CHAPTER 2

The Sewol Disaster: Predictable Consequences of Neoliberal Deregulation

Yoonkyung Lee

When scholars and commentators discuss the consequences of neoliberal policy shifts, they focus mostly on deregulation in various economic spheres, privatization of public corporations, heightened economic instability at the macro level, and aggravated personal insecurity at the micro level. Living through the neoliberal era, we have learned a lot about how deregulation of all varieties has created crises in the financial market (e.g., 1997–1998 Asian financial crisis), the housing market (e.g., 2008 Lehman Brothers bankruptcy), and the labor market (e.g., the rise of precarious workers and economic disparities). Up until recently, however, the consequential relationship between neoliberal policy change and the occurrence of massive disasters remained elusive or hypothetical at best. This was especially the case for many Koreans until April 16, 2014 when the Sewol ferry suddenly capsized and took the life of 304 passengers, most of whom were teenage schoolkids on board for their field trip to Jeju Island. The Sewol accident and the way in which the crews, the ferry company, and state agencies responded to the accident

Y. Lee (✉)
University of Toronto, Toronto, Canada

© The Author(s) 2017

J.-J. Suh and M. Kim (eds.), *Challenges of Modernization and Governance in South Korea*, DOI 10.1007/978-981-10-4023-8_2

provided an analytical magnifier to understand this not-yet-proven relationship between neoliberal deregulation and man-made massive disasters.

The Sewol disaster gave an unspeakable shock to Korean citizens and observers abroad. Perhaps the disaster's sociopolitical magnitude to the Korean public was comparable to that of Hurricane Katrina in American society. It was not the accident itself because accidents do occur in every society. The source of the shock was tied to how state authorities and responsible actors responded to the accident. Investigating the institutional conditions that led to massive disasters like Sewol or Katrina and chronicling the ways in which public authorities responded to and managed disasters reveal the strengths and weaknesses that constitute a society and its political systems. What was most appalling in the case of the Sewol was not the fact that a ferry capsized and sank but that an unending series of avoidable mistakes, misconduct, inertia, and incompetency was made by individuals, private interest, and state institutions. What surfaced minute after minute from the moment of the ferry's sinking were not saved passengers but the structural predicaments of Korean society and the comprehensive incapacity of public authorities.

On April 16, 2014, Sewol was declared seaworthy by the Inchon port authority despite the ship being full of built-in conditions for an accident. When the ferry suddenly capsized, the crew abandoned the ship and its passengers. No passenger from the ferry's cabin was rescued. The rescue mission by the Coast Guard and the emergency headquarters formed by the central government was a complete failure marred by incompetency, deception, and collusion. This study, instead of approaching the Sewol disaster as a random accident caused by the misconduct of a few individuals with failing morals, situates the Sewol in the larger political and economic context of Korean society. It argues that the Sewol accident reveals the disastrous consequences that the state's neoliberal deregulation and collusion with private interests have for public safety.

This chapter highlights two connections between the Korean government's embracement of neoliberal policies since the 1990s and the tragic accident of the Sewol. The first is that its neoliberal policies have created broad institutional flaws for public safety, thus increasing the likelihood of massive disasters like Sewol. The second is that they have undermined the state capacity to manage mega accidents when they occur. In investigating the neoliberal connections to the Sewol tragedy, this study

chronicles the continued withdrawal of state functions from public safety regulation and oversight as evidenced by the deregulation of vessel management and safety assessment, and the privatization of rescue missions. It also identifies the social cost of the rising levels of labor market deregulation as exemplified by the expansion of temporary crew employees in the ferry industry and their inadequate response to disaster circumstances. Yet, in explicating the intended consequences of deregulation, this exposition also emphasizes how the old practices of state collusion with private business interests and the absence of transparent oversight thrived under the conservative government in Korea. Thus, the Sewol was caught in the combined deadly force of the seemingly new wave of neoliberal deregulation in recent decades and the continuity of public–private collusion originating from the developmental past. This chapter will conclude with some discussion on neoliberal deregulation, the role of public institutions, and the intrinsic tension between market interests and democratic justice.

Deregulation in the Ferry Industry

Korean society began to embrace neoliberal globalization and various forms of deregulation in the 1990s. The neoliberal shift started with the Kim Young-sam government (1993–1997) that pitched for Korea's *segehwa* (internationalization) and accelerated under President Kim Dae-jung (1998–2002), who administered the restructuring of the Korean economy in the aftermath of the Asian Financial Crisis in 1997–1998.[1] Former President Roh Moo-hyun (2003–2007) described his years in office as being besieged by the interest of capital to indicate the extent of market forces dominating political affairs.[2]

The neoliberal change further expanded with the return of conservative political forces to power. Without question, the government under Lee Myung-bak (2008–2012), a former CEO of Hyundai Construction, stood as an ardent champion of business-friendly policies. Under the banner of "MBnomics", the Lee government formed the Presidential

[1] For detailed discussion of economic changes during Korea's neoliberal era, please read Lee (2014).

[2] In his meeting with CEOs of Korean conglomerates in May 2005, President Roh made a comment that "the reigning power now lies in the hands of the market" (Hankyoreh shinmun, May 30, 2005).

Commission for National Competitiveness and introduced various relaxations in the areas of *chaebol* regulation (such as the relaxation of the total amount of cross-shareholding, the relaxation of the total investment amount ceiling system, and the relaxation of corporate ownership of financial entities and mass media) and tax rates (such as the reduction of corporate tax and income tax) (Lee 2012). Although President Park Geun-hye campaigned on "economic democracy" during the presidential race in 2012, her cabinet after coming to power completely erased the "democracy" part.[3] President Park continued the economic policy of her predecessor by subscribing to the pro-growth and pro-business emphasis. Deregulation continued under the Park administration as Ms President defined regulation as "our enemy and a cancer [for the economy]" when pronouncing a list of deregulatory measures (Redian, May 8, 2014).

The consequences of such a relentless process of neoliberal transformations were not limited to the restructuring of the Korean economy and the labor market, which championed business interests and produced an increasing number of precarious jobs. Neoliberal ideas that promote market competition and efficiency have deeply penetrated into political, social, and cultural institutions (Harvey 2007). A concomitant result of neoliberalism, therefore, was the creation of a social norm that justifies the prioritization of corporate profits and monetary gains over all other democratic values of human rights, justice, fairness, and transparency. It was in this context that state functions for the oversight of public safety were modified and the supposedly arm's-length relationship between public authorities and private interests were compromised.

The deregulation of vessel management and safety assessment, which this study identifies as the initial cause of the Sewol accident, needs to be understood within this broad context of the conservative government's drive for economic liberalization and deregulation. The KSA (or *Haewoonjohap* in Korean) is the organization that represents the interests of 1788 members who engage in the coastal shipping industry. The KSA began lobbying the Ministry of Oceans and Fisheries (MOF) in 2006 to extend the age limit of ships from 20 to 30 years.[4] In 2009, the Lee government passed the bill to extend passenger ships' lives to 30 years, along

[3] Economic democracy (*kyeongje minjuhwa* in Korean) denotes to economic redistribution and social welfare in the Korean political lexicon.

[4] The KSA website: http://www.haewoon.or.kr/ksaEng/main/main.do (accessed on December 17, 2014).

with various other deregulatory ordinances that would benefit coastal shippers (Kyunghyang shinmun, May 15, 2014). In addition to the extended ship's age, the frequency for engine inspection, specific guidelines for freight loading, overload limits, and the legal obligation of shippers involved in an accident were all relaxed over the years (ibid.). As the extension of vessel age went into effect, coastal shippers began to import used and aged ships (reaching about 20 years old) from other countries and to have them remodeled and renovated to put into operation in the Korean seas. The Sewol was one of the aged ferries, originally built in 1994 in Japan and put into retirement in 2012. The Cheonghaejin Marine Corporation bought the Sewol ferry in 2012 and refurbished it to accommodate a larger number of passengers and a greater weight of cargo in order to generate a greater profit.[5]

However, it is not to claim that the extension of ships' age per se is the primary cause of the Sewol accident. There are aged ships that sail in sound safety conditions. The safe operation of a vessel depends on the professional maintenance of the vessel and strict enforcement of vessel safety. Many countries, including Japan, have no age limit of vessels but instead have agencies that strictly enforce safety inspections and assessments (PPSS, May 14, 2014). Regulating vessels' age limit is an easy substitute for the state function for safety inspection and oversight. The problem with the Sewol is the combination of vessel age deregulation and lax enforcement of safety assessment by state agencies. This point leads to the second important cause that lies behind the Sewol disaster.

The KSA, the interest group that lobbied for the relaxation of state regulations on vessel age and operation protocols, is the association in charge of vessels' safety inspection. There are two additional organizations that are involved in the area of vessel safety. They are the KRS (or *Hankukseonkeup* in Korean) and the regional offices of Maritime Affairs and Port Administration (*Hangmancheong* in Korean) under the MOF. The KRS is a non-profit, private entity that specializes in ship classification and safety certification. The port authorities of Maritime Affairs and Port Administration are mainly in charge of port logistics, maritime traffic control, and inspection of cargo registration.[6] These three organizations, while the KSA and KRS are private organizations and port

[5] The remodeling of Sewol made the ship dangerously top-heavy.

[6] Information retrieved from the website of each organization: http://www.krs.co.kr and http://www.portincheon.go.kr (accessed December 17, 2014).

authorities are public ones, are in fact in a close relationship, mutually connected through personal ties and material interests.

First of all, when the Cheonghaejin Marine Corporation remodeled the Sewol and applied for safety certification, the KRS passed its safety assessment without raising a red flag. The remodeling raised the Sewol's center of gravity and required a reduced weight of cargo with an increased amount of ballast water. The KRS failed to make a note of such a structural problem. Second, it is basically the shippers themselves (the KSA and its members) who self-oversee their own affairs at ports and at sea. On the day of the accident, it was the cargo workers employed by Cheonghaejin who loaded the Sewol with twice the maximum allowed cargo. It was the chief mate who ordered the removal of several hundred tons of ballast water to conceal the overloaded cargo. Third, the Inchon Port Administration completely failed in its regulatory and oversight obligations. On April 16, the Port Administration officer signed off the Sewol's clearance notice even though the number of passengers and the cargo weight were left blank in the paper. The cargo worker employed by Cheonghaejin testified that no one has ever checked the actual weight of the cargo or corrected this violation of vessel safety regulation (Hankyoreh 21, March 25, 2016). He further revealed that the monthly inspections conducted by the KSA and the biannual special inspections jointly conducted by the Port Administration, the KRS, and the Korean Coast Guard (KCG) were merely perfunctory (ibid.).

This means that due to the KSA's close relationship to the KRS and the Port Administration, there is no active state agency involved in overseeing the safety inspection of ships, enforcing the compliance of safety regulations, and deterring the formation of collusive interactions. When no check mechanism is instituted between profit-seeking individuals or businesses and public safety, it is obvious that public safety will be compromised as it is perceived as an extra expense that reduces the maximum amount of profit for business owners. One of the fundamental causes leading to the Sewol disaster was the fact that neither a state agency nor a third party was actively present in overseeing the safety of vessel operation.

In addition to the problem of shippers' self-inspection of vessel safety, other measures related to safety continued to be deregulated under the Park government. The Ordinance on the Vessel Crew was revised to change the status of vessel inspectors and maintenance engineers from crew to non-crew members. This was because the existing Law on

Dispatch Workers prohibits using temporary dispatch workers for on-board crew members (Kyunghyang shinmun, May 15, 2014). By changing the status of vessel inspectors and maintenance engineers from crew to non-crew members, the shippers can employ temporary dispatch workers for this crucial function on the ship. As I will discuss in detail in the following section, the majority of the Sewol's officers and crew were temporary contract workers. These deregulatory measures implied that vessel safety was placed under double jeopardy. Not only are the shippers themselves in charge of vessel safety assessment, but they also employ temporary inspectors and engineers to be on board to respond to maintenance and safety problems at sea.

Labor Market Deregulation and Precarious Labor

The replacement of regular employees with temporary workers in the shipping industry is another predicament in public safety that this study identifies. The increased deployment of temporary workers in sea transportation is the small tip of an iceberg in Korea's labor market deregulation that has accelerated since 1996. The Kim Young-sam government pronounced the "New Labor Relations Plan" and formed the Labor Relations Reform Commission to increase the Korean economy's international competitiveness and to prepare the nation for membership of the Organization for Economic Cooperation and Development (OECD).[7] Capital, represented by the Korea Employers' Federation, pursued labor market deregulation from the very beginning of the tripartite negotiations (Choi et al. 2000). The revised labor law, passed in December 1996, overturned the compromise that was reached in the tripartite deliberations and instead introduced blatant clauses to make layoffs easy and expand the scope of contingent employment. The labor market restructuring continued under the Kim Dae-jung government that formed the Korea Tripartite Commission in 1998. The three parties (the government, capital, and labor) signed a social pact the same year but the essence of the pact was to introduce stipulations for massive layoffs and labor market flexibility in exchange for the legal recognition of the Korea Confederation of Trade Unions and labor unions' rights for political activity.

[7] The Commission consisted of three parties, i.e., the representatives of the government, capital, and labor, and deliberated on labor law reforms.

As a result of the labor market restructuring, the Korean labor force came to be composed of a massive number of non-regular workers (*bijeongkyujik* in Korean) (Lee 2014).[8] Many firms, even after the Korean economy's recovery from the financial crisis of 1997–1998, decreased or halted new hires of full-time employees with secure labor contracts. Firms substituted existing regular jobs with contingent workers contracted with precarious labor conditions. According to the definition of non-regular workers by a labor research group, the ratio of non-regular workers soared from 43.2% of all paid employees in 1996 to 58.4% in 2000 and has since been in a gradual decline to record 48.3% as of 2012.[9] What is phenomenal about non-regular workers is not only their size in the labor force, but also the gap they experience in their wages and social benefits. A non-regular worker, even if s/he performs the same labor as a regular worker, is paid 51.3% of a regular worker's hourly wage on average (Additional Survey of Economically-Active Population 2013). Furthermore, only about one third of over 6 million non-regular workers receive overtime payment, bonuses, and retirement payment, or are covered by paid holidays, national pension, national health insurance, and the national unemployment program. This is a huge contrast to regular workers as almost 90% of them are entitled to the aforementioned benefits and social protection (Lee 2014).

The ferry industry is not an exception but rather an example that demonstrates the extent to which businesses rely on contingent labor to cut labor cost. On the day of the accident, almost half of the crew on the Sewol ferry, including the captain, consisted of temporary contract workers, not full-time employees of Cheonghaejin, the ferry company. Out of a total of 29 crew members, 15 were temporary workers with short-term contracts ranging from 6 to 12 months (Pressian, April 21, 2014). Lee Joon-seok, the captain, was a one-year contract worker

[8] *Bijeongkyujik* includes long-term and short-term temporary workers, part-time workers, dispatch workers, subcontract workers, on-call (dispatch) workers, and others without a secure labor contract (Kim 2012).

[9] This study uses nonregular, precarious, and contingent labor/worker interchangeably. The government and labor activist groups have different definitions for nonregular workers. The former includes temporary, part-time, and atypical workers, whereas the latter adds long-term temporary workers and seasonal workers to the government classification. Data on nonregular workers come from Statistics Korea's *Survey on Economically Active Population* (various years).

who was paid about 60% of the pay of a full-time captain of the same rank (ibid.). Eight out of ten deck crews were temporary workers while three helmsmen were also contract workers. These temporary crews are also known to be paid about 60–70% of the wages for full-time crews (ibid.). These short-term ferry crews received no adequate safety training as Cheonghaejin spent just about $500 on safety education and training for the entire year of 2013. In comparison, the ferry company reported to have spent $60,000 on lobbying and $230,000 on advertising (ibid.).

These facts demonstrate that shipping companies were able to raise their profits by employing short-term contract workers and cutting costs for safety training. In a flexible labor market where hiring and firing is easy, employers view their workers as disposable goods instead of human resources requiring adequate training and long-term relationships. As the Cheonghaejin's meager spending on safety education shows, firms increasingly view workers worthy of only an hourly (or monthly) wage, while regarding any additional expenses spent on training or social protection as unnecessary overpayment. In industries where public safety is a key matter for daily operation, the provision of training, education, and other protective measures is an essential element. Such investment would enable workers to be professionally prepared with safety protocols and incentivize them to make a full commitment to job obligations. The captain and crew of the Sewol completely failed in following basic protocols in the crucial moments of the ship's capsizing and abandoned their professional obligations of saving the passengers in the cabin. While their misconduct is enraging and incomprehensible, blaming their failed morals only misses the broad context of the accident. Under precarious working conditions and in the absence of proper investment in training, it is unrealistic to expect workers to be fully committed to their work and to be professionally prepared for emergency situations.

The State's Withdrawal from Public Safety and the Ascendance of Private Interest

The state and public institutions have increasingly been placed under organizational disarray and thus incapacitated in public safety functions over decades of neoliberal deregulation. First, state agencies in charge of marine safety and regulation were placed under constant reorganization to serve the short-term political agenda of the incumbent president. The MOF was first established in 1996 along with the KCG as an affiliated

agency. In 2008, President Lee introduced cabinet restructuring and dissolved the MOF by splitting it into the Ministry of Land and Oceans and the Ministry of Agriculture, Forestry, and Fisheries. When President Park assumed power, she brought back the MOF in 2013.

Furthermore, state agencies that are in charge of the oversight of vessel operations are multiple and poorly coordinated. For instance, the MOF oversees the operation of passenger ferries in coastal lines; the KCG is in charge of sightseeing boats in coastal lines; and local governments in cooperation with the National Emergency Management Agency oversee sightseeing boats in inland waters (Hankyoreh shinmun, April 24, 2014). Because these public offices operate under unclear, if not conflicting, administrative division of labor and under disintegrated regulatory regimes, the state response was delayed, clumsy, misinformed, and unorganized when the Sewol accident occurred. After the Sewol disaster, President Park asked the KCG to take responsibility for its failed rescue missions and ordered the dissolution of the KCG. Now there is a new ministry, the Ministry of Public Safety and Security, to centralize the management of public safety affairs.

Such constant reshuffling of cabinet ministries and state agencies makes it difficult to guarantee the responsibility and accountability of public authorities in their administrative performance. Under unclear division of labor and ineffective coordination, state agencies can simply avoid their administrative duties and blame each other for any failed functions. It also hinders the specialization and professionalization of public officers because such an administrative environment incentivizes individual survival within the organization, not professional specialization. Even the newly established Ministry of Public Safety and Security has constrantly been criticised for its inefficiency since its creation. This was closely related to President Park's decision to appoint former military generals with no professional expertise in public safety to lead the new Ministry and the Ministry's continued failures in subsequent disasters.

In addition to the problems of organizational disarray and underprofessionalization, rescue missions have increasingly been privatized by being transferred from state institutions to private corporations. The Law regarding Disaster at Sea and Rescue was revised in August 2012 during the last few months of the Lee government to require the KCG to conduct rescue operations in cooperation with the Marine Rescue and Salvage Association (MRSA, *Haeyangkujohyeophoi* in Korean), a non-profit corporation (Hankyoreh shinmun, April 24, 2014). The MRSA was formed in January 2013 right after the revised law went into effect by

private rescue and salvage companies associated with large shipbuilding and shipping corporations. As with any other private firm, their interest lies in making more profit, which comes from the frequency and scale of marine accidents. While the KCG is legally in charge of maritime rescue missions, the owner of the ship in accident is required by the revised law to contract a member company of the MRSA to do the real work of rescue and salvage. This stipulation does not only imply an extended degree of privatization in the operation of rescue functions but also provides an obvious opportunity for the collusion between the KCG and the MRSA.

In the actual situation of the Sewol accident, the KCG pressured Cheonghaejin to contract Undine Marine Industries for the exclusive monopoly of rescue missions of the Sewol (Donga Ilbo, October 7, 2014).[10] Undine Marine Industries is obviously a private company and a member of the MRSA. Despite the fact that another rescue vessel (Hyundai Boryeong) had already arrived at the accident location and that Undine's rescue vessel (Rivera) had not undergone safety inspections by the time of the Sewol's sinking, Cheonghaejin signed a contract with Undine to be in charge of the Sewol's rescue operation.[11] One of the fatal misconducts of the KCG was to offer Undine the exclusive access to the Sewol while prohibiting other rescuers—even those with proper equipment and professional training—from rescuing the passengers locked in the sinking Sewol during the most critical first several hours. In order to guarantee the exclusive operation of Undine, the KCG blocked the participation of its own special lifesaving units, the Korean Navy's Underwater Demolition Team, and private rescue professionals from the Underwater Environment Association, which all sought the KCG's permission to assist the rescue operation.

The collusive relationship between the KCG and the MRSA was obvious. Top officials of the KCG held top positions in the MRSA upon their retirement from the KCG. Among six paid executive officers of the MRSA, four were former KCG officials while more KCG retirees are involved in the MRSA in other capacities (OhmyNews, April 27, 2014). The chairman of Undine was the MRSA's vice president with

[10] Undine specializes in salvage operations and oil spill clean-up, not in passenger rescue and lifesaving.

[11] The bill that Undine submitted to the government for its 87-days of rescue operation was $1.6 million (Donga Ilbo, October 7, 2014).

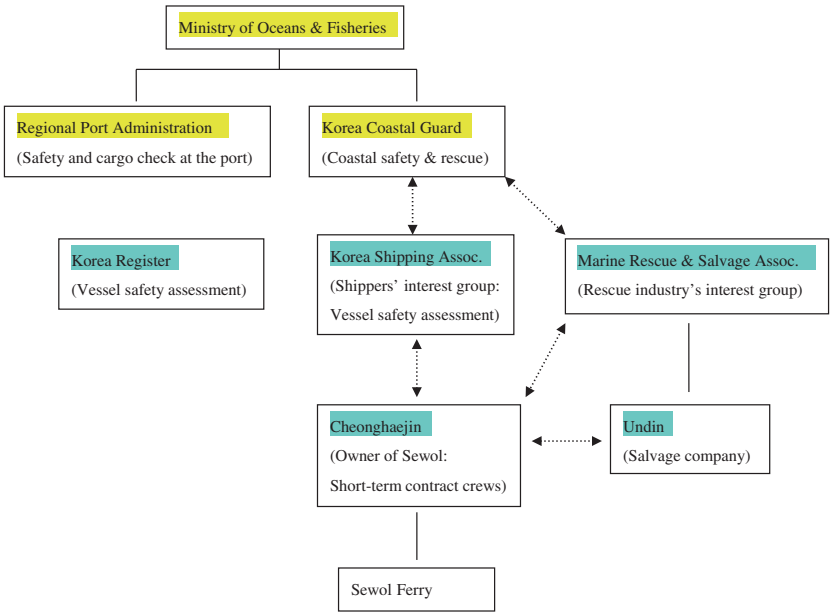

Fig. 2.1 Deregulation and collusion between the public and the private. *Notes* (1) Public institutions in *yellow*, (2) private entities in *light blue*, (3) organizational hierarchy in *straight lines* (___), and (4) collusive relationship in *dotted arrow lines* (……). *Source* Compiled by the author

close connections to the KCG. In the coastal transportation industry, it was widely known that KCG officials picked their favorite private companies when coastal accidents occurred (Kyunghyang shinmun, May 15, 2014).[12]

Figure 2.1 is a graphic summary of various public and private organizations involved in the Sewol disaster. This graphic summary shows the subdued function of public institutions in the management of public safety, the ascendance of private interest groups, and the collusive relationships between the public and the private, which altogether magnified the extent of the tragedy. Discussions on the political-economic conditions that lie behind the Sewol disaster as presented in this study indicate

[12] Undine made an income of $8 million (8 billion in Korean currency) for its rescue operation from April 16 to July 10, 2014.

that the Sewol's capsizing and the tragic death toll of 304 lives was not a simple accident caused by an unavoidable force of nature or by the misconduct of a few individuals. It was rather a predictable consequence born from the continued drive for deregulation and privatization in the area of public safety and the persistence of state–business collusion that has for long replaced strict oversight and transparency.

Concluding Thoughts

When debating the relationship between markets and states, even neoclassical economists acknowledge the role of the state in making interventions in areas of market failures because public goods are underprovided by purely profit-seeking economic actors. Public safety is obviously a public good that requires state provision and oversight. The Sewol disaster, however, demonstrates that the state increasingly withdrew its regulatory functions from the area of public safety and compromised its oversight responsibilities by allowing the ascendance of private interests in coastal transportation.

Yet, it is neither the purpose nor the intention of this study to present an opposition to every measure of deregulation or to claim that strict state regulation is a panacea to all sociopolitical ills. Deregulation itself is a loose concept applicable to a wide spectrum of policy reforms. Regulatory measures that hinder fair market competition or bureaucratic red tape that overburdens economic actors with unnecessary paperwork need to be deregulated. However, whenever there is state withdrawal, a form of deregulation, from the provision of public goods, we need to devise mechanisms through which private interests are incentivized to perform efficiently and professionally. This mechanism needs to include the provision of appropriate assessment and oversight by a third party. Whether the organization in charge of public safety is public or private, any form of unchecked interests accrues disproportional power to be used to promote corrupt collusions and blatant pursuit of self-interest.

The Sewol disaster and the complete incompetence of the government and state agencies in responding to disastrous emergencies pose critical questions about Korea's political structure and mechanisms of accountability. Korea is known for its strong state which is centered around an excessively powerful president. Traditionally, the incumbent president has made a strategic deployment of the executive branch to achieve his or her political agenda. Yet, as presidents are elected every five years and

each new president operates within the limit of a single five-year term, administrative institutions undergo constant reshuffling. Under these repeatedly changing conditions, executive branches lack clear administrative division of labor, bureaucratic specialization, and political accountability. This implies that the capacity of the president and the central government to respond to emergencies and crises is severely undermined. Massive disasters like Sewol require swift and authoritative leadership with professional capabilities to make prompt intervention and to mobilize administrative coordination. However, the Sewol case demonstrated that a powerful president and a strong government were present only in political polemics, not in their actual performance for effective governing and management of the emergency response.

When the Sewol disaster is analyzed in association with a broad political-economic context as this chapter's exposition demonstrates, we begin to understand the magnitude this disaster poses to Korean society and democracy. The Sewol disaster reifies the fact that Korean society is loaded with a fundamental tension that lies in democratic capitalism or capitalist democracy. Democracy and capitalism operate on two distinctive and conflicting rules of resource allocation (Streeck 2011). Capitalism stands on economic rationality while democracy promises non-market notions of social equality.[13] Neoliberal capitalism in recent decades has exacerbated the conflict between market forces and democratic principles. In the process of embracing neoliberal shifts, businesses gained disproportional economic power and blatantly pursued their interests by translating their market dominance into political influence. Business interests in coastal transportation and marine salvage were able to expand their economic power and political influence to bring politicians and bureaucrats to align with their interests. They have lobbied politicians and bureaucrats to institute policies that would further advance their market expansion and profit accumulation. Politicians and bureaucrats receive kickback money and lucrative positions in the private sector in reward and become less and less accountable to the demands of

[13] Employers and the political right are profit-seeking actors that strive to undermine the majority rule of a democratic system because they fear that the property-less majority constantly demand the encroachment of private property and free markets through taxation and redistributive policies. The working people and the political left, on the other hand, strive to guard against capitalist interest that desires to undermine democracy by using its economic prowess.

the general public that brought them to power. Workers are treated as disposable goods that are squeezed to maximize employers' profit accumulation. Socioeconomic inequality widens and a growing number of the population is placed under material insecurity, which in turn weakens their political efficacy to influence political processes and policy outcomes. The genuine representation of the democratic majority becomes more and more infeasible and the mechanisms of accountability and transparency become more and more unreachable. This is the stark reality of how Korean society has been transformed in recent decades with the advancement of neoliberal capitalism.

Understood within this political and economic context, the Sewol disaster reveals the despicable abyss the Korean society has reached with the ascendance of capital interests. Neoliberalism has created a monstrous social norm that justifies the prioritization of corporate profits and monetary gains over any other values. In a neoliberal society where money rules, the guarantee of public safety through state intervention and public resources becomes a mere luxury. Under this extreme form of capitalism, democratic values such as equality, human rights, fairness, and transparency are relegated as naïve ideals, not actual practice.

References

Choi, Y., Kwangseok J., Cheolsoo L., & Beomsang Y. (2000). *Hankookeui nodongbeop kaejeongkwa nosagwangye* [Labor law reform and industrial relations in Korea]. Seoul: Korea Labor Institute.

Harvey, D. (2007). *A brief history of neoliberalism*. Oxford: Oxford University Press.

Kim, Y. (2012). *2012 bijeongkyujik kyumowa siltae* [The scope and reality of non-regular workers in 2012] Working Paper. Seoul: Korea Labor and Society Institute.

Lee, H.-w. (2012). Imyeongbak jeongbueui kyujegehyeok pyeongka [Assessing deregulation reforms under the Lee Myeong-Bak administration]. *Deregulation Studies, 21*(2), 3–38.

Lee, Y. (2014). Labor after neoliberalism: The birth of the insecure class in Korea. *Globalizations*, *11*(4), 1–19.

Statistics Korea. (2013). *Kyeongje hwaldong inku chuga josa* [Additional survey of economically active population]. Seoul: Statistics Korea.

Statistics Korea. (various years). *Kyeongje hwaldong inku josa* [Survey of economically active population]. Seoul: Statistics Korea.

Streeck, W. (2011). The crisis of democratic capitalism. *New Left Review, 71,* 5–29.

Online Sources

Donga Ilbo: http://www.donga.com.
Hankyoreh shinmun: http://www.hani.co.kr.
KRS (Korean Register of Shipping): http://www.krs.co.kr.
KSA (Korea Shipping Association): http://www.haewoon.or.kr.
Kyunghyang shinmun: http://www.khan.co.kr.
Maritime Affairs and Port Administration: http://www.portincheon.go.kr.
PPSS: http://ppss.kr/archives/20978.
Pressian: http://www.pressian.com.
Redian: www.redian.org/archive/70395.

Author Biography

Yoonkyung Lee is Associate Professor in Sociology at the University of Toronto. Trained as a political scientist (Duke University 2006), she works on labor politics, social movements, and democratic institutions. She is the author of *Militants or Partisans: Labor Unions and Democratic Politics in Korea and Taiwan* (Stanford University Press, 2011) and journal articles that appeared in *Globalizations*, *Studies in Comparative International Development*, *Journal of Contemporary Asia*, *Asian Survey*, *Critical Asian Studies*, *Korea Observer*, and *Taiwanese Sociology*. Her next research project traces the historical formation of political opposition in Korea, equally shaped by a strong state and a vocal democracy movement.

http://www.springer.com/978-981-10-4022-1

Challenges of Modernization and Governance in South Korea
The Sinking of the Sewol and Its Causes
Suh, J.-J.; Kim, M. (Eds.)
2017, XVII, 227 p. 5 illus., Hardcover
ISBN: 978-981-10-4022-1