are interested in training.

Although Labour-Management Councils have been formally set up in SMEs, in fact, they cannot play a role in training. (EM2)

It is not surprising that the LMCs cannot play a role when training is rarely provided. Therefore, particularly in the case of SMEs, training also needs to be agreed and provided at the industrial sector level.

With the increasing mobility of labour, employers are expected to have less incentives for long-term training. Moreover, the increasing number of atypical workers has been one of the serious social issues in the wake of the trend to the labour market flexibility. Therefore, there are limits to reliance on labour-management partnership at the company level.

It is expected that afterwards, employers are less likely to invest directly in education and training. In that situation, it is inevitable that education and training at the trans-company level becomes a new alternative. (PM4)

In this regard, representative organizations of employers or trade unions are required to play a role in building a broad training framework beyond the company level.

How much consensus and how much difference are there between the three parties concerning skills formation? As mentioned, the main consensus is succinctly pointed out in the first KTC Agreement.

the quality of human resources is the key to securing national competitiveness as well as that of workers and businesses in this knowledge-based era (KTC 2001)

In addition, labour, management and the government agree not only to encourage the “participation of labour and management in policy-making” and on “enhancing the
efficiency of operations of systems", but also to provide "workers' voluntary education and training" and financial "subsidies". The main consensus was confirmed by interviews.

Employers also admit the importance of training because they think human resources are the essential resource for competitiveness. But the system and direction are not set up yet. (EM1)

While the three parties all admit that human resources are essential to enhance competitiveness, it seems to be more difficult for them to agree over the new training system. What kind of training system do employers want? As a senior member of staff of an employers' organization said, employers prefer an employer-led training system, which is modelled on TECs in England.

An employer-led training system is required because it may not only reflect demand, but encourage employers to have systematic concern and to invest in training. Particularly in the case of SMEs, although they know HRD is important, they don't have a concern for training. This is not only because there are no training professionals in companies, but there is no system to attract employers' concern to training. (EM1)

However, employers cannot reject the participation of trade unions in the training system, because they recognize that workers' active involvement is pivotal.

Indeed, it is necessary for trade unions and the labour world to participate in the new system. Workers' participation is necessary because, eventually, training is not productive without workers' active concern and efforts. A genuine labour-management cooperation model has to be developed. (EM1)

Nonetheless, although employers admit the importance of labour in training, they raise doubts about trade unions' active role in training.

There is no need to oppose the social partnership model. ... but, it is doubtful whether trade unions such as the FKTU propose the social partnership model with the possibility of practice. With regard to the participation of trade unions, employers are not sure that trade unions have substantial capabilities as professionals to play a role in training. (EM1)

Moreover, employers' organizations such as the KEF firmly oppose replacing enterprise unionism by industrial-sector unionism. Thus, employers' concern for cooperation between labour and management seems to place limits on the partnership model, in that their
ideas are still mainly based on the orientation of employers to the company level. Employers may be characterized as the main driving force of market or neo-liberal approaches to training.

By contrast, trade unions emphasize partnerships between labour and management and government in training, and in making policy and implementation. At present, while the FKTU participate in the KTC, the KCTU has withdrawn from the KTC\textsuperscript{96}. Therefore, the FKTU has a more positive stance concerning the role of the KTC in training. It proposes the social partnership model of training (Park, D. 2001). An interviewee from the FKTU particularly emphasized the participation of labour and management in policy-making concerning skills formation. He strongly criticized the state-driven training system.

The most serious problem of the present training system for developing competency is that labour and management are excluded from the process of decisions on training and implementation. (TU1)

In this regard, he emphasized the importance of “participation by both labour and management in policy-making concerning the development of job skills and the operation of related systems” (KTC 2001), pointing to the meaning of the KTC Agreement on training.

The KTC Agreement on training has a very important meaning in that it can be the turning point in changing the focus of labour movement from struggle for distribution to policy. (TU1)

With regard to the training system, he also stressed the danger of the market-driven model.

It is the present situation that as the problems of the state-centred model have been serious, there have been efforts to replace it simply by the market model. .... However, the market model may eventually increase the anarchy of the training market, and poaching problems will prevail. As a result, there may be a chronic shortage of skilled workers. (TU1)

\textsuperscript{96} At present, trade unions are mainly represented by the FKTU or the KCTU. Since 2001, whereas the FKTU is the biggest representative organization of trade unions, the political influence and membership of the KCTU has been increasing.
This analysis seems to criticize neo-liberal approaches to training. He conclusively spelled out the need for the corporatist approach.

To enhance the level of skills, the only alternative to the training system may be the corporatism model, in which labour, management and the government all actively cooperate in order to produce high skills. (TU1)

As seen above, the trade union movement has been one of the main driving forces in establishing the KTC in Korea. More important, it is worth mentioning that representative organizations of trade unions, such as the FKTU and the KCTU, have been making their best efforts to build industrial-sector unionism. They seem to be aware that enterprise unionism places limits on the traditional model of corporatism. As for the KCTU, by December 2001, the number of industrial-sector trade unions was 23 and the number of their members was equivalent to 40.1 per cent of the total of KCTU members\(^7\). However, it also needs to be mentioned that, as trade union leaders admit, trade unions are still mainly occupied with issues of industrial relations, and training recently started to become an issue. Therefore, although trade unions may be potentially one of the main driving forces in promoting social partnership in training, it will take some time for trade unions to become such a like that.

Finally, the government still seems to play a major role in building the framework for new skills formation, although what its role in the transition should be is still a quite controversial issue. The government has been keen to maintain the KTC, because it has been one of the main beneficiaries of the KTC. Although there are many different views on the role of the KTC after the economic crisis, it is agreed that it contributed to overcoming the economic crisis. In addition, the government has tried to change the systems of skills formation because, as mentioned above, the oppressive and bureaucratic mechanism has been criticized by the public as well as by both labour and management. For example, the government introduced a series of Acts, including VET- or training-related Acts, the Lifelong Education Act and the Basic HRD Act.

\(^7\) See http://www.nodong.org (2 Dec. 2002)
In addition, during the economic crisis, governments could bring labour and management together to the negotiating table focusing on the issues of industrial relations. In the process, government has tried to be seen as the facilitator between labour and management rather than as an oppressor of trade unions or the operator of an inefficient system. In this regard, government officers tended to stress 'devolution of central government power' or 'change from being state-centred to client-centred'.

The majority of central government power has been devolved upon provincial Educational Offices. The authority for primary and secondary schools has been taken over by superintendents of provincial educational councils. What the central government still has is only the authority to allocate budgets. (PM2)

In 1999, with the annulment of the Vocational Training Basic Act and its replacement by the VT Promotion Act, vocational training policies changed from state-orientation to market autonomy, in other words, to client-centeredness based on private orientation. (PM4)

More important, as the KTC has started to produce agreements on training and work-based learning, the government is seen to stress social partnership approaches to skills formation.

VII-4-3-3 The KTC and state-coordinated partnership in training

As for social partnership, it is a prerequisite that the government guarantees the participation of labour and management in the whole process of making and implementing policy. In this process, the government can play a major role in bringing labour and management together to share their responsibilities, and in regulating the partnership between labour and management so that it works smoothly. In this regard, the KTC Agreement text on training indicates the minimum requirement. It reads as follows.

The government shall positively study ways of realistically expanding and guaranteeing participation by both labour and management in various council and committee meetings for the establishment and operation of the systems of state-administered standard qualifications related to job skill development (KTC 2001).
Moreover, the government needs to guarantee the participation of labour and management in the process of making and implementing policy concerning skills formation. This is a very important issue, because labour and management agree in strongly criticizing government-driven policy making and implementation. An interviewee from the employers' organization, which is involved in the KTC, raised the problems of the mechanism of making and implementing policy.

Substantial participation of employers in policy-making and implementation is not allowed. ... Participation is perfunctory. The government mainly drives policy-making and implementation, with a few civil servants and academics. In the 1970s, the mechanism was effective because it was possible to decide and implement in a short time. However, now, the mechanism has to change. (EM1)

An interviewee from the organization representing trade unions which is involved in the KTC also criticized the exclusion of labour and management from the process of making, implementing and evaluating policy; he explained the case of vocational competency development programmes.

Although labour and management pay for the development of vocational competency through the employment insurance system, their representative organizations are allowed to be members of only a few policy commissions concerning policy-making. Even those cases aren't more than a formality. In fact, they are restrained from participating in the process of policy implementation and evaluation. (TU1)

As seen from the above interviews, the government has been under pressure to institutionalise a participation mechanism for stakeholders particularly after the opposition parties came to power in 1997, for the first time in the last four decades. This pressure is closely related to the results of the rise of civil society ignited by the democratic movement. In this context, the government has stressed the needs not only for a lifelong education system based on the Credit Bank system and on networking between lifelong education centres, but for 'national systems of innovation (NSI)' based on partnership between industry, and academic world and research. The government emphasizes the participation and contribution of private and voluntary sectors in responding to the rapidly expanding social
demand for lifelong education, as well as for skills and vocational qualifications. The role of the government is also required to regulate the new systems, strengthen the evaluation system and coordinate different ministries or stakeholders.

For the whole systematic mechanism of HRD, the HRD [Basic] Act is supposed to pass the National Assembly. ... Afterwards, it is necessary to coordinate on the basis of a fair and trusted evaluation system. (PM2)

It is worth mentioning that, as seen in the concepts of National HRD and the National Systems of Innovation, the government emphasizes nationally a framework of lifelong learning and HRD. This means that the state is not only still playing a major role in regulating the national system, but expanding its intervention in skills formation from formal VET to the national framework of both formal and informal VET. This expansion may be one of the characteristics of the state-coordinated partnership model. For example, the government is promoting partnership between industry and academy and research for establishing the national systems of innovation' (MoEHRD et al. 2002). The main purpose of the partnership is to promote the establishment of the NSI in the knowledge-based economy.

The NSI is promoted through the activation of partnership between industry and academy and research, and it can accelerate restructuring the Korean economy towards the knowledge-based economy (ibid. p.9)

A “Taskforce Team” was set up in September 2001, and plans were decided in the Ministerial Meeting on HRD in 2002. As a result, the government is supposed to set up the ‘Committee for promoting partnership between industry and academy and research’ under the Ministerial Meeting on HRD.

More important, the Ministerial Meeting on HRD is the coordination system at the central government level for education and training. The government also emphasizes the NSI as the main means to enhance national competitiveness in the knowledge-based economy. Within this framework, experts and representatives of stakeholders are allowed limited participation in policy-making, only through advisory committees, whereas the private and voluntary sectors are encouraged to participate in the delivery of lifelong
education and training. This means that social partners are still restrained from policy-making, although they are encouraged to participate in implementation. By contrast, the government still plays a major role in policy-making and coordination.

VII-5. State-coordinated partnership Model in Korea

Institutional structures of the state-coordinated partnership model can be explained on the basis of the power relations between the state, capital and labour. As seen in below Figure VII-1, when organised labour has the political power to press central government and capital, the direction is likely to move towards the social partnership model.

![Diagram of the Transition of the Developmental State Model](attachment:image.png)

**Figure VII-1. Transition of the Developmental State Model**

98 In an interview with a government officer, he explained that the government would enact the Basic HRD Act, which would suggest the establishment of advisory professional committees under the Ministerial Meeting on HRD through which experts and representatives of stakeholders can be involved in policy-making. (PM2)
By contrast, when capital drives the transition process, the direction is likely to move towards the market model. Therefore, the state-coordinated partnership model seems to be the result of negotiation between the state, whose role is changing, and capital and labour which have increasing influence over policies. Finally, when the role of the state is refined to building cooperative frameworks or infrastructure on the basis of voluntary partnership, focusing on remedies for market failure, the direction can be defined as towards the network model. In this context, although employers also address the importance of networks or partnership in terms of skills formation, they tend to prefer voluntary cooperation to regulated partnership. In this regard, the state-coordinated partnership approach can be compared to the ‘voluntary partnership’ approach in that the state plays a major role in promoting or regulating the relations between social partners.

As seen in the above sections, the regulations for VET and lifelong learning have been moving toward the state-coordinated partnership model in Korea. Which factors do pave the way for the state-coordinated partnership model in the Korean context? First, the state still plays a major role in skills formation, although the state-driven planning model was given up after the civilian government came to power. Secondly, education, industry and research sectors share interests in high skills formation as a way of moving towards the knowledge-based economy (MoEHRD et al. 2002, Report to the Cabinet Meeting). Thirdly, there are still weak institutional structures for social partnership, and traditions of collaboration between government, employers and trade unions are lacking. Fourthly, the rapid development of information networks has produced an environment allowing for the involvement of stakeholders with more flexibility. As seen in the cases of the Credit Bank system and the cyber universities, the dramatic expansion of broadband is becoming as driving force for the development of learning networks.

The most important changes are that democracy has been deepening, and that the government recognizes the role of civil associations and trade unions as well as employers in skills formation and lifelong learning. As a result, civic participation in policy-making and
implementation has been emphasized. For example, the Presidential Commission for the New Education Community (PCNEC) was established to "carry out field-based educational reforms" (MoE 1999). It tried to promote educational reform, based on the participation of parents' organizations, teacher unions and civil associations at the local level. This was a significant experiment to expand the role of civil associations and teachers' unions, as well as to emphasize the participation of local communities in educational reform.

However, it resulted in only limited success, partly because the coordinating system was not institutionalised. This lack was partly because local governments have had little role in education and training; local education and training policies have been implemented by provincial education offices or local labour offices that are separate from local governments, and mainly controlled by the MoEHRD and the MoL respectively. As a consequence, how to incorporate local education and training with local governments became a fresh issue in terms of civic participation in educational reform.

By contrast, the Tripartite Commission paved the way for the institutionalisation of social partnership in industrial relations and training, although it faces challenges from trade unions as well as employers. It is worth noting that the new "Participatory Government" of Roh Moo-hyun came to power in February 2003 on the basis of people's support for democratic reform. As the name of the Government implies, 'social participation' and 'reform' are key words in promoting a new framework of skills formation and lifelong learning. Therefore, the government is expected to play an active role in strengthening the institutional basis of social partnership for social cohesion as well as economic development. As a consequence, the idea of participatory citizenship seems to be increasingly important in skills formation and lifelong learning.

In this regard, the state-coordinated partnership model can be characterised as a 'state coordination and active civic participation', compared to the traditional corporatist model as well as the developmental state model. First, the role of the state is still crucial in coordinating because the institutional basis of social partnership is weak. For example, the
government has played a significant role in promoting negotiation between social partners, changing manpower policies from the exclusion to the inclusion of trade unions. Still, there are conflicts between employers and trade unions regarding the issue of industrial-sector unionism, because enterprise unionism is still dominant and places limits on social partnership. As seen from an interview with a representative of the employers' organization, although employers no longer deny the need for partnership with trade unions, they are strongly resistant to industrial-sector unionism. By contrast, one of the two national umbrella organizations of trade unions broke away the Tripartite Commission, and demands industrial-sector unionism in return for coming back to it. Since the President promised to introduce industrial-sector unionism in its Election Manifesto, industrial-sector unionism has been a key issue in skills formation and lifelong learning as well as the labour market.

Secondly, with the increasing influence of civil associations on policies, civic participation has contributed to the promotion of social partnership in skills formation and lifelong learning. It is worth noting that civil associations have become influential, and they are treated as key stakeholders to represent the public interest because they are recognized as crucial contributors to democratisation. In addition, teachers' unions and the national body of progressive trade unions (KCTU) were legalized after a long period of struggles against authoritarian regimes. However, widened civic participation has not resulted in the demise of the state and, by contrast, has demanded the crucial role of the state in social and economic reform. For example, whereas active civil associations and teachers' unions have criticized the control-oriented authoritarian system, they have also been against neo-liberal policies. They demand strengthening of the public education system on the basis of civic participation and social cohesion in response to globalisation and neo-liberal policies.

In conclusion, since the economic crisis, the rapid economic liberalization has resulted in increasing social inequalities as well as in rapidly increasing part-time or temporary jobs. As a result, continuing vocational training and lifelong learning have become a key issue in relation to education and training. In addition, with the increasing influence of
mobilized civil society, the state needs to respond to the increasing demands of various social interests. Therefore the state is pressed to cope with the challenges of globalisation on the basis of social participation. In this regard, civic participation based on participatory citizenship is increasingly recognized as important in relation to skills formation and lifelong learning.

The exercise of citizenship as a process, in relation to changing structures of work and community, requires a more highly mobilised civil society, accompanied by 'civic virtues' and structures for democratic participation (Evans 2001:112).

As a consequence, a holistic approach to lifelong learning is required. For the holistic approach, three divided approaches, focusing on broadened access, skills development and participatory citizenship respectively, need to be brought together in order to promote social cohesion based on democracy as well as economic development.

VII-6. Conclusion

This chapter examined the characteristics of the emerging framework for VET and lifelong learning and defined the new framework as state-coordinated partnership. The state-coordinated partnership model was characterised as a 'state coordination and active civic participation', on the basis of the analysis of changes in regulations for qualifications, funding and the labour market. The most significant changes are that democracy has been deepening, and that the government recognizes the role of social partners and civil associations in skills formation and lifelong learning. In particular, the Tripartite Commission paved the way for the institutionalisation of social partnership in industrial relations and training, although it still faces challenges from trade unions as well as employers.

The success of the state-coordinated partnership model may depend on the promotion of participatory citizenship as well as a new institutional mechanism for the involvement of social partners. Therefore the Roh Moo-hyun Government is pressed to cope with the challenges of globalisation on the basis of a transparent economy and participatory
civil society. In this respect, democratic or active citizenship is increasingly recognized as important in relation to skills formation and lifelong learning. More important, a holistic approach to lifelong learning is required in order to bring broadened access, knowledge and skills development, and participatory citizenship together.
Chapter VIII. Summary and Conclusion

VIII-1. Summary

VIII-1-1. The outline of the thesis

My research explores historically why and how the developmental model of skills formation and lifelong learning has been changing into the ‘state-coordinated partnership’ model in South Korea in response to the challenges of globalisation and democratisation. It has particularly examined the modes of regulation of VET and lifelong learning with regard to qualifications, funding and the labour market. As a result, this thesis has conceptualised the ‘state-coordinated partnership’ model of skills formation and lifelong learning, analysing changing relations between the state and social partners before and after the Asian economic crisis.

For a broad understanding of the theoretical framework, five international models, of the welfare state, social partnership, network, market and the developmental state in relation to skills formation and lifelong learning, were compared with changing models in Korea. To compare these different models, two principal dimensions, regulation and purposes were considered. According to the extent of regulation and the relationship between the state and civil society, a continuum between the state, social partnership, network and market models was hypothesised. According to purposes, a distinction was made concerning whether or not these relationships put emphasis on society, economics and nation-building, on the assumption that particularly in the developmental state, nation-building is regarded as pivotal for the legitimacy of the state in terms of independence and sovereignty.

To develop the theoretical framework of the state-coordinated partnership model, discussions of the role of the state and civil society were analysed in the East Asian context. In Korea, active civil associations have confronted the authoritarian state and have played a
crucial role in the democratic transition since the late 1980s. They mainly constitute what many Koreans have referred to as ‘civil society’ (*simin sahoe*), "often seen as the key element of Korea’s maturing democracy in the 1990s" (Armstrong 2002:1).

To discuss the role of the state under the democratic government, the liberal democratic approach to civil society was critically examined, because liberal theory influenced policy-makers and the public, but revealed its limits when democracy was institutionalised after the democratic transition. The limits are evident because while the liberal approach emphasizes the tension between the state and civil society, the main focus of conflict has changed after democratisation, from ‘the authoritarian state versus active civil society’ to ‘conservative civil society versus active civil society’ (Choi, J.J 2002). For example, conservative interest groups were likely to resist democratic reforms, and to weaken the role of democratic governments, emphasizing the market economy and the autonomy of civil society. By contrast, active civil associations and trade unions demanded that democratic governments should play an active role in economic and social reforms, although they tried to keep a distance from the government. Moreover, during the economic crisis, the active role of the democratic government contributed to building social consensus, and to the involvement of social partners in economic development and democracy.

On the basis of documentary sources and semi-structured interviews, this thesis argues that since the developmental state came to an end with the rise of civil society and democratisation in the 1990s in Korea, the model for skills formation has been changing, from the developmental to the state-coordinated partnership model, on the basis of the increasing involvement of social partners. However, as in other policy studies it is hard to tell to what extent the changes have been rhetorical or real. Therefore, to enhance validity, the triangulation method was adopted.

Developmental skills formation was a part of developmental state formation, which focuses on economic modernization as a major assurance of national security, but at the expense of political freedom. While developmental skills formation played a role in rapid
economic development, it also revealed negative effects on participatory democracy as well as on critical and creative thinking. Therefore, policies for reforming skills formation have focused on replacing many state-driven institutions by private- or partnership-oriented institutions in education, training and the labour market.

However, some policies were unsuccessful, because the government realized too late that particularly such partnership-oriented institutions could emerge only with the appropriate intervention of the government in promoting the involvement of social partners. In relation to the involvement of social partners, the Tripartite Commission was especially discussed as an example to show the changing direction. This case indicates that widened civic participation has not resulted in the demise of the state; in fact, it increasingly demands the democratic coordination with the state in building a holistic framework of skills formation and lifelong learning on the basis of social cohesion and participatory citizenship.

Finally, VET and lifelong learning policies were critically examined in relation to a holistic approach to lifelong learning in Korea. Although the previous government established the Ministerial Meeting on HRD to coordinate divided approaches to skills formation and lifelong learning, the coordination of lifelong learning policies has not been well organised. Compared to western European countries, lifelong education policies were at first liberal and humanistic, mainly focusing on expanding access to higher education on the basis of increasing deregulation of the quota system in higher education. However, since the economic crisis, central governments have emphasized human resource development as one of the main purposes of lifelong learning. By contrast, many local governments have contributed to promoting lifelong learning to encourage broad civic participation in support of non-governmental organizations. However, these different approaches have not been successfully connected, not least because of the administrative division between (vocational) education and vocational training and civic participation, in spite of the establishment of the Ministerial Meeting on HRD.
In this regard, this research has emphasised the importance of a holistic approach to lifelong learning, stressing the role of lifelong learning in vitalising civil society. It has also emphasised the active role of the state in promoting the involvement of social partners and civil associations in making and implementing policies. This role is required, to support the holistic approach.

VIII-1-2. Move towards a 'state-coordinated partnership' model

The thesis has analysed the early state of the transition from the developmental skills formation to the state-coordinated partnership model in Korea since the mid-1990s. The model for developmental skills formation in Korea has changed to the state-coordinated partnership model in Korea since the mid-1990s. Let us consider what have been the main changes in detail. First, the EPB-driven coordination mechanism for the supply of and demand for skills was given up with the dismantling of the EPB in 1994. The super ministry used to coordinate ministries at the central government level on the basis of its centralised authority over governmental planning, budget control and economic policies. The EPB drew up the Five-year Plans for Economic and Social Development, as well as setting targets for vocational education and training provision according to the economic growth targets. It steered the related ministries, the MoE for vocational education, the MoL for training and industrial relations, and the Ministry of Trade and Industry (MTI) for the creation of workplaces, through its power over budget allocation. This was a vertical system oriented to economic development with each ministry implementing the targets through its own agencies. However, with economic liberalisation under the pressure of globalisation, the state coordination of the supply of and demand for skills was no longer possible. In this context, the education quota system based on manpower planning was abandoned.

Second, in 2001 the Ministerial Meeting on HRD was established under the responsibility of the 'Deputy PM for Education' in order to coordinate policies for building a
national system of innovation. As a consequence, the driving force of skills formation has moved to the MoEHRD, with an emphasis on the supply side of education and training. The main role of the Ministerial Meeting is to decide on the "Five-year Basic Plan for HRD" and Ministerial annual action plans, as well as to evaluate results of their implementation. According to the Basic HRD Act of 2002, the Minister for the MoEHRD should evaluate the results of the Basic Plan and the annual action plan every year, and report these evaluations to the Ministerial Meeting. However, because the Ministerial Meeting is not allowed to allocate the budget for coordination, the mechanism is likely to be more indirect and horizontal, in that it depends on the evaluation system. The role of local governments is emphasised in relation to the implementation of HRD policies. Non-governmental experts are also allowed to participate by setting up "Sector Professional Committee" under the Ministerial Meeting, in reviewing agendas for deciding policies.

Third, the centralised system of education and training has been gradually devolved to the local or institutional level. Since the establishment of provincial educational councils as well as provincial or local governments in 1995, many roles regarding the delivery of education and training have been devolved to them from the central government. For example, provincial Education Offices have increasingly played a role in the administration of school education, as the majority of school funding is allocated from the MoEHRD to schools via them. By contrast, the government introduced a system for evaluating provincial Education Offices and provided financial incentives according to the results of evaluation. More important, since the school governing body system was introduced in the mid 1990s, governments have gradually emphasised the participation of parents and local communities in education. For example, the Presidential Commission on Education Reform (PCER) was replaced by the Presidential Commission for the New Education Community (PCNEC) to implement education reform proposals on the basis of the participation of local communities.

99 The Ministerial Meeting on HRD was later legitimised by the Basic HRD Act as the Act passed the National Assembly in 2002.
after the Kim Dae-Jung Government came to power. In addition, since 2001, a school-based accounting system has been introduced by the School Education Act, 30-2, to increase the flexibility of school accounting.¹⁰¹

Fourth, with political democratisation, the oppression of the trade union movement was significantly weakened, and social partnership approaches to labour relations and training started to be introduced. The oppression of labour was the major means of sustaining low-wage labour at the expense of workers' rights. It was legitimised on the requirements of nation-building in confrontation with North Korea. However, the Tripartite Commission paved the way for social partnership in industrial relations. With the setting-up of KTC just after the economic crisis, the trade unions contributed to overcoming economic difficulties. As a consequence, trade unions could raise their voice regarding the labour market and labour-management relations. In this context, the Tripartite Commission reached a basic agreement on training, and also agreed to raise funds for training.

Fifth, the Employment Insurance System replaced the training levy system. This means that the focus of training has shifted from initial vocational training (IVT) to continuing vocational training (CVT). As more than 99 per cent of lower secondary school graduates advance to upper secondary schools, vocational training institutes are finding it difficult to recruit trainees. In other words, the educational attainment level of VTI trainees has risen from being mainly that of primary or lower secondary school graduates to that of upper secondary school graduates. Therefore almost a half of all public VTIs have changed into Polytechnic Colleges, which mainly provide two-year associate diploma programmes for upper secondary school graduates. Other VTIs are also providing short-term IVT programmes, mainly for upper secondary school graduates, or CVT programmes for employees.

Sixth, provincial or local governments have also considerably expanded the provision of training for the unemployed and of lifelong learning for their residents. For example, many local governments are making efforts to set up lifelong learning cities, like Kwangmyung city which drew up a Five-year Plan for Lifelong Learning in 2001 and built a new ‘Lifelong Learning Institute’\(^\text{102}\). Kwangmyung city proclaimed itself as a lifelong learning city in 1998 and is now one of leaders in this field (Kwangmyung-Si 2001). Most important, local governments have not only become a driving force in promoting lifelong learning in terms of the scale of funding, but are also developing a holistic approach to lifelong learning that is likely to bring both liberal and vocational meanings of lifelong learning together in terms of ‘participatory citizenship for adults’.

VIII-2. Conclusion

This section will discuss some lessons from the Korean economic and educational reforms, which were introduced both before and after the Asian Economic crisis, for skills formation and lifelong learning in East Asian countries. It will stress the active role of government and the involvement of social partners in the state-coordinated partnership model. Finally, there will be some policy suggestions for the Participatory Government in Korea, focusing on building a holistic framework for skills formation and lifelong learning.

VIII-2-1. Lessons from Korean economic and educational reforms for east-Asian countries

The Asian economic crisis was another turning point in the transition from developmental skills formation to the state-coordinated partnership model in Korea. Although the Kim Young-Sam government made some attempt to introduce the state-coordinated partnership mode of skills formation, the approach failed, mainly because of the exclusion of

\(^{102}\) Kwangmyung city is located in the Kyunggi Province that surrounds Seoul. See Five-years Planning Book for
labour. However, following the IMF bailout, the Kim Dae-Jung government formed a Labour-Management-Government Tripartite Commission and produced the historic Tripartite Accord. This Accord paved the way for the involvement of social partners in a national policy-making body, by recognizing the collective bargaining rights of schoolteachers and civil servants and the participation of trade unions in political activities (Koo, H.G. 2002:123. The launch of the Tripartite Commission was an important move from 'corporatism without labour' towards 'corporatism with labour'.

With the involvement of social partners, government could play an active role in overcoming the economic crisis. As a result, Korea has emerged with a “more competitive economy” (Stiglitz 2002: 127). In 2002, the economic growth rate was 6.3 per cent and the economy shows some achievements due to the recent economic reform, particularly improvement in the banking system and the rapid development of the information-technology industry (The Economist 2003)\textsuperscript{103}.

However, there are also serious social issues which have appeared after trade and financial market liberalization. They are mainly related to ‘economic instability’ and ‘job insecurity’. For instance, since the economic crisis, one of the most significant changes in the labour market is that the rate of ‘atypical’ workers soared and by 1999 more than half of all employed workers were atypical workers. With increasing economic instability as well as the increased bargaining power of labour, there is a pressing need for employers to hire temporary workers rather than regular workers ((Koo, H.G. 2002: 127). However, job insecurity is a very important issue because it can destroy the “social value of reciprocity”, which has been the “basis of institutional practice in Korean companies” (ibid. p. 121).

The wage difference between large firms and SMEs has also widened since the late 1980s. This disparity has increased especially since 1987, because large firms in core industries have offered better wages and generous welfare benefits to their workers in order

\textsuperscript{103} See, \textit{Keeping the lights on}, A Survey of South Korea, April 19\textsuperscript{th} 2003
to “buy labour cooperation and company loyalty” (ibid. p. 126). These welfare benefits include house subsidies, commuter buses, medical insurance, children’s tuition support, funeral expenses, and a variety of family-related supports. These benefits are not provided for atypical labour. The polarizing of the labour market has increasingly been a difficult problem for government to solve without the support of employees as well as employers.

In 2003, the Participatory Government led by Roh Moo-hyun came into office on the basis of people’s participation and the IT revolution. The government is the result of successive moves towards democratic government and a mobilized civil society since the 1987 democratic movement put the cornerstone on the demise of the authoritarian regime. This important additional move forward for participatory democracy means that the government is required to introduce new institutional mechanisms to deal with challenges regarding globalisation and reunification. The active role of the state and social partners is crucial in building a holistic framework for skills formation and lifelong learning.

What can be learnt from the experience of economic and educational reform in Korea?

First, an appropriate regulatory system has to be established in preparing for economic liberalization. The experience of the economic crisis in Korea proved that rapid “financial market liberalization unaccompanied by an appropriate regulatory structure” almost certainly leads to economic instability (Stiglitz 2002: 84). This means that a government has to be ‘effective and enabling’ in response to globalisation. How can a government take an active role in institutionalising an appropriate regulatory system, particularly during the transition to democracy?

The Korean experience shows that a government needs to promote the participation of social partners in building a social consensus in response to globalisation. As seen in the case of the Tripartite Commission, the government has to play a key role in coordinating social partners, particularly when there has been distrust between capital and labour. The involvement of social partners contributed to persuading economic stakeholders to share
economic sufferings, as well as to increasing the negotiating power of the government in dealing with international economic institutions. It is significant that Stiglitz stresses the role of the Korean government in overcoming the economic crisis, arguing that "[h]ad the IMF’s advice been followed, the recovery would have been far more muted", (Stiglitz 2002: 127).

Secondly, the Asian economic crisis shows that globalisation has made it increasingly difficult for governments to intervene, particularly through economic policies, to promote social cohesion (Nayyar 2002: 9). During the Asian economic crisis, the IMF underplayed the "long-term social and political costs" of their "market fundamentalist policies" (Stiglitz 2002). As a result, the programmes have led to "risks to the poor", and even to the erosion of the middle class which had pushed for democracy, a healthy economy and the expansion of public education (ibid. p. 84). Therefore, academics and non-governmental organizations (NGOs) raise their voices in favour of "governing globalization" (Nayyar 2002). International economic institutions such as the IMF and the World Bank have to be reformed to deliver policies to strengthen "national financial systems" and to encourage "measures to curb excessive inflows of short-term capitals" (You 2002: 233). For example, Governments and NGOs can contribute to strengthening regional cooperation, by establishing a "network of regional and sub-regional organizations, including the regional and sub-regional development banks and reserve funds", like the Asian Monetary Fund (ibid. p. 234).

Thirdly, the Korean experience during the democratic transition has given an example to show that East Asian economies can go along with democracy in response to globalisation. In Korea, the widened participation of social partners has not resulted in the demise of the state. On the contrary, social partners demand the active role of the government in negotiating with different interest groups, and in dealing with globalisation. Moreover, most developing countries have been under pressure to "reshape their domestic economic policies so as to integrate much more into the world economy and to enlarge the role of the market vis-à-vis the state" (Nayyar 2002: 4). Without the democratic involvement of social partners, economic liberalization may mean "opportunities for a few countries and some
people in the developing world, but a very large proportion of both countries and people have remained untouched or have been marginalized by the same process” (ibid. p. 5). For example, in Korea, the main cause leading to the crisis was the liberalization of capital accounts driven mainly by the influences of Chaebols and international economic institutions on economic policies.

On the basis of the active participation of social partners, democratic government can pursue broad reform for the sake of political and social as well as economic development. The broad support of the society is a prerequisite for the success of reform through which benefits are broadly distributed. For example, the governments and social partners are required to cooperate in expanding a social safety net which can minimize the adverse effects of globalisation. Government also needs to encourage the role of civil associations in the democratic transition and in the maturing of democracy. After the experience in Korea, it is worth mentioning that democratic citizenship acquired through education or involvement in NGOs has contributed to raising the consciousness of people and to vitalizing civil society. Active civil society has contributed to the transparency of the economy as well as to political democracy.

Fourthly, a holistic framework for skills formation and lifelong learning is increasingly important in promoting social cohesion and democracy as well as economic competitiveness. The Korean government has tried to build a connected framework for skills formation and lifelong learning under the coordination of the Ministerial Meeting on HRD, although it has not been very successful yet due to the divided administrative system. The main purpose of the Ministerial Meeting is to build a framework which brings skills development, widening access to higher education and adult education for civic participation together.

The holistic framework for skills formation and lifelong learning is required for a coordinated approach to the three dimensions of skills development, social cohesion and democracy which are all essential in a successful democratic transition. Despite the advent of
the global economy, labour mainly remains within national borders, and human skills and insight each become nation's primary assets (Reich 1991: 1). Therefore, many governments see 'high skills' as the main means to enhance national competitiveness in the global market. In addition, with the increasing fragmentation of societies, promoting social cohesion also remains as the main role of the public education system (Green 2002: 14).

The third dimension is also important because enriching 'participatory citizenship' becomes a crucial role of lifelong learning in promoting active civil society and in governing globalisation. After the experience of the Asian economic crisis, most Asian countries have recognized the importance of the partnership between government and social partners in dealing with economic instability, and the serious impacts of international economic institutions on national economies. The relationship between governments and social partners has become an increasingly important issue, because many countries are experiencing transitions to democracy in spite of various opposing forces and processes.

In Korea, active civil associations have emphasized their role in enhancing the social consciousness of the people and in promoting citizens' participation in changing the society. Now there is no doubt that active civil associations have contributed to the rise of civil society and democratisation. Moreover, the democratic government and active civil associations strongly support the role of lifelong learning in expanding 'public spaces for reflective action'. It is worth mentioning that given the democratic transition in Korea, active civil society itself is a place for "reflective learning", which requires "educated attributes, the abilities to read the world and reflect critically upon it" (Evans 2002: 31).

VIII-2-2. Policy suggestions for the Korean government

As the new government is named as a 'Participatory Government', the Roh Moo-hyun government emphasizes the importance of civic participation for democratic reform. With regard to labour market reform, the President has stressed the importance of the
triptite system. In addition, the reform of education and training has been also one of the most important issues.

As examined in chapter VI and VII, Korean skills formation has been changing into the state-coordinated partnership model in terms of modes of regulation. However, there are some systemic weaknesses in education and training in relation to the implementation and practice of related policies. Therefore, policy suggestions will be proposed for building an effective mechanism of implementation and practice, and for pursuing the holistic framework for skills formation and lifelong learning.

First, the government needs to reform the central administrative system of education and training in order to expand the involvement of social partners in making policies on skills formation and lifelong learning. The main complaint of employers as well as trade unions is still that they are excluded from deciding policies on VET and lifelong learning. Therefore the involvement of social partners needs to be regarded as one of the most important factors in improving quantitative and qualitative matches between the supply and the demand sides of education and training. In addition, the coordination by the government should be long-term oriented and properly institutionalised, because there are still disputes between social partners with regard to the direction of reforms. For example, whereas trade unions call for a regulated social partnership, enterprises are likely to stress a deregulated, market-oriented partnership. More important, as the power of government is still dominant in making policies on education and training, a systematic approach to cooperation between the MoEHRD and the MoL should be emphasised as the prerequisite for the coordination of VET and lifelong learning.

Indeed, as many interviewees emphasized, the division between the MoE(HRD) and the MoL is the single most important factor restricting the broad coordination of the government. The division has made it difficult for many reforms for VET and lifelong learning to be effective. The VET Policy Commission has been unable to take a major role in reforming the VET system, mainly because of poor cooperation between the two ministries.
Even the Ministerial Meeting on HRD has difficulty in actively promoting a holistic approach to VET and lifelong learning, not least because of the conflicts between the two ministries. In addition, although the role of the Tripartite Commission has expanded into VET and lifelong learning, it will evidently be difficult for the Ministerial Meeting to take an active role without cooperation between the two ministries.

It should be mentioned that most interviewees who are academics and practitioners argue that without a merger of the MoE and the MoL, cooperation between them is unlikely. Therefore the government needs to examine thoroughly the function of the Ministerial Meeting on HRD as well as the role of the two ministries, in order to establish a more effective coordinating system at the central government level. As emphasized in this thesis, there is a pressing need for the government to change from being the main driving force in planning and implementation to coordinating the involvement of social partners in planning and implementation. That is, the main role of the central administration has to change from 'implementation' to 'coordination' and from 'control' to 'cooperation'. The implementation of school education needs to be devolved to the local government level, while the central coordinating mechanism needs to be more effective. In addition, MoL's role in controlling industrial relations and the labour market needs to be moved to the Tripartite Commission. The two ministries can then be slimmed in order to merge together, with the focus on planning and coordination of education and training. An effective coordinating system at central level is crucial in promoting a holistic approach to skills formation and lifelong learning.

Secondly, to promote local partnership, the complicated administrative system also needs to change into an effectively connected system. There are two main systemic weaknesses in terms of local partnership. One is related to the central administrative system. The divided system at the central government level has made it difficult for local governments to coordinate local partnership. As interviewees point out, the failure to establish local VET Committees should mainly be attributed to poor cooperation between the
two ministries. The effective cooperation of the MoEHRD and MoL is a prerequisite for local partnership in relation to education and training.

The other weakness is the separation of provincial education offices from local governments. The superintendents and the councillors of provincial education offices are indirectly elected by representatives of school governors, who are likely to represent the interests of the world of education rather than of the whole local community. Thus the provincial education offices are not accountable to local people, and are mainly controlled by the MoEHRD. The involvement of local communities in education reforms has been very restricted, and this restriction is preventing the creation of a broad framework for education and training at the local level. For example, lifelong education led by local governments is disconnected from lifelong education led by the MoEHRD.

Therefore, provincial education offices need to belong to local governments and to have relative autonomy. In addition, local governments have to take an active role in developing a holistic approach to VET and lifelong learning at the local level, considering the increasingly diverse demands for lifelong learning.

Thirdly, institutions for VET and lifelong learning need to be restructured in order to implement a holistic approach to lifelong learning. Three institutions have played a key role in standard setting and in operating qualifications in VET and lifelong learning. The KEDI is in charge of the Credit Bank system and the Lifelong Education Centre. By contrast, the KRIVET is in charge of government-approved private qualifications, and conducts research on the national vocational qualifications system. The KOMA is in charge of national technical qualifications. However, their roles overlap, and the conflicts between them have contributed to the emergence of a divided framework for VET and lifelong learning. For example, the KRIVET was originally supposed to replace the KOMA. However, after the failure of the merger, the relationship between them has been ambiguous.

Although the reform of national vocational qualifications was given priority, the qualifications reform driven by the KRIVET highlighted the issues of GAPQs rather than the
whole system. As a result, the reform failed to solve the mismatch between national vocational qualifications and the changing demands of the labour market. The failure was mainly because the government was not enthusiastic about involving employers and trade unions in making policies on qualifications. It was also partly because many GAPQs were approved without seriously considering the demand of the labour market. This shows that the most urgent issue regarding national vocational qualifications is to solve the mismatch; this solution requires the involvement of social partners in building a quality control system.

Another issue is the divided approach to lifelong learning. For example, the KEDI emphasizes liberal adult education oriented to lifelong education, while the KRIVET stresses HRD-oriented lifelong learning. Although the CBS tries to include VET programmes, it is mainly focused on widening access to higher education. Therefore these three institutions need to cooperate in developing a broad framework for lifelong learning, which includes democratic citizenship as well as liberal adult education and HRD. In this regard, the government needs to overhaul the roles of those three institutions in order to build an overarching framework of qualifications with the quality control system.

The KRIVET and the KOMA could be merged and put in charge of standard setting and the operation of national vocational qualifications. The merger could provoke the restructuring of the national awarding body system for vocational qualifications. By contrast, the KEDI needs to be restructured as a national awarding body for non-vocational qualifications, including those in democratic citizenship as well as for academic courses. As for the quality control system, a regulatory mechanism should be established on the basis of the involvement of social partners, civil associations and professionals; it should be free from the pressure of any specific ministry or awarding body. The main weakness of the qualifications system is that there is no appropriate regulatory system to check the quality of national vocational qualifications in relation to the demands of the labour market. For example, the KOMA is responsible for the whole process of vocational qualifications, from standard-setting and examination to quality control. Therefore, the main priorities should be
to enhance the match between the supply and demand of qualifications on the basis of the quality control rather than the quantity control of qualifications.

Fourthly, the Presidential Commission on Education and Human Resource Policy (PCEHRP) needs to broaden its main role, from HRD to developing a holistic framework for lifelong learning. The framework should encompass cultural and political as well as economic development, by including democratic citizenship as well as knowledge and skills. The lack of a holistic framework has caused lifelong learning policies to be disconnected and to overlap. For example, although one of the key policies on lifelong VET is to link vocational high schools and junior colleges, their curricula and qualifications are not connected. Therefore it is not surprising that the policy has been suspected of being only a way to solve the problem of junior colleges finding it difficult to recruit students. The CBS is also too much focused on access to higher education, although the higher education degrees obtained through the CBS are distinguished from normal higher education degrees, and are unlikely to be recognized in the labour market.

The present qualifications system needs to be overhauled in order to develop a holistic framework for lifelong learning. A new system could provide a new framework for lifelong learning, solving the many problems arising from many disconnected and overlapping initiatives. For example, it could solve the problem of the separation of the vocational high school curriculum from vocational qualifications. This has been the main problem of VET. It could also provide a link between vocational high schools and vocational higher education, such as has been suggested as a contribution to widening participation in lifelong learning. Moreover, civil associations, which have played a major role in providing informal education programmes for democratic citizenship, could also be involved in providing modularised programmes supporting democratic citizenship as required for the promotion of active civil society. In this regard, the CBS should be expanded and flexible, so as to include vocational and 'civic' (democratic citizenship) programmes as well as academic-oriented programmes.
Since the result of the college entrance examination is valid only in the year when it is taken, those who fail to get a place in higher education have to take the examination again if they want to enter higher education in another year. Also, as the system is mainly for academic high school graduates, it has been a barrier against vocational high school graduates going to university. Therefore, the college entrance examination should be included as part of the lifelong learning framework. It needs to be replaced, becoming part of a new qualifications system, which could contribute not only to overcoming divisions between academic and vocational programmes, but also to encouraging a broad 'lifelong progression'.

Fifthly, increased partnership between educational institutions and employers is desirable. However, to achieve this partnership, the mechanism of the partnership needs to be institutionalised. The main reason why the 2+1 system was not successful is that employers tended to regard the partnership as an opportunity for using cheap labour rather than training future skilled labour. Therefore, the responsibility of employers has to be clearly indicated in the form of contract and the process of work-based training has to be monitored and assessed by internal and external organisations such as the Labour and Management Committee and the KCCI under the responsibility of the government or the Tripartite Commission.

The successful partnership between formal education and employers can pave the way for smooth transition by students from schools and colleges to work. This is very important now, at a time when youth unemployment is a serious issue. Partnership can also contribute to overcoming not only the division between education and training, but the mismatch that has existed between qualifications and the changing demands of the labour market.

Sixthly, the Tripartite Commission needs to take an active role in involving social partners in VET and lifelong learning. The role of the previous government was crucial in forming the Commission with the support of social partners. There is no doubt that the Tripartite Commission contributed to overcoming the economic crisis, by involving social partners in policy decisions. This involvement strengthened the position of the government in
dealing with IMF structural adjustment programmes, as well as with the demands of employers or employees. Therefore, the Commission can be characterized by the concept of the state-coordinated partnership. Its contribution shows that a government can play an "essential role not only in mitigating these market failures but also in ensuring social justice" in response to globalisation and democratisation (Stiglitz 2002: 218, emphasis by author).

So far, industrial relations have been the main focus of the Commission, although it has partly contributed to involving social partners in training. The Commission needs to deal with training and lifelong learning as one of its main roles. Lifelong learning, including training, is an increasingly important issue for employers and employees in the knowledge economy. Moreover, because the promotion of lifelong learning is a constant and long-term task, it would also contribute to enhancing the status of the Commission. However, there are three main prerequisites for the active role of the Commission in lifelong learning. First, enterprise unionism needs to change into industry-sector unionism. This will be discussed in the next paragraph. Secondly, a task force needs to be established under the Commission, to develop a broad framework for lifelong learning, increasing the participation of employers and employees on the basis of cooperation between the MoEHRD and MoL. Thirdly, trade union leaders particularly need to regard lifelong learning as a main issue for collective bargaining, and they should develop their own policies for lifelong learning. Therefore the government needs to promote the role of labour-management councils and to provide various opportunities for trade unions to be involved in making policies on lifelong learning.

Finally, enterprise unionism needs to be changed into industry-sector unionism, to tackle the widening wage difference between large firms and SMEs and also the increasing proportion of atypical workers. With the devastating impact of the economic crisis, these problems have become serious social issues which threaten social cohesion. The labour market has been increasingly polarized, and these problems have hampered wide skills diffusion. Therefore, although the Employment Insurance Fund contributed to the increase of
continuing vocational training in large firms, it failed to promote the participation of SMEs. These issues are difficult to tackle when there is enterprise unionism.

Therefore industry-sector unionism needs to be encouraged as the main means to deal with these issues. In May 2003, the metal trade unions started, for the first time, collective bargaining with representatives of employers, and large enterprise unions decided to change into industry-sector unionism. National umbrella organizations of trade unions have already insisted on the main role of industry-sector unionism in collective bargaining. In terms of training, the industry-sector unionism may contribute not only to the participation of trade unions and employers at the sector level, but also to the vitalization of labour-management councils at the company level. Therefore, the Tripartite Commission needs to play an active role in institutionalising the framework of industry-sector unionism. Then industrial sector-based trade unions and employers can be encouraged to put forward their demands for skills formation as well as for collective bargaining.

In conclusion, as democracy is becoming mature, the mechanism for state-coordinated partnerships is increasingly required, to enable the government to play an active role in promoting the involvement of social partners in skills formation and economic development. It is also a prerequisite for the vitalisation of social dynamics in the process of democratisation and reunification.

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Appendices

Appendix 1. Questionnaires (five types)

1) Questionnaire for policy-makers (regarding the VET Policy Commission and local VET Committees)

2) Questionnaire for social partners (regarding the VET Policy Commission and local VET Committees)

3) Questionnaire for education authorities or policy-makers (regarding the KRIVET)

4) Questionnaire for researchers (regarding the KRIVET)

5) Questionnaire for social partners (regarding the KRIVET)

Appendix 2. The changing education system in South Korea

Appendix 3. The organisation & responsibilities of the HSRC

Appendix 4. The organisation and key functions of the KRIVET
Appendix 1. Questionnaires

I. Questionnaires for different groups with regard to the VET Policy Commission and a local VET Committee

I-1. Questionnaire for policy-makers.

1. Since the previous government, your Ministry (the Ministry of Education or the Ministry of Labour) has tried to introduce a new framework of education and training in terms of lifelong learning or a learning society. Could you elaborate the main reasons to introduce the new framework of lifelong learning (or lifelong VET) as a direction of education and training reform?

2. As a part of main VET reforms, the Policy Commission and a local VET Committee were proposed by the VET Promotion Act of 1997. Do you think the VET Policy Commission and a local VET Committee has played or will play a major role in promoting the lifelong VET system? Then, could you explain why you think so?

3. Do you think the introduction of the VET Policy Commission and a local VET Committee has been a significant shift toward the social partnership? Then, could you explain why you think so?

4. Could you explain what kinds of policies are needed to encourage social partners to participate in the national Board?

5. Could you explain what kinds of policies are needed to encourage social partners to participate in the regional Committee?

6. The present government established the Ministry of Education and Human Resource Development (MoEHRD) with the status of a vice-Prime Minister, emphasising a new framework of NHRD (Human Resource Development at the national level). What are the factors for the change in terms of high skills formation?

7. Has the new framework of NHRD impacted on the VET Policy Commission and local VET Committees? Then, could you explain why you think so?
8. Do you think the rise of civil society including business has contributed to the promotion of lifelong learning? If you say yes (or no), could you elaborate how the relationships between the government and civil society such as civil associations, trade unions and business have changed in promoting lifelong learning?

9. What kind of relationships between the government and civil society are required to promote more holistic approach to lifelong learning, including social development as well as economic development?

10. South Korea is regarded as one of the most successful countries with regard to the diffusion rate of the Internet. Do you think the rapid increase of usage of the Internet has contributed to the evolution of lifelong learning or a learning society? Then, could you elaborate how ICT have affected the regulatory mechanism of lifelong learning?
1. Since the previous government, the Ministry of Education and the Ministry of Labour have tried to introduce a new framework of education and training in terms of lifelong learning or a learning society. Could you explain the main reasons for the government to introduce the new framework of lifelong learning (or lifelong VET) as a direction of education and training reform?

2. As a part of main VET reforms, the VET Policy Commission and a local VET Committee were proposed by the VET Promotion Act of 1997. Has your institute or organisation been interested in participating in the VET Policy Commission or a local VET Committee? Then, what are reasons for your decision?

3. Does your institute or organisation regard the VET Policy Commission or a local VET Committee as a significant shift toward the social partnership or another government directed policy? Then, why do you think so?

4. Do you think the VET Policy Commission or a local VET Committee has played or will play a major role in promoting VET? Then, why do you think so?

5. Could you elaborate what kinds of policy encourage or discourage your institute or organisation to participate in the VET Policy Commission or the local VET Committee?

6. The present government established the Ministry of Education and Human Resource Development (MoEHRD) with the status of a vice-Prime Minister, emphasising a new framework of NHRD (Human Resource Development at the national level). What are the factors for the change in terms of high skills formation?

7. Do you think the new framework of NHRD has impacted on the VET Policy Commission and local VET Committees? Then, could you explain why you think so?

8. Do you think the framework of NHRD has contributed to or will contribute to the promotion of broad meaning of lifelong education beyond narrow meaning of VET?

9. Do you think the rise of civil society including business has contributed to the promotion of lifelong learning? If you say yes (or no), could you explain how the relationships between the government and civil society such as civil associations, trade unions and business has changed in promoting lifelong learning?
10. What kind of relationships between the government and civil society are required to promote a more holistic approach to lifelong learning, including social development as well as economic development?

11. South Korea is regarded as one of the most successful countries with regard to the diffusion rate of the Internet. Do you think the rapid increase of usage of the Internet has contributed to the evolution of lifelong learning or a learning society? Then, could you describe how ICT have affected the regulation of lifelong learning in transition to democracy?
II. Questionnaires for different groups with regard to the KRIVET

II-1. Questionnaire for education authorities or policy-makers.

1. VET Reforms have been implemented on the basis of the proposals for the 'Educational Reform for the Establishment of a New Vocational Education System (II)' made by the Presidential Commission for Education Reform in 1996. What are the factors to propose the formation of the lifelong VET system as the direction of the VET Reforms?

2. The MoE and the MoL jointly established the KRIVET in 1997 as the part of the three proposals for the VET Reform Acts. Could you explain the main role of the KRIVET in promoting the lifelong VET system, which has been the priority of VET policies?

3. With regard to the regulation of lifelong learning, could you elaborate the role of the KRIVET in setting VET standards as well as the development of qualification system?

4. Could you explain the relationships between your Ministry and the KRIVET with regard to the VET Policy Commission and regional Committees, proposed by the VET Promotion Act of 1997?

5. Do you think the establishment of the KRIVET has been successful in promoting lifelong VET system? Then, could you explain the reason why you think so?

6. The MoE and the MoL jointly established the KRIVET in 1997 as the part of the three proposals for the VET Reform Acts. Do you think the establishment of the MoEHRD has impacted on the cooperation between vocational education and vocational training with regard to the formation of the lifelong VET system?

7. Do you think the new framework of NHRD contributes to the promotion of lifelong learning beyond the framework of VET? If you say yes, how do you think the framework contributes to it?

8. Since the early 1990s, civil society including business has increasingly become more influential in the process of policy-making. Do you think the roles of social partners need to be invigorated to participate in the process of decision-making on the formation of the lifelong learning framework?

9. Do you think the role of the state (or government) needs to change in promoting lifelong learning (or lifelong VET) according to the rise of civil society? If you
say yes, could you explain the direction of a change with regard to the relationships between the state and social partners?
II-2. Questionnaire for researchers of the KRIVET

1. VET Reforms have been implemented on the basis of the proposals for the 'Educational Reform for the Establishment of a New Vocational Education System (II)' made by the Presidential Commission for Education Reform in 1996. What are the factors to propose the formation of the lifelong VET system as the direction of the VET Reforms?

2. The MoE and the MoL jointly established the KRIVET in 1997 as the part of the three proposals for the VET Reform Acts. Could you elaborate the role of the KRIVET in promoting the lifelong VET system, which has been the priority of VET policies?

3. With regard to the regulation of lifelong learning, could you elaborate the role of the KRIVET in setting VET standards as well as the development of qualification system?

4. Could you explain the relationships between government Ministries and the KRIVET with regard to the VET Policy Commission and regional Committees proposed by the VET Promotion Act of 1997?

5. Do you think the establishment of the KRIVET has been successful in promoting lifelong VET system? Then, could you explain the reason why you think so?

6. The MoE and the MoL jointly established the KRIVET in 1997 as the part of the three proposals for the VET Reform Acts. Do you think the establishment of the MoEHRD has impacted on the cooperation between vocational education and vocational training with regard to the formation of the lifelong VET system?

7. Do you think the new framework of NHRD contributes to the promotion of lifelong learning beyond the framework of VET? If you say yes, how do you think the framework contributes to it?

8. Since the early 1990s, civil society including business has increasingly become more influential in the process of policy-making. Do you think the roles of social partners need to be invigorated to participate in the process of decision-making on the formation of the lifelong learning framework?

9. Do you think the role of the state (or government) needs to change in promoting lifelong learning (or lifelong VET) according to the rise of civil society? If you say yes, could you explain the direction of a change with regard to the relationships between the state and social partners?
II-3. Questionnaire for social partners about the KRIVET

1. VET Reforms have been implemented on the basis of the proposals for the 'Educational Reform for the Establishment of a New Vocational Education System (II)' made by the Presidential Commission for Education Reform in 1996. What are the factors to propose the formation of the lifelong VET system as the direction of the VET Reforms?

2. The MoE and the MoL jointly established the KRIVET in 1997 as the part of the three proposals for the VET Reform Acts. Do you think the KRIVET has played a role (or will do) in the formation of the lifelong VET system, which has been the priority of VET policies?

3. With regard to the regulation of lifelong learning, could you elaborate the role of the KRIVET in setting VET standards as well as the development of qualification system?

4. Do you think the establishment of the KRIVET has contributed to setting VET standards as well as the development of qualification system? Then, could you explain the reason why you think so?

5. Could you explain the relationships between government Ministries and the KRIVET with regard to the VET Policy Commission and regional Committees proposed by the VET Promotion Act of 1997?

6. The MoE and the MoL jointly established the KRIVET in 1997 as the part of the three proposals for the VET Reform Acts. Do you think the establishment of the MoEHRD has impacted on the cooperation between vocational education and vocational training in coordinating the formation of the lifelong VET system?

7. Do you think the new framework of NHRD contributes to the promotion of lifelong learning beyond the framework of VET? If you say yes, how do you think the framework contributes to it?

8. Since the early 1990s, civil society including business has increasingly become more influential in the process of policy-making. Do you think the roles of social partners need to be vitalised to participate in the process of decision-making on the formation of the lifelong learning framework?

9. Do you think the role of the state (or government) needs to change in promoting lifelong learning (or lifelong VET) according to the rise of civil society? If you say yes, could you explain the direction of a change with regard to the relationships between the state and social partners?
Appendix 2. The changing education system in Korea

<table>
<thead>
<tr>
<th>University</th>
<th>Other HE*</th>
<th>V.-HE</th>
</tr>
</thead>
<tbody>
<tr>
<td>V</td>
<td>T</td>
<td>Junior College</td>
</tr>
<tr>
<td>Academic Upper Secondary School</td>
<td>Comprehensive</td>
<td>Vocational Upper Secondary School</td>
</tr>
<tr>
<td>Lower Secondary School</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary School</td>
<td></td>
<td></td>
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</tbody>
</table>

*Other HE: Cyber Universities, In-plant University, Credit Bank System-based HE degrees
Appendix 3. The organisation and Responsibilities of the HSRC

1. Organisation

![Organisation Diagram]

**Staff**

<table>
<thead>
<tr>
<th>Chairman</th>
<th>Director</th>
<th>Team Manager</th>
<th>Assistant Manager</th>
<th>Functional</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>2</td>
<td>6</td>
<td>2</td>
<td>12</td>
</tr>
</tbody>
</table>

2. Responsibilities

**Board of Directors**

Composed of one chairman and less 15 directors; the board members are appointed by the Prime Minister; as the prime policy-making unit, it decide the items of the articles of association.

**Auditor**

Appointed by the Prime Minister after the recommendation of Board of Directors: the auditor is responsible for the auditing assets & executing activities.

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105 See [http://www.khrsri.re.kr/eng/intro.html](http://www.khrsri.re.kr/eng/intro.html)
Advisory Board of Management & Coordination

Composed of the chairman and directors of the board of directors and the presidents of member research institutes: the Board provides advices for major policy-making decisions.

Planning & Evaluation Committee

Composed of nine experts from industry, academia, and research fields: the Committee gives for the coordination of member research institutes and the long-term development plan for research; to support the evaluation process of the Council.

Secretariat

Composed of 1 secretary-general and 2 teams, the planning team execute the middle-long term planning, personnel, budgets, auditing, and other miscellaneous affairs, and monitors the research and management results of member research institutes. The evaluation team is responsible for evaluating member research institutes.
Appendix 4. The organisation and key functions of the KRIVET\textsuperscript{106}

Organisation

Key functions

1. conducts research on national policies to develop human resources and supports their implementation

\textsuperscript{106} See http://www.krivet.re.kr/cgi-bin/rabout.cgi
2. supports the network of stakeholders in technical and vocational education and training (TVET) and human resources development (HRD)

3. conducts research on TVET as part of lifelong learning for all and carries out related projects

4. develops and propagates programs for TVET as part of lifelong learning

5. conducts research on national and private qualification systems and supports related projects

6. evaluates TVET institutes and their programs upon request from the government

7. provides information and career counselling for all for their employment and career development

8. establishes and manages a system for collecting information and analysing the labour market trends on a regular basis

9. promotes the international exchange of information on TVET

10. collects, organizes and disseminates information on TVET