

-2013 APAY Regional Workshop on Social Economy-

Flux on Korean Consumer Cooperative Activities

**The Experience of consumer co-operative
movement in Korea: its break off and rebirth**

KIM Hyungmi



iCOOP Co-operative Institute, Korea

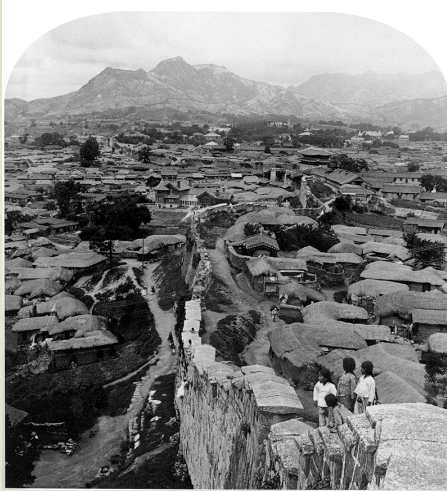
**Doctor of Economics,
Meiji University, Japan**

Division in periods

- The origin-consumer co-ops under the Imperial Japanese rule (1920-1945)
- Under the military regime and economic development drive(1950s-1970s)
- Rebirth and new phase of Korean consumer co-op movement(1980s-)



Epochs in Korean Peninsula



Seoul in 1880s



Seoul in 1930s



1951.5.28. Korea War



low-wage workers, 1970s



Gwangju uprising in 1980



Grand Political Change in 1987



World Cup Supporters, 2002

Comparisons on **time difference** of **decline** of gross agricultural output ratio in GNP, and ratio of farming population in working population

Country	Gross agricultural output/GNP			Farming population/working population		
	40%	7%	Lead time	40%	7%	Lead time
U.K	1788	1901	113yrs	nearly1800	1868	over70yrs
Netherlands	nearly1800	1965	165	1855	1957	102
U.S.A	1854	1950	96	1897	1950	53
Germany	1866	1958	92	1900	1960	60
Denmark	1850	1969	119	1920	1962	42
France	1878	1972	94	1921	1965	44
Japan	1896	1969	73	nearly1940	1971	31
Korea	1965	1991	26	1977	1991	14

*Source: JH, Lee(1997) 『농업의 구조전환』 *The Transformation of Agricultural Structure in South Korea*, KREI

Two ways of Korean co-op

Top-down development

:Finance co-op(1907),Industrial co-op(1910s) by Japanese government

→integrated into NACF in 1962 by General Park,
Fisheries co-op, Forestry co-op, Community Credit Bank

Bottom-up movement

Consumer co-op(1920-)

Credit Union(1959-)

Workers co-op(1980s)...

Consumer co-ops emerged under the Japanese rule in 1920

- “in 1919 a grand wave of ideas flowed into Korea...consumer co-ops aiming economic solidarity appeared almost ***everywhere...almost every county or at least every other county had one co-op.***” by Ham Sang-hun (co-operator& reporter of Dong-A newspaper)
- In a colonized country, Korean co-operators expect consumer co-op movement that consumer co-op business would not only increase member's benefits but also ***in terms of national economy,*** decrease middlemen's commissions so be resulted in gradually recovering commercial power by causing foreign merchants to withdraw. In a conclusion, co-ops were considered **as a significant means to take economic rights back from Japanese tradesmen.**→ consumer co-op movement was connected with ***Buy Korean Products Movement in 1920s.***
More than 200 consumer co-op societies!

Co-operative community campaign in Northern Province(1899-1930s)

Yongdong Village, Jeongju

**Osan School
(1907-)**

→
**Leaders of
independence
movement, co-op
movement...**

**Osan Consumer Co-op,
Osan Poultry Co-op
Farmers Co-working
Group**

Literacy and hygiene education, co-product and co-shipment, promotion of Buy Korean Products Movement, village governance by elected residents

Founder: Lee Seung-hun(1864-1930), Leader in 1920: Cho Man-sik

M.K.Gandhi & Cho Man-sik



(1869-1948)

Non-violent independent
struggle for India

Swadeshi(1920s)

Assassinated after
independence



(1883-1950?)

Non-violent independent struggle for
Korea

**Buy Korean Products Movement
(1920s)**

Found *Gwanseo Co-op Administration* ,
assumed as the first union of consumer
co-ops in 1931

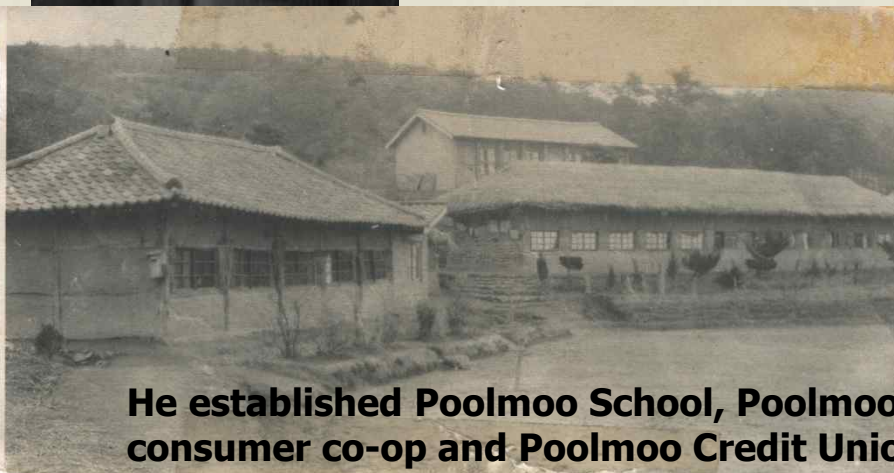
Assassinated in Korean War

Consumer co-op through military regime and economic development drive (the 1950s-1970s)

- The ideal of building **co-operative community** through education and co-operative, of his hometown Yongdong village, Jeongju, succeeded by Lee Chan-gap.
- Mr. Lee realized the ideal in Hongseong area, S. Korea.
- The first consumer co-op in post war created at Poolmoo school in 1959
 - The school's major role was **incubating co-operatives** such as credit union, local co-op, producers co-op, school co-op, workers co-op, social enterprise...



Lee Chan-gap(1904-1974) was a leader of Buy Korean Products Campaign, Osan co-op, and community development in Jeongju, North Korea



He established Poolmoo School, Poolmoo consumer co-op and Poolmoo Credit Union in Hongseong, South Korea



There are many efforts like...

- Co-operative leaders training by the Co-operative Education Institute by Sister **Mary Gabriella Mulherin(1900-1993)** who was trained in Coady Institute, Canada.
- **Consumer co-operation of workers** linked with trade union
- Blue Cross Medical Co-op by **Dr. Jang Gi-rye(1911-1995)** and Chae Gyu-cheol(1937-2006)
- Consumer co-ops in Gangwon Province (base camp-**Wonju** Catholic Parish), origin of Hansalim Co-op
- **Yangseo Co-op (good books co-op)** participated in democratic struggle called Buma uprising

Pioneers of consumer co-op in post Korean War

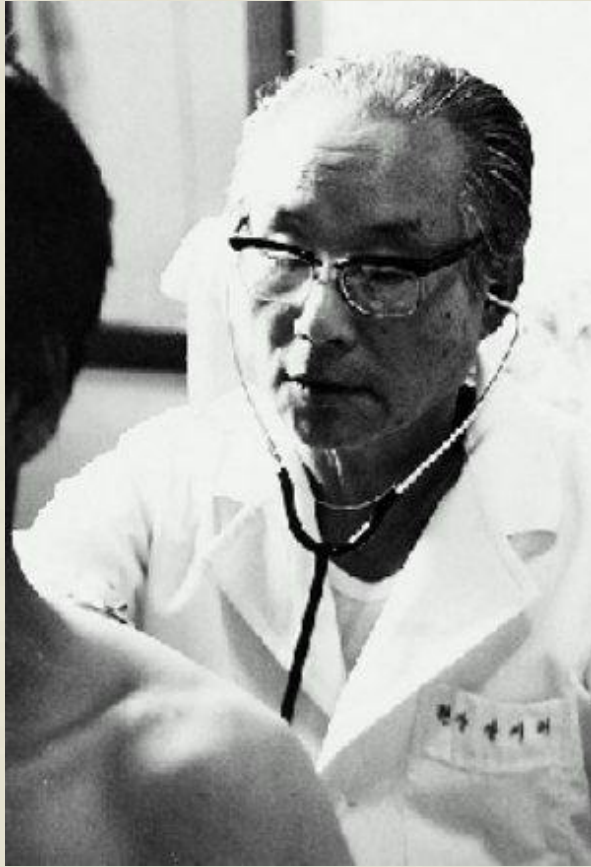


Sister Mary Gabriella Mulherin as of founder of Cooperative Education Institute(CEI),1960s,



The graduates of CEI: 2,383 persons(1963-1973), some of them became leaders of consumer co-operation

Pioneers of consumer co-op in post Korean War



Dr. Jang Gi-rye of Blue Cross Medical Co-op,
1970s

Source: Poolmoo School



joint lecture in Yangseo (good books) co-ops in 1978

(below) member meeting in Seoul Yangseo co-op

Source: Buma Uprising Memorial Association



Rebirth and new phase of consumer co-op movement(1980s-)

Political conditions

- Gwangju Uprising (May 18-27,1980) and the experience of autonomy of citizen changed Korean political regime!
- In 1987,Korean citizens achieved democracy by their involvement and solidarity (Grand Political Change)
- The freedom of association made citizens organize and participate in civil organization in various fields.

Socio-economic conditions

- **high economic growth**

:8.6% average growth in GDP(1981-1990)

- **emergence of middle class**

:my cars are 180,000(1980)→1.9mlns (1990)

- **drastic urbanization** and rapid declines of agricultural population and **food self-sufficiency ratio** with agricultural products import deregulation

: rural exodus, food contamination issue, environmental pollution

- **economic globalization**

- Korean Style Hyper Market **E-MART** owned by Shin Sae Gye, or major retail holding company emerged(1993)

Especially,

- Full-time housewives of late 20s -30s age group with higher education had emerged
:lower women participation in workforce market of pregnancy, childbirth and childrearing years, called 'M curve'
- they were willing to practice conscious consumption for food safety and environmental protection, sympathized with co-operative ideas, associated for better life-style.
→ new consumer co-ops by women(or housewives) created in 1990s.

Most of them had shared memory of Gwangju Uprising



한살림

밥상살림 농업살림 생명살림

Hansalim Movement

- Began with 350 households in 1987.
- **unique background**
Practical BG: social development campaigns and credit union/consumer co-op movement in Gangwon Province in 1970s
Ideal BG: Donghak (Korean ethnic religion)
The doctrine of equality in God, respect for every lives and organic circulation among ecosystem.
“a grain of rice has a universe in it”
- **The Pioneer** of new consumer co-op movement in Korea: **direct trade with producers, producer-member-worker participatory structure, expansion of organic market...**

<http://stories.coop/stories/written/hansalim> (Jan.6)



Hansalim Farmers Market in Myeong-dong Church, 1987



The 1st Hansalim Co-op in Seoul, 1988



Launch of Hansalim Producers Council, 1988



The 1st Meeting for rice-price negotiation between members and farmers, 1989

Source: Hansalim

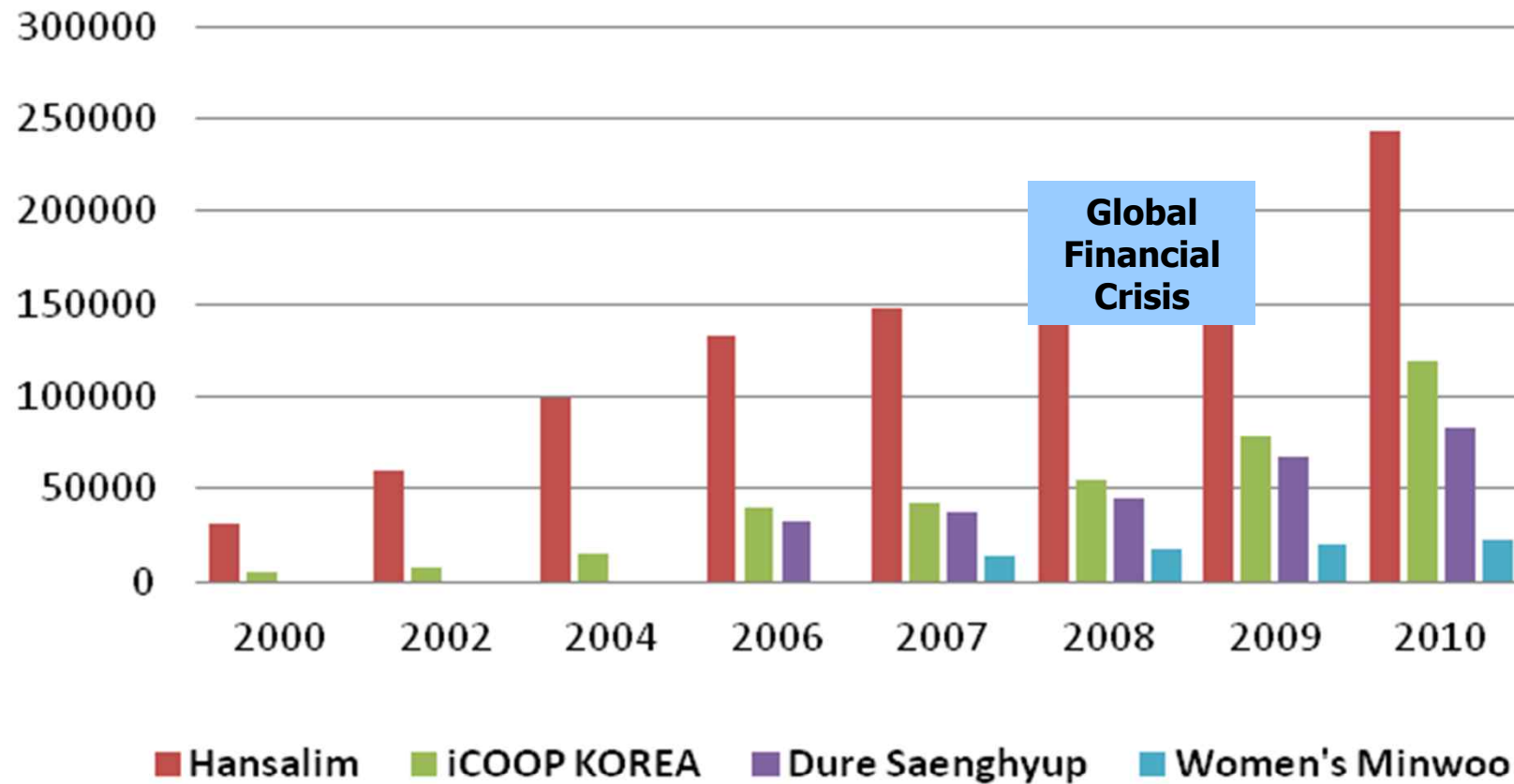
Dissemination of *Saenghyup*

- Dissemination of the term of *Saenghyup* instead of consumer co-op, means “**consumer co-op that promote autonomous member-activities based on mutual benefits in consumer’s daily life**”
- Late 1980s, local consumer co-ops in metropolitan area founded one by one.
- In 1990s, *Saenghyup* formed in fields such as university, medical, child care...
- But,

Challenges of *Sanghyup*, or new consumer co-op in Korea

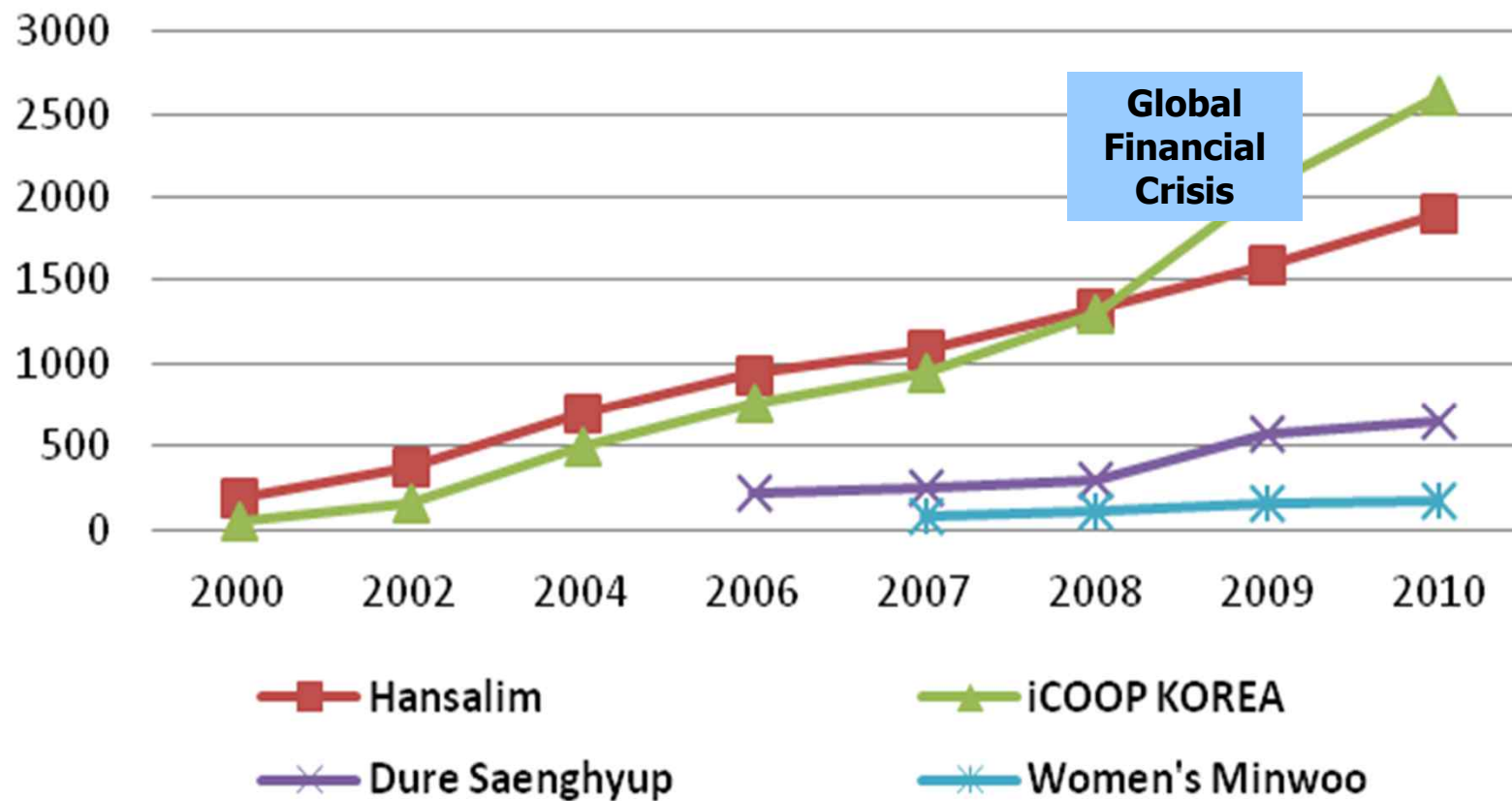
- During bailout program from IMF since 1997, 66.7% of consumer co-ops went to bankruptcy
- From this lesson, consumer co-ops built business consortiums and unions since 1997
- 4 consumer co-op unions in retail part
: **Hansalim, Women's Minwoo, Dure, iCOOP KOREA**
- Korea University Co-operation Federation(1998)
- Korea Health Co-operative Federation(2003)

Graph1.the growth of membership in 4 major retail co-op unions(person)



As of 2011(FY); Hansalim 293,442/iCOOP 155,705/Dure Coop 103,874/Women's Minwoo 22,795 membership.

Graph2. the change of turnover in 4 major retail co-op unions(billion KRW)



As of 2011(FY);iCOOP 30bln/Hansalim 22.3bln/Dure Coop 7.5bln/Women's Minwoo 1.7bln turnover.

The features of consumer co-op in Korea

- Consumer co-op Act enacted in 1998 and amended in 2010, has **restriction of non-members' use and of business spheres** severely.
- **Member participatory operation:** members house meeting, make weak ties through member activities, small scale of primary co-op.
- Creating **ethically responsible markets:** fait trade, direct trade with domestic farmers, eco-friendly products, school lunch distribution business...



Member activists workshop (source: iCOOP KOREA)

Co-op & Fair Trade Festival conducted by members





**Local Wheat
Festival,
members
enjoy all about
of local wheat
with children
and farmers**

**Member- invested and operated store, Co-op Center with health co-op
: 1F store, 2F-3F health co-op, BF education hall,
4F meeting room
(People's house of labor union movement in European counties)**



Fair Trade promotion with a book store chain

[알라딘] "좋은 책을 고르는 방법, 알라딘"

공정무역에 대해 알아보자

더 보기

전체선택 | 공정무니담기 | 보검정담기 | 마에리스트담기

세상을 바꾸는 소비자의 힘

세상을 바꾸는 소비자의 힘
₩ 000원 (20+3%)

공정한 무역, 가능한 일인가?

공정한 무역, 가능한 일인가?
데이비드 헐, 지음, 김원정 옮김
₩ 070원 (15+3%)

세상에 대하여 우리가 더 잘 알아야 할 교양

세상에 대하여 우리가 더 잘 알아야 할 교양: 공정무역, 왜 필요할까?
아드리안 무어 지음, 전국사회교사모임 옮김, 박철순 감수
₩ 000원 (25+1%)

희망을 키우는 착한 소비

희망을 키우는 착한 소비
프랑스 판 데어 호프, 니코 로렌 지음, 김영봉 옮김
₩ 600원 (20+1%)

히말라야의 선물

공정무역의 힘

공정무역의 힘 Business Unusual

공정무역

Social campaigns with civil society



Achievements of consumer co-op in Korea (as of 2010)

- **Total number of membership 630,000, 288 societies (over 300 food stores). Membership rate in total households is no more than 3%.**
- **Contributed to expansion of eco-friendly and organic agricultural products: 13% of market share**
- **The largest local wheat distributor: increasing local wheat self-sufficiency rate 0.1%(2000) to 2%(2011)**
- **Fair Trade expansion: 23% of total fair trade turnover in Korea**

Conclusion

- Korean consumer co-op movement emerged in 1920,
- Rebirth of consumer co-op movement followed by political democratization of 1987, emergence of middle class, and civil society.
- Re-born consumer co-op in Korea called *Sanghyup*, emphasize member participatory operation and sharing co-operation in daily life from purchase to health care, child care, collective works.
- Membership progressively participate into member activities, social campaigns, and community activities.
- The **most growing co-operative sector in Korea: 34.7% growth rate on the average (2001-2009)**

Main slogans

**"save the living things", "ethical consumerism",
"co-operation among our daily lives"...**

Thank you for your attention!

KIM Hyungmi

hyungmkr@gmail.com

face book / Hyungmi Kim