

The 1997 Financial Crisis and Changing Patterns of Consumption and Leisure

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Abstract

This paper aims to demonstrate how the 1997 economic crisis influenced Koreans' everyday life, as well as the particularities of the means Koreans used to cope with the crisis of everydayness. To achieve these aims, this paper examines the changes made in Korean consumption and leisure following the economic crisis. The findings are as follows: the economic crisis polarized consumption and leisure in Korean society and served as momentum for aggravating social inequality. Meanwhile, it is worth noting that Korean society evidenced particularities in coping with the crisis. **Despite the economic crisis, the Korean style of leisure represented by drinking and singing continued, as it is closely connected with Korean traditional culture.** It can be argued from this that when the crisis of everydayness occurred, coping depended not only upon economic factors but social and cultural tradition.

Keywords: leisure, consumption, everyday life, IMF, middle class, polarization

Introduction

Since the launch of the economic development plan in the 1960s, Korean society has witnessed the continuous increase of income and expenditure. In the process, the increasing rate of income surpassed that of expenditure, with a marginal propensity to consume continuously decreasing. Due to this fact, significant changes emerged in the consumption and leisure patterns of Koreans; the era of public leisure began, leisure was prioritized over work, and middle-class consciousness expanded. When Korea became a member of the OECD and the per capita income reached US\$ one million, many felt optimistic about the future of Korea. This optimistic view, however, was dealt a fatal blow by the foreign exchange crisis in 1997.

The IMF bailout triggered by the economic crisis was accompanied by the bankruptcy of many enterprises and large-scaled restructuring of enterprises, thereby creating massive unemployment. Even employees who were fortunate to escape lay-offs had their nominal incomes reduced and were otherwise in constant fear of dismissal. Many who were self-employed had to close their businesses because of the economic recession. This economic disaster was epitomized by lines of homeless people and consequent suicides. It was only natural that the consumption and leisure life of Koreans rapidly shrank, given this situation.

However, Korean government, while understanding the extreme shrinking of consumption as a distortion of the national economy, mounted a social campaign that completely differed from the previous ones. For example, they began a campaign titled “rational consumption can raise the economy,” along with an announcement, “Can the economy be revived only through frugality?” It was designed to thaw the frozen Korean psychology of consumption and starkly contrasted with the government’s policy prior to the IMF bailout when it had supported the campaign to expel over-consumption.¹

Eventually, the 1997 economic crisis was a critical event that threatened the everyday lives of Koreans. It is therefore very meaningful to examine how this incident has specifically influenced the everyday lives of Koreans and detail the particularities of the Korean context in coping with the crisis. With this in mind, this paper focuses on the changed patterns of consumption and leisure in Korean life around the time of the IMF bailout. This paper begins with the discussion of the turning point of Korean

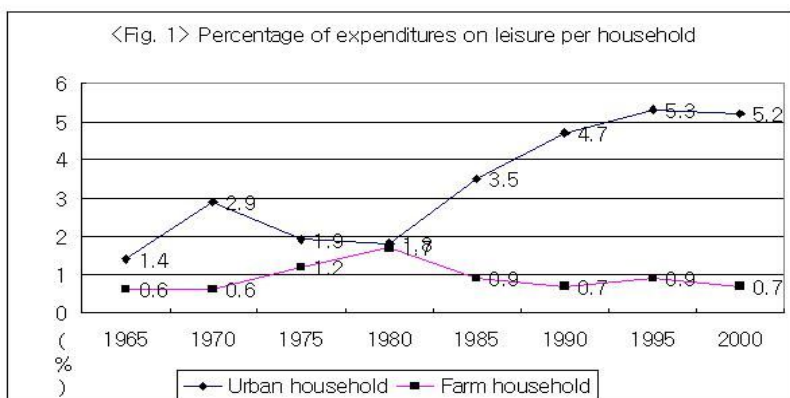
¹ In 1996, immediately before the economic crisis, the Korea Broadcasting Advertising Corporation (KOBACO) conducted campaigns against over-consumption, slogans of which included, “Did I spend too much?,” “Let's spend diet,” and “Rational Consumption for Necessities.”

consumption and leisure life prior to the economic crisis, because only when we understand the overall topography can the significance of the IMF bailout system be brought to the fore more vividly.

A Turning Point in Consumption and Leisure in Korea

Until the actual launch of economic development during the 1960s, Koreans' consumption and leisure were substantially very poor and lacked variety. At the time, the rural population accounted for the absolute majority of the total population, and the per capita income was still very low. New, urban consumption and leisure thus remained at a rudimentary level, while most urban household consumption expenditure was devoted to maintaining basic subsistence.

However, the Engel coefficient gradually decreased, and leisure expenditure continued to rise. As can be found in figure 1, the leisure expenditure of the total expenditure among urban households was more than 4% in the late 1980s and exceeded 5% in 1990s, which was less than 2% in the 1980s.² From this, it can be found out that leisure and consumption began to expand. Still, the rate of leisure expenditure among rural households fell from 1.7% in 1980 to 0.7% in 2000. This can be understood as a signifier that the cultural gap between urban and rural areas widened in the midst of industrialization and urbanization, and urbanity secured itself as the dominant way of life.



Source: Korea National Statistical Office, *Social Indicators in Korea*, each year.

* For farm households, stationary expenditures are excluded since 1985.

² Leisure expenditures refer to purchases of the following goods and services: newspapers and books, goods for culture and amusement (TVs, cameras, pianos, sporting goods, toys, and other goods for pastimes), and services for culture and amusement (admission and tuition fees, travel expenses, and usage fees for sports facilities).

* Percentage of expenditures on leisure = Culture & Recreation expenditures ÷ Household Consumption expenditures × 100

In every country that has experienced capitalist development, rural areas fell victim to urbanization. In the case of Korea, the gap between urban and rural areas in leisure and cultural consumption became more explicit in the 1980s, signifying a turning point for leisure and cultural consumption in Korea. With the fixed gap between rural and urban areas, this period witnessed the visible inequality in consumption prevalent among citizens.

Actually, leisure consumption experienced a significant change in Korea after the 1980s because a new chapter opened for Korean leisure during this period. Nighttime leisure activities increased with the abolition of the curfew in the early 1980s, color television broadcasting was begun, and professional sports rapidly grew in popularity. Since the advent of **professional** baseball in Korea, various professional sports including *ssireum* (Korean wrestling) and soccer also began to appear. In particular, with the 1986 Asian Games and the 1988 Seoul Olympics, the fever for sports grew rapidly. The word “lei-ports” was coined, combining “leisure” and “sports”, and many sports facilities were built in parks and areas **neighboring mineral springs for town dwellers**. However, the most critical change following the 1980s that fused popular consumption and leisure was by far the popularization of automobiles.

The popularization of automobiles served as a turning point in Korean leisure culture (Kim M. 1993, 195-196), as automobiles greatly increased outdoor recreation. Eating out with the whole family, the culture of amusement and enjoyment, and day trips, in particular, became popularized. As the radius of daily life expanded, the leisure industry began to prosper, as seen from the development of large amusement and theme parks neighboring metropolitan areas and the expansion of the food industry, which made it possible to see more people eating out, singing and dancing, and enjoying themselves nationwide. To be sure, this was due to the increase in overall national income, which enabled the culture of leisure consumption to be universalized.

In particular, individuals' enhanced expenditure capacity accelerated the development of various leisure products for leisure time. Most representative were the new modes of leisure consumption which targeted the urban middle class, such as sports, including golf, skiing, aerobics, weight lifting, and swimming, and travel, including vacation rentals, weekend farms, and domestic and overseas travel. Following the 1980s, the professional leisure industry for expensive goods and services expanded nationwide targeting the sector of the population who could afford these new kinds of leisure, and

big conglomerates **began engaging** in the leisure industry. As a consequence, the national culture of leisure began to boom while intermingling with popular consumerism. The economic boom triggered by the “three blessings”—low dollar, low oil price, and low interest rate—contributed to this trend, and thus the leisure industry continued to expand before the advent of the IMF bailout. To be sure, this period was a time when desires that had been oppressed for the sake of economic growth and development began to explode.

Changed Consumer Behavior around the 1997 Economic Crisis

The Economic Crisis and Polarization of Income and Consumption Expenditure

The Korean economy underwent disastrous difficulties due to the foreign exchange crisis at the end of 1997. The economic crisis that began to appear after November 1997 precipitated the Korean economy into a serious economic recession, with the economic growth rate decreasing by 5.8%. Decrease in the household income and expenditure was at its most serious since the 1980s, and the rate of decrease was the highest it had been since the 1960s when the Korean economy first began to achieve the high-growth rate development.³

However, this economic recession differentiated between social strata. By looking at income and consumption expenditure by class from 1997 to 1999, the income gap and resultant consumption expenditure can be examined. As can be seen in the nominal income noted in Table 1, almost every class during the economic crisis experienced a decrease in income, and in particular, the less people earned, the higher the decreasing rate of income was. However, the highest 20% of income earners did not experience any decrease in income even during the financial crisis. On the contrary, the lowest 40% of income earners experienced the greatest decrease even before the financial crisis, resulting in a widened income gap between high-income earners and low-income earners. Against the backdrop of this income polarization, **debates were voiced surrounding the ‘collapse of the middle class’**.⁴ It has frequently been argued

³ Real income and real consumption expenditure began to fall from 1997, with urban households decreasing by 3.2% in 1997 and 6.9% in 1998 respectively (Jeong et al. 1999, 93).

⁴ **The collapse of the middle class was the issue put forward by the press at that time. *Korean Economic Daily* reported that the number of those who thought they belonged to the middle class decreased by 13.4%, and *Hankyoreh* provided 4.5% decrease for the same question. On the other hand, the number of those who thought they belonged to lower classes increased by 14.2% and 4.7% according to *KEC* and *Hankyoreh* respectively (*Korean Economic Daily*, 1998 October 13 ; *Hankyoreh*, 1999 July 22).**

that social inequality was consolidated after the IMF bailout. This argument was, as can be seen in Table 2, supported by the fact that the Gini coefficient, a measure of income inequality, has maintained its high level compared to the pre-crisis period.

Table 1. Increasing Index and Rate of Nominal Income by Income Group

(Unit: year 1996= 100.0 %)

Income Group	Nominal Income Index			Increasing Rate of Income		
	1997	1998	1999	1997	1998	1999
The highest 20%	120.9	127.7	132.4	20.9	5.6	3.7
20~40%	126.6	122.4	120.8	26.6	-3.3	-1.3
40~60%	104.5	100.8	98.4	4.5	-3.6	-2.3
60~80%	90.1	84.3	81.3	-9.9	-6.4	-3.6
80~100%	91.8	82.3	75.4	-8.2	-10.3	-8.4

Source: Korea National Statistical Office, *Annual Report on the Household Income & Expenditure Survey*, percentage obtained from the first quarter of each year (Jeong et al. 1999, 95).

Table 2. Income Multiplier and Income Inequality Indicator of Urban Wage Earners' Quintile Groups

Classification	1997	1998	1999	2000	2001	2002	2003
IHQ/ILQ *	4.49	5.41	5.49	5.32	5.36	5.18	5.22
Gini coefficient	0.283	0.316	0.320	0.317	0.319	0.312	0.306

* IHQ/ILQ (Income of Highest Quintile / Income of Lowest Quintile) = the highest 20% of income earners ÷ the lowest 20% of income earners

Source: Korea National Statistical Office, *Annual Report on the Household Income & Expenditure Survey*, Each year.

Income polarization seen after the financial crisis influenced the polarization in consumption. Every class experienced a drastic fall in consumption expenditure immediately after the crisis. This expenditure rose rapidly again the following year among all economic strata. However, the gap among classes in expenditure had grown wider. As seen in Table 3, it can be found that the rate of consumption expenditure decreased greatly in the lower class, but it was high among the upper class in 1999 when the Korean economy saw its restored consumption.

Here, attention should be paid to the fact that although the income level of the

highest 20% of income earners did not fall, expenditure drastically decreased during the economic crisis and was restored to its usual level in 1999, which hints at the potential in expenditure of the upper 20%. However, it is not easy to answer the question of how the financial crisis impacted the upper 20%. While it can be assumed that the upper 20% was influenced by the uncertainty about the future that pervaded every socioeconomic class, it does not provide a sufficient reason for them to fail to maintain their rational consumption behavior. I believe that it reflects the “unindividualizing conformism,” a term put forward by Bak Jae-hwan as a constituting element of the everyday life in Korean society, where collective behavior can sometimes prevail to rational, individual judgment. An example of this can be seen in the “national gold collecting campaign” during the IMF bailouts, that he describes as resulting from the “unindividualizing conformism” that places emphasis on the virtue of “being with others” (Bak J. et al. 2004, 63). The society as a whole was enveloped in the feeling of economic uncertainty, and the upper class, even with sufficient purchasing power, reduced their spending by conforming to prevailing social atmosphere.

It is also worth noting that the polarization in consumption following the financial crisis was connected to the high degree of expenditure among the upper 20%. As seen earlier, consumption rates for the upper 20% were increasing in 1999, but the remaining 80% could not restore the level of consumption to what it was in 1997. This demonstrates that the widening gap in consumption among classes was caused by the increasing rate in consumption of the upper class (Jeong et al. 1999, 97), which can be confirmed by examining the following data.

Table 3. Nominal Expenditure Index and the Increasing Rate of Consumption Expenditure in Urban Households

(Unit: 1996=100.0 %)

Income group	Nominal Expenditure Index			Increasing Rate of Consumption Expenditure		
	1997	1998	1999	1997	1998	1999
Upper 20%	100.6	91.7	99.4	0.6	-8.8	8.4
20~40%	108.5	98.7	106.2	8.5	-9.5	8.1
40~60%	108.1	99.1	106.2	8.1	-8.3	7.1
60~80%	107.7	96.9	102.8	7.7	-10.1	6.1
80~100%	108.0	94.8	101.0	8.0	-12.2	6.5

Source: Korea National Statistical Office, *Annual Report on the Household Income & Expenditure Survey*, percentage of the first quarter of each year (Jeong et al. 1999, 98).

According to the *Annual Report on the Household Income and Expenditure Survey* published by the Korea National Statistical Office, while the Gini coefficient of consumption from 1991 to 1997 was an average of 0.200, it rose to an average of 0.206 after the financial crisis. The consumer expenditure rate by income quintile group⁵ also decreased from 2.7 times in 1991-1997 to 2.9 times in 1999 (Song T. 2002, 13). This widened gap in consumption can be understood as vividly showing the income polarization and resultant polarization of expenditure.

Although the polarization of consumption was in process by income level following the economic crisis, we can also see the diversity of consumption by commodity items. According to the *Annual Report on the Household Income and Expenditure Survey*, the average expenditure difference from 1999 to 2001 was 0.206, and twenty-two of forty-nine items were over the average, with twenty-seven items being below the average. The biggest difference in consumption was found in the category of furniture and accessories, the Gini coefficient of which was 0.396 and 0.380, respectively. When comparing consumption by income group, the highest 20% spent 8.7 times more money in purchasing furniture than the lowest 20%, and 6.8 times more on accessories (Song T. 2002, 13). The markets for furniture and accessories have always shown clear differences between the demands for high-priced imported goods and low-priced domestic products, with high-income groups evidencing the most conspicuous consumption. Following the economic crisis, sales targeting only the high-income class were more visible in the high-class department stores where expensive goods were sold.

In addition, other categories that revealed great gap in consumption by income group were as follows: spending money (0.311), transportation (0.306), utensils (0.301), clothing (0.286), culture and entertainment (0.273), and interior decoration (0.221) (Song T. 2002, 17). These were necessary commodities for everyday life that enabled consumers to vividly display their individuality. Social status and wealth can be identified and displayed by purchasing so-called “famous brands” with high scarcity value.⁶ Furthermore, the gap in expenditure for compensated education (0.288) and education (0.275) was so wide as to aggravate the inequality of education, which can be

5 It is a value obtained from dividing the consumer expenditure of the upper 20% with the lower 20%.

6 High-priced commodities, or “famous brands,” were massively imported into Korea during the IMF bailout. Companies that produced them grew rapidly as a result of both their capital and marketing strategies targeting high-income groups. Despite the economic recession, such “famous brands” as Louis Vuitton, Chanel, Ferragamo, and Prada saw a 10% increase in sales in 2003 compared to the previous year (*Hankyoreh* 21, 2002). It was the same case with high-priced automobiles, which recorded 42% sales increase in 2003 compared to the previous year (*Chosun Weekly*, 2003).

defined as a means of social promotion.

When almost every class but the high-income class saw its purchasing power decrease amidst an economic recession, the conspicuous consumption of the high-income class was a marker that helped to differentiate them from other classes. In particular, consumption of high-priced brands was a very easy strategy to differentiate their consumer behavior from that of the middle class, who usually imitated and followed the upper class's consumer behavior. To be sure, unlike other societies Korean society has modernized while severing itself from tradition, causing the upper class to fail to establish a unique life culture of its own, and as a result, the upper class tries to distinguish themselves by purchasing international brands and goods that signify the upper class. The 1997 economic crisis served as momentum for this upper class consumer behavior.

IMF Bailouts and Changed Consciousness of Consumption

Korean society witnessed the general shrinking of consumption consciousness compared to the previous period following the IMF bailout. While comparing major consumptive items of the pre-IMF financial crisis period with that of the post-IMF period, a survey found that the preference for large electronic appliances dropped most dramatically (- 0.74), followed by the desire to own one's own house (- 0.28), impulse purchases (- 0.22), family retreats on weekend (- 0.17), and preference for famous brands.⁷ Furthermore, these figures were closely related to income level as identified in the Table 5.

Table 4. Comparison of Consumer Consciousness before and after the IMF Bailout (five-point scale)

Classification	Need to possess one' own house	Preference for large electronic appliances	Interest in health care	Family retreats on weekend	Impulse purchases	Preference for famous brands	Easy rider in purchase
Pre-economic crisis (A)	4.12	3.62	3.05	2.58	2.48	2.41	1.48
Post-economic crisis (B)	3.93	2.88	3.08	2.41	2.26	2.26	1.49

⁷ This survey was conducted in November 1997 for the pre-IMF bailout period and February 1998 for the post-IMF period by the Korean Consumer Protection Board, and 1,000 people over the age of twenty from 5 biggest cities were interviewed for the survey.

(B-A)	- 0.28	- 0.74	+ 0.03	- 0.17	- 0.22	- 0.15	+ 0.01
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Source: Korean Consumer Protection Board (1998 appendix: 18).

For all items, monthly income and consumption consciousness were statistically significant (Table 5). As found in the large electronic appliances category, which had the highest rate of decrease, the less income one earned, the higher the decreasing rate of preference for the commodity. Taking into consideration that large electronic appliances were not necessary commodities but luxury goods, the findings are only natural. Similarly, the method of consumption that could not be described as an inevitable part of everyday consumption, such as “impulse purchases,” “family retreats on weekends,” and “preference for famous brands,” was decreased more in the low-income classes.

In particular, while for those who earned less than one million won every month the basic need to possess one’s own house and to spend weekends with family decreased, those who earned more than three million won every month still showed interest in health care, went on family retreats, and preferred famous brands. We can see from this that consumption was polarized, and that class differences were aggravated.

*Table 5. Consciousness of Consumption
by Income Groups following the IMF Bailout (five-points scale)*

Classification		Need to possess one’ own house	Preference for large electronic appliances	Interest in health care	Family retreats on weekend	Impulse purchases	Preference for famous brands	Easy rider in purchase
Monthly income (unit: million won)	Average total	3.94	2.88	3.07	2.41	2.26	2.26	1.48
	Below 1	3.71	2.63	3.10	2.17	2.26	1.93	1.47
	1 ~ 2	3.98	2.85	2.99	2.40	2.18	2.21	1.42
	2 ~ 3	4.02	2.99	3.02	2.38	2.23	2.27	1.54
	Above 3	3.94	3.12	3.43	2.73	2.54	2.81	1.60
	F (Significance)	3.002 (p<0.05)	5.592 (p<0.01)	6.405 (p<0.01)	6.099 (p<0.01)	3.576 (p<0.05)	15.482 (p<0.01)	2.792 (p<0.05)

Source: Korean Consumer Protection Board (1998 appendix: 16) .

Let me then examine the changes made in consumption under the influence of the IMF bailout (see Table 6). The most frequent response was “cutting down on the cost of living” (81.3%), followed by “commuting by public transportation” (37.7%), “canceling

time deposit and insurance contracts” (23.7%), “writing a housekeeping account book” (21.1%), “repay loans early” (11.6%) (KCPB, 1998: 6). This consumer behavior differed among income levels. Measurement of the F value in comparison with income levels found four statistically significant items: The lower the income level, the more drastic the change in consumption was. Lower income groups cut down on their cost of living, commuted by public transportation, and even cancelled deposit and insurance contracts in order to overcome the difficulty they faced.

*Table 6. Comparison of Changed Consumption
by Income Group following the IMF Bailout*

(unit: %, double answer)

Classification		Cutting down on the cost of living	Commuting by public transportation	Canceling time deposit and insurance	Writing a housekeeping account	Repaying loans early
Monthly income (unit: million won)	Average total	81.3	37.7	23.7	21.1	11.6
	Below 1	84	40	26	19	6
	1 ~ 2	83	38	26	21	11
	2 ~ 3	82	36	24	22	17
	Above 3	72	37	12	22	11
	F (Significance)	3.03 (p<0.05)	2.817 (p<0.05)	3.738 (p<0.05)	0.144 (p>0.1)	4.218 (p<0.01)

Source: Korean Consumer Protection Board (1998 appendix: 29).

The most frequent response was “cutting down on the cost of living,” and more concretely, the most decreased one in this category was “spending money” (57.3%), followed by eating out (45.8%), food (38.5%), clothing (37.1%), education (28.3%), culture and entertainment (21.3%), social expenses (20.4%), and transportation (27.1%) (KCPB, 1998: 31). When we measure the F value in comparison with income level, it can be found that five items were statistically significant (Table 7). The lower the income level, the more the rate of food expenditure decreased, and the higher the income level, the more the rate of dining out decreased. While those who earned less than one million won monthly cut their spending money, those who earned one to three million won monthly reduced their education expenditure. Those whose monthly income exceeded three million won diminished their expenditure for clothing (KCPB, 1998: 32).

We can infer from this that the low-income class reduced even their food

expenditure, and shrank their usual way of life by cutting miscellaneous expenditures, while the upper income class decreased their expenditure in luxurious goods including clothing. We also can see that even those who earned one to three million won monthly felt the burden of the education expenditure. In this manner, the IMF crisis, which influenced all classes, had such a negative impact **for the low income groups that they** even had to decrease necessary items.

Table 7. Curtailed Cost of Living by Income Group following the IMF Bailout

Classification		Spending money	Eating out	Food	Clothing	Education	Sociality
Monthly income (unit: million won)	순위평균점수*	1.46	1.12	0.95	0.91	0.47	0.47
	Below 1	1.78	0.78	1.17	1.04	0.27	0.46
	1 ~ 2	1.39	1.07	1.03	0.90	0.53	0.44
	2 ~ 3	1.56	1.16	0.84	0.77	0.55	0.45
	Above 3	1.09	1.57	0.61	1.10	0.31	0.56
F (Significance)		6.512 (p<0.01)	8.905 (p<0.01)	5.692 (p<0.01)	2.556 (p<0.1)	3.908 (p<0.01)	0.476 (p>0.1)

* The number of samples were obtained from triple answers, and 순위평균점수는 순위 역순에 의한 단순평균이다.(용어를 몰라서 번역하기가 쉽지 않습니다.)

Source: Korean Consumer Protection Board (1998: 32).

From this, we find that income polarization gave rise to expenditure polarization, and the lower the income level was, the greater the impact of the economic crisis. We can also see that the class gap was more aggravated in terms of consumer behavior and leisure, not to mention consumption consciousness, resulting in polarization. Subjective consciousness of class also revealed this trend. Since the IMF crisis, while the number of those who thought that they belonged to the upper and middle classes decreased, those **who thought** they belonged to the lower classes drastically increased.⁸ In this regards, I believe that the IMF financial crisis provided a turning point through which Korean society consolidated social inequality.

Changed Lifestyles and View of Leisure before and after the 1997 Economic Crisis

⁸ According to the Hyundai Economic Research Institute, respondents who said they belonged to the middle class decreased by 18.3%, and respondents **saying** they belonged to the low class increased by 20.4% (Bak et al. 1998).

The Economic Crisis and the Change in Leisure Lifestyles

The 1997 economic crisis brought significant changes to the way Koreans consumed leisure. The Korean Cultural Policy Institute at the time conducted a social survey to examine how the economic crisis influenced the Korean life of leisure. The findings were as follows: Among the various kinds of leisure activity which people engaged in on weekends and holidays, respondents noted that the greatest increase was in “watching TV” (2.3%), followed by “reading newspapers and magazines” (1.9%), “reading books” (0.7%), “resting at home” (0.6%) “meeting friends” (0.5%), “getting together with family and eating out” (0.5%), “amusement and miscellaneous games” (0.5%), religious activity (0.3%), karaoke (0.3%), internet and computer games (0.3%).

What is important to note here is that inactive, inexpensive, and indoor leisure activities increased, including watching TV, resting at home, and reading newspapers, magazines, and books. It should also be noted that meeting friends, getting together with family, eating out and **going karaoke also increased. Although it is hard for us to confirm the statistical significance of the increased figures established by the KCPI, the fact that these activities were maintained albeit economic difficulties requires further explanation.**

Traditionally, people have coped with drastic social change and economic difficulties in unique ways, that is, by reinforcing their primary relationships in order to confront an unstable situation and an uncertain future (**Medick 1982, 92, 103-113; Kim M. 1993, 185-186, 267**). This method was not only self-protective but also a kind of social security.⁹ In Korean society, where the social safety net was still underdeveloped, the IMF bailout encouraged people to strengthen their primary relationships by dining out with family **and** meeting friends. To be sure, the economic crisis resulted in a large number of homeless people and destroyed families. It also forced people to leave their children in their relatives’ care or in orphanages, and in the worst cases resulted in family tragedies like suicide. Nevertheless, **people’s primary relationships were preserved as a whole despite the 1997 economic crisis.**

Meanwhile, the information in Table 2 demonstrates the unique Korean style of leisure, that is, through “drinking, singing, and dancing.” Along the same lines, the character of contemporary Korean culture can be ascertained by taking a **look** at the

⁹ It is noteworthy to observe that common people’s life is present-oriented and people-oriented. Gans (1965 cited in Anderson 1979, 177-179) described the working class more person-oriented than object-oriented, and Anderson (1979, 246) saw in the culture of the poor more present or existence orientation than future or planning orientation.

culture of karaoke. Singing as a form of leisure increased **slightly** despite the economic crisis (0.3%). This was also the case with drinking (0.1%). That drinking and singing was still a dominant form of leisure can be understood in connection with Korean traditional culture.

In order to lessen the intensity of social stress caused by the economic crisis, people needed certain outlets, and drinking and singing **could be** the most representative. However, the fact that drinking and singing **maintained** during the IMF bailout cannot be understood as the result of the economic crisis alone but as a reflection of the Korean style of leisure, as Koreans as a nation have traditionally enjoyed drinking, singing, and dancing. In this regard, **we can refer to Jo H. (1990, 13) who argued that characteristics of Korean traditional play culture were epitomized by “group play” (*nori*) and “strong group joy” (*sindeullim*). And both of them have long been accompanied by drinking and singing in the Korean culture, according to many authors¹⁰. Yu D. (1978) wrote that even religion was matched with drinking and singing, to the extent that the emissary from Song in Goryeo period took *palgwanhoe*, a **Buddhist** gathering, for one of drinking-singing-dancing rites transmitted from the ancient Korean society. A report of Tsarist Russia in 1900, issued with the aim of power expansion on Korean peninsula, mentioned “Koreans enjoying music, having an acute musical ear” (AKS 1984, 323-324). I believe from these descriptions that drinking and singing can be a characterizing element of Korean national traits, and that this could be closely related to the fact that Koreans maintained drinking and singing activities while they reduced other items of everyday expenditure in the economic crisis.**

The increasing number of people who are interested in the Internet and computer games can be understood only from the Korean context, one of the countries with the widest diffusion of computers and the Internet. Computer games and Internet use emerged as the strongest factors influencing the changing terrain of leisure culture after the late 1990s, and in particular, they have spread rapidly among the younger generation, with the number of older people engaged in these activities increasing as well. This type of amusement expanded despite the economic crisis because of the comparatively low cost in a reinforced Internet network.

¹⁰ Kim M. (1993, 268-271); Yu D. (1978, 54-55) ; Sin Y. (1984, 40) : AKS (1984, 323-324).

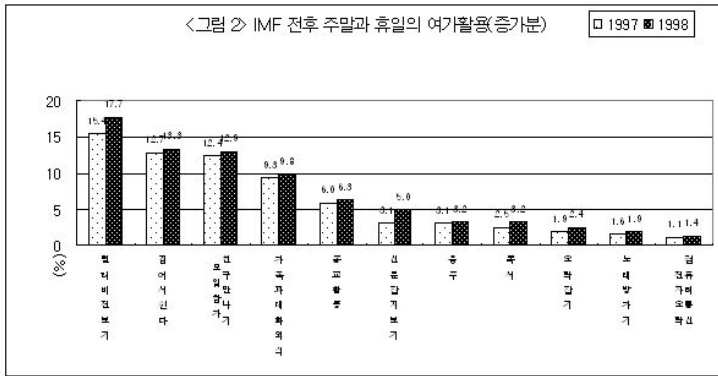


Fig. 2. Increased leisure activities on weekends and holidays before and after the IMF crisis
 Source: Korea Cultural Policy Institute (1998: 16).

Now, let me examine the types of leisure that decreased during the same period. Leisure activities that decreased on weekends and holidays were as follows: “Watching videos” and “mountain climbing and fishing” decreased the most, by 1.5% and 1.4%, respectively, followed by “taking walks, sports” (-1.1%), “travel” (-1.1%), “cultural and artistic appreciation” (- 0.6%), “listening to the radio” (- 0.6%), “musical appreciation” (- 0.5%), “learning” (- 0.5%), and “other hobbies” (- 0.4%) (see Table 3). What is significant here is that active leisure activities decreased, including mountain climbing, fishing, physical exercise, travel, and hobbies.

It is also noteworthy that so-called “high-class leisure,” including cultural and artistic appreciation and musical appreciation decreased. Interestingly, watching videos, an inactive pastime, decreased by 1.5%, which requires more careful interpretation, but it is not impossible to assume the following: Watching TV increased the most (2.3%) among weekend and holiday leisure activities, and from this, it can be conjectured that those who enjoyed watching videos turned instead to TV watching, which is less expensive even than watching video.

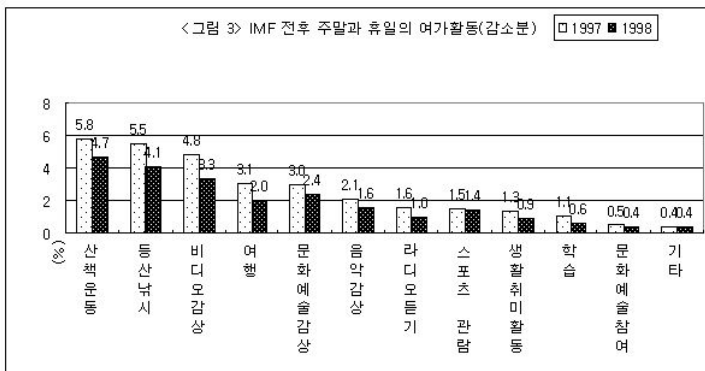


Fig. 3. Decreased leisure activities on weekends and holidays before and after the IMF crisis

Source: Korea Cultural Policy Institute (1998: 16).

Leisure patterns related to culture and arts can be examined by looking at more specific indicators. In order to gauge the status of cultural and artistic events, the Korean Cultural Policy Institute examined how many times the respondents watched cultural and artistic events **during the year preceding the survey**. As can be seen in Table 4, the findings state that in 1998, immediately after the IMF financial crisis, all of the rates of participation in performing arts fell to their lowest state. In particular, the rate of viewing entertainment (shows) fell the most, followed by traditional performing arts (-4.9%), art exhibitions (-4.0%), movies (-3.8%), classical music (-3.5%), and theater (-3.0%). However, what is noteworthy is that while leisure **activities falling** under the category of relatively high-culture saw **their rates** decrease, movies and pop music concerts, which are considered popular culture, experienced a rapid increase from 2003. This is evidence of a polarization between those who enjoy “high culture” and those who enjoy popular culture.

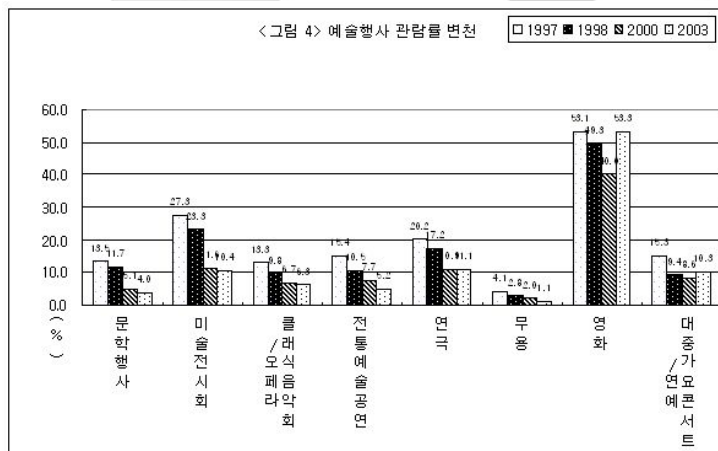


Fig. 4. Changes in the rate of participation in artistic events

Source: Korean Cultural Policy Institute (each year).

Now, let me investigate the extent to which people were able to engage in their leisure activities. The rate of participation in leisure activities following the IMF bailout dropped significantly. When asked “how often do you engage in leisure,” the number of those who answered “never” greatly increased (+8.6%), and those who responded “a little” increased by 3.6%. However, the number of those who said “more or less” dropped (-7.2%) (see Table 5). These results demonstrate that the economic crisis

negatively affected the quality of leisure life, which to some degree was predictable. It is also noteworthy from Table 5 that those who answered “sufficiently” increased by 0.4%, which requires further explanation.

One of the most significant effects of the economic crisis was the widening of economic inequality between the poor and the rich. The press at the time competed to release the various economic indicators informing the collapse. However, high-end bars remained successful, to the extent that customers even had to be turned away. This hinted at the class difference in leisure consumption, and is symbolically represented by the following anecdote: **In a luxury bar frequented by some wealthy people, they toasted by saying a new coined expression, “as things are.”** This clearly revealed that the economic crisis provided an opportunity for the rich to further increase their fortune. The phrase, “as things are,” reflected the desire of the rich for the situation to continue. Taking this situation into consideration, the reason for the increase in a small number of people who sufficiently enjoyed leisure can be understood. **From this, we can assume that while people felt increasingly dissatisfied with leisure overall, the number of those who stated that they fully enjoyed leisure increased a little under the influence of the small number of wealthy respondents.**

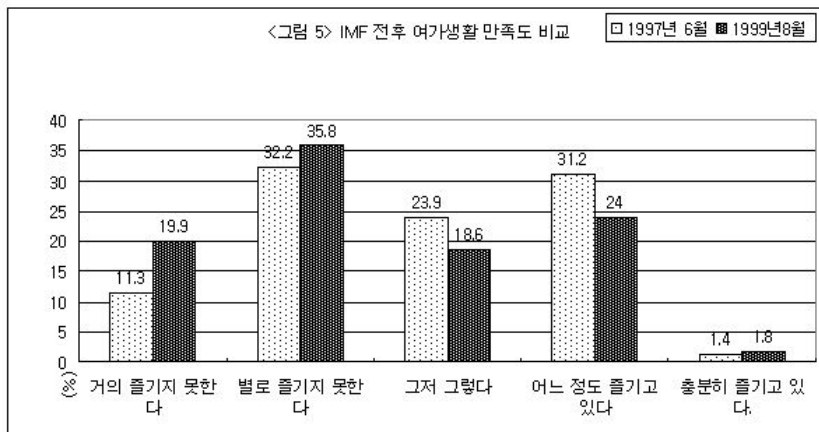


Fig. 5. Degree of enjoyment of leisure activities before and after the IMF crisis

Source: Korean Consumer Protection Board (1997, 1999)

As seen so far, the changed pattern of **leisure during** the economic crisis can be characterized as follows. First, while outdoor leisure activities shrank, passive indoor leisure activities increased. Second, inexpensive forms of leisure also increased. Third, leisure that reinforced people’s primary relationships **maintained as in the pre-IMF period.** Fourth, **despite the economic crisis, drinking and singing continued.** Fifth, while

the satisfaction of leisure greatly decreased overall, a handful of people were actually more satisfied with their leisure options. Sixth, as a consequence, a polarization of preference emerged as the number of those who enjoyed high-class leisure activities decreased.

Changed View of Leisure

The Korean view of leisure until the 1980s was a very passive one. For example, a research survey conducted by the Korean Tourism Organization found that the most frequent response when respondents were asked how they spend their weekends and holidays was “resting” (KTO, 1986). Leisure was very passively represented as only a means to serve the reproduction of labor. **It was a by-product of the Korean government policy, an aggressive growth-oriented one which** produced the longest workweek in the world.

However, this Korean view of leisure began to change from the latter part of 1980s, which was initiated by **fighting** to gain more leisure time. An article entitled “Escape from Work on Sundays: Manpower Problems in Factories, Shops, and Restaurants” appeared in a newspaper, vividly demonstrating the following social changes:

With the active labor movement and improved income level, we are seeing an increasing number of workers who are trying to not have their public holidays usurped by work over the past two or more years. In other words, people are realizing that Sunday is a day for rest. This change, which was unimaginable four or five years ago, was attributed to the efforts of workers to devote their holidays to their own life and leisure. In a survey of the changed labor conditions, conducted last January by a labor union from Shin Young Company located within the Guro industrial complex in Seoul, 95% of the 100 workers answered that they did not want to work on Sunday, though it would mean a reduced salary. **Factories are not the only workplace having manpower problems.** Chinese restaurants, supermarkets, and cafés, which normally open for business on Sundays, have been **also** facing a manpower problem, and as such, owners have no choice but to deliver food themselves (*Chosun Ilbo*, February 16, 1990).

The escape from work on Sundays initiated by the younger generation went against the common expectations of the older generation who were familiar with a work-centered

way of life. However, consumerism had already penetrated into the leisure practices of everyday life. As seen earlier, Korean society witnessed in the 1980s a great turning point in consumption and leisure. Before the advent of the IMF crisis, consumption and leisure activity had expanded to the point that the government positively even mounted an anti-consumption campaign.

With this, the concept of leisure began to change. While leisure used to be referred to passively as non-working time, it changed into the concept of a consumable and enjoyable reward for work. In this regard, failure to enjoy leisure time came to be regarded as disgraceful, and it also meant that those working for low salaries to the extent that they could not even enjoy leisure activities were left behind in the competition for survival. Korean society was entering in a new phase that was entirely different from the previous one, when conspicuous consumption and leisure culture were universalized.

Nonetheless, most people were still more focused on work than on leisure.¹¹ Given that it was only after 1995 that leisure began to be more stressed over work in Japan, it was only predictable that more Korean people would begin to prioritize leisure over work in the near future. Sociologists of leisure agreed that, in the long term, people begin to place more emphasis on leisure.

However, the economic crisis undeniably reinforced the tendency to stress work over leisure. According to a 1998 survey results, when asked whether “to prefer more leisure time, even with diminished salary,” the number of people who answered “yes” decreased by 5.9% compared to the previous year, while the number of “no” answer increased by 7.9% (KCPI, 1998: 56). I believe this result reflected the aftermath of the economic crisis. The IMF bailout can be interpreted as having pushed people to prioritize work over leisure. Whether the tendency was temporary or not still requires further research, as unstable job security galvanized by the IMF bailout has continuously enhanced the preference for work over leisure.

Conclusion

The work-centrism formed with modernization gave rise to an ideology that stressed labor and produced a large number of workaholics. People began to concentrate their

¹⁰ According to the 1995 survey, when asked how they would prioritize work and leisure, Korean respondents answered “work” (47.3), followed by “both” (42.2) and “leisure” (10.5) (Korean Ministry of Culture and Sports, 1995) ; in the same year, Japanese respondents answered prioritizing “leisure” (34.5) followed by “work” (34.1), then both (30.9) (Leisure Development Center, 1996).

efforts on attaining high social status and economic success, and they felt unstable when they did not have any work to do. However, when Korean society progressed into a society of popular consumption in the mid-twentieth century, more people began to prioritize leisure and consumption over work. In Korean society, the 1980s was a turning point for Koreans to transform their way of life from a “work and production-centered” one to a “leisure and consumption-centered” one.

It was not until the 1960s and 1970s that Korean society saw a visible gap among social strata in terms of consumption and leisure. This was due to the limited supply of electronic appliances and commodities, and long work hours did not allow people to spend money or time on leisure. Moreover, as people were under the influence of communitarianism, rather than individualism, they tended to behave modestly rather than display their economic wealth.

However, along with the advent of the era of popular consumerism and popular leisure, people’s ways of life and values changed. Diligence, frugality and asceticism, which operated as key ethics during the modernization period, were replaced by a hedonistic worldview, in order to meet the desires of the “here and now.” In addition, middle-class consciousness greatly expanded, and conspicuous consumption and leisure spread, diffusing individualistic values. Consequently, social success could be confirmed and class difference made visible through consumption and leisure.

The IMF bailout provided a decisive opportunity to consolidate class differences. In particular, the high interest rate policy implemented after the IMF bailout brought a large amount of unearned revenues to the upper class, thereby increasing the rate of consumption among the upper class. On the contrary, middle-class consciousness collapsed dramatically, and the number of people who identified themselves as belonging to the lower class greatly increased. As examined earlier, income polarization gave rise to expenditure polarization, and class difference in leisure became more visible. To be sure, the IMF bailout was a key factor that aggravated this polarization. Moreover, the lack of high-class culture was a reason for the conspicuous consumption revealed through this process. Korean modernization has rejected tradition while providing a place for excessive materialism and vulgar capitalism to be easily established. This was also the case with the Korean upper class.

Another unique aspect to the financial crisis in Korea was the drastic contraction of consumption found in the upper 20% class, which did not experience a decrease in income. **While it can be assumed that the upper 20% was influenced by the uncertainty about the future that pervaded every socioeconomic class, it does not provide a sufficient reason for them to fail to maintain their rational consumption**

behavior. I believe that this is related to the “unindividualizing conformism,” given as a constituent element of everyday life of Koreans. The society as a whole was under the influence of the economic crisis, and the upper class, even with sufficient purchasing power, reduced their spending by conforming to prevailing social atmosphere. It was an emotional response rather than a logical one. In other words, the emotions arising from the economic crisis and instability even caused the upper class to decrease their spending, not to mention middle and lower classes.

On the other hand, it is also noteworthy that despite the economic crisis, the Korean style of leisure represented by drinking and singing continued, as it is closely connected with Korean traditional culture. It is often argued that characteristics of Korean traditional play culture are epitomized by “group play” (*nori*) and “strong group joy” (*sindeullim*). This type of play continues even today in the form of “enthusiastic mannered” (*sinbaram*) culture and is well represented by the custom of “drinking and singing”. This tradition continued even during the IMF bailouts.

As examined so far, the 1997 economic crisis brought about the polarization of Korean consumption behavior as well as leisure consumption, and served to aggravate the social inequality in Korea. Meanwhile, some characteristics unique to Korea could be found. By doing so, this paper has stressed that when incidents emerge which affect everyday life, the question of how people cope with it depends not only on economic factors but on social and cultural ones as well.

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