

Impact of Globalization on Social Mobility in Japan and Korea: Focusing on Middle Classes in Fluid Societies*

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Abstract: We argue that the social mobility of the Japanese middle classes is becoming closer to that of their Korean counterparts thanks to their increasing exposure to globalization. Globalization upsets the balance between transaction costs and opportunity costs of Japanese economic institutions such as Japanese management practices and the long-term relationship between the principal contractor and its subcontractors (the *shitauxe* relationship). As a result, it makes social mobility of the new and old middle classes, which have been protected by such institutions, more fluid. Thus we make this argument based on the assumption that the Korean middle classes have already been exposed to globalization and thus are more mobile than their Japanese counterparts. Then we test its empirical validity by analyzing absolute and relative mobility of the middle classes in the two societies with national representative data sets assembled in Japan in 1975, 1985 and 1995 and in Korea in 1990. The results of the analysis show: (1) that the Korean middle classes are more fluid than their Japanese counterparts; and (2) that globalization has affected the social mobility of the old middle class much more than that of the new middle class in Japan. The second finding implies that Japanese management customs that have protected a certain portion of the new middle class are less affected by globalization than the institutions that have protected the old middle class. In other words, the practices have a stronger inertia of institution.

Keywords: middle classes, globalization, inertia of institution, social mobility

Globalization and Social Mobility

There is rarely a day when we do not hear news about globalization nowadays. When we read newspaper articles on globalization and the labor market in Japan, massive layoffs by large corporations emerge. One of the reasons for the massive layoffs is that corporations implement layoffs of their white-collar workers, who have enjoyed relatively

higher salaries than average workers. Firms also transfer their factories from Japan to other Asian countries to reduce their labor costs.

This suggests that globalization has begun to corrode Japanese economic institutions that have been thought to be the solid foundation of the strength of the Japanese economy. The massive layoffs of white-collar workers imply the collapse of one of such institutions—the Japanese management

practice that consists of the long-term employment system and the age-based wage system. The transfer of factories to foreign countries also suggests that the long-term relationships between large corporations and their subcontractors (*shitauke* in Japanese) have changed.

The goal of the present study is to draw an unbiased picture of the contemporary labor market in Japan in order to understand effects of globalization upon it. Globalization, however, is a vague concept because it has various aspects and scholars who talk about it shed light on its different aspects. It is not our intention to deal with all the aspects of globalization in this paper. Rather, we focus on its economic aspects because we are interested in its effects on economic activities in the markets. This leads us to the following working definition: Globalization is internationalization of markets—labor markets in particular. The implication of this definition is that the market in one country is interconnected to that in another. For example, companies transfer their factories from their home countries to foreign countries that offer a cheaper labor force.

We focus on effects of globalization in this sense on the new and old middle classes in particular, because they seem to have been protected from the bare force of the labor market by different Japanese economic institutions. (Here we loosely define the new middle class as white-collar workers and the old middle class as self-employed. See Figure 1 for the strict classification of these classes.) A large portion of the new middle class has been protected under the umbrella of the Japanese management practice or the internal labor market. The self-employed, who make up the majority of the old middle class, have also been immune from turbulence in the labor and commodity markets thanks to the *shitauke* relationships and some regulations for large companies that are threats to the self-employed, which we will describe later. If globalization has weakened the Japanese economic institutions, the

new and old middle classes in Japan have lost (and/or will lose) the privileges they have enjoyed until now and then their fluidity would increase. Thus we analyze intergenerational and intra-generational social mobility of the two classes to test this argument.

The hypothesis we will examine in this paper is: (1) that globalization destroys Japanese economic institutions that have protected a particular part of the participants in the market and excluded other participants from the protection; and (2) that thus it affects social mobility. Globalization increases fluidity of the new middle class by upsetting the balance between transaction costs and opportunity costs in Japanese management practices. These practices reduce transaction costs: Companies following these customs maintain their employees loyalty. There are several reasons employees are loyal to their company due to these practices: The practice cultivates the employees' psychological attachment to their company; fear of being fired discourages them from shirking. For whatever reasons, having loyal employees makes it unnecessary for their company to search for workers in the external labor market thanks to low staff turnover. Workers in the external labor market might be loyal to their employer, but they might not. Thus the company has to spend time, energy and sometimes money to sort out loyal workers from disloyal ones in the external labor market. If a company has loyal employees, thanks to Japanese management practices, it can avoid such transaction costs. The practices, however, entail high opportunity costs. A company operating with these practices has to pay its employees higher salaries than other companies do at the market price. It, however, cannot replace them with better workers at lower wages in the external labor market. This would make incumbents less loyal and lower their morale. Thus the company adhering to these practices miss opportunities to reduce its labor costs.

When the Japanese society enjoyed the fruits of high economic performance during the period of high economic growth, companies operating under Japanese management practices were able to compensate for the high opportunity costs incurred by such practices. The prolonged recession, however, has made such compensation impossible. In addition, globalization has increased the opportunity costs incurred by these practices. It enabled companies to search worldwide for better labor force at lower wages. Thus companies miss that opportunity and increase the opportunity costs if they stick to the practices.

Globalization also increases fluidity of the old middle class, but the increase in fluidity does not necessarily mean weakening of the Japanese management practice. Small firms have not been exposed directly to stiff competition in the market thanks to protective institutions in Japan. The *shitauxe* relationships with large firms, which are commonly formed in the manufacturing industry in Japan, have reduced business risks for small firms and stabilized their operation. Various state regulations, such as the *Large-Scale Retail Stores Law* enacted in 1973, have also protected small firms from stiff competition with large companies in the market. Thus the old middle class in Japan has enjoyed a stable status thanks to protective institutions, just as the new middle class has been protected by Japanese management practices. Such protective institutions, however, entail as high opportunity costs as Japanese management practices do. Principal contractors engaged in *shitauxe* relationships miss opportunities to find better subcontractors in the market; consumers also miss opportunities to buy better goods at cheaper prices at larger supermarkets. Principal contractors and consumers, however, were able to endure such costs during the period of high economic growth.

Globalization seems to have weakened such protective institutions in Japan, however. Many firms transfer factories abroad and deal with overseas firms directly, which would make the long-term relationships

among Japanese firms less stable. The regulations that had functioned as entry barriers have been abolished and many small firms are forced to be exposed directly to stiff competition in the market. In addition, globalization changes the market environment more rapidly and more deeply than before. All this leads to a high fluidity of the old middle class. Thus we analyze inter-generational and intra-generational social mobility of the old middle class, as well as of the new middle class.

Based on these conceptual backgrounds, we will compare Japan and South Korea to investigate the effects of globalization on social mobility. As pointed out, the labor market in Japan is under the influence of globalization. However, some of the large companies still maintain the Japanese management practices and regulations that had protected self-employed have not been completely abolished. Thus observing the current labor market gives us a good understanding of effects of globalization on Japanese economic institutions. Korea has heavily been influenced by globalization, too. It has succeeded in solving the shortage of investment capital, which usually occurs during the process of economic growth, by introducing a huge amount of foreign capital and has accomplished rapid economic growth. The development-oriented Korean government preferred loans to direct investments during the early stage of its industrialization. However, some free trade zones have been established since then and more and more foreign companies have entered the Korean market as regulations on direct investments have been eased or abolished since the 1980s. In addition, many Korean companies that had grown rapidly in the fluid labor market for a relatively short period of time did not have management practices equivalent to the Japanese management practice until 1990.¹ Similar phenomena occurred with the Korean old middle class. Deep involvement in the world economy and rapid economic growth hindered development of stable,

protective institutions beneficial to self-employed.² These facts suggest that the Korean new and old middle classes have already been exposed to globalization and have high fluidity. Therefore we assume the middle classes—new and old—in Japan will move closer to their Korean counterparts, in terms of social mobility, if globalization destroys Japanese economic institutions such as the Japanese management practices and the *shitauke* relationships. Thus comparing Korean society with these peculiar characteristics to Japanese society clearly reveals change in the Japanese economic institutions.

The present study is organized as follows. In the second section we describe the data sets and methods we use in this paper. In the third and fourth sections we analyze inter-generational and intragenerational mobility, respectively. In the last section we summarize the findings reported in the third and fourth sections and discuss the agenda for our future research.

Data and Methods

We use national representative data collected in Japan and in Korea. The Social Stratifica-

tion and Social Mobility (henceforth SSM) survey data sets for 1975, 1985 and 1995 are used for Japan, while the data of the Survey on Inequality and Equity conducted in 1990 are used for Korea.³ The SSM surveys have been conducted every ten years since 1955 and assembled detailed information on social stratification and social mobility. The Survey on Inequality and Equity focuses on actual distribution of social resources and people's opinions on equality and fairness of the distribution.

We adopt the classification scheme of social classes proposed by Arita (2002, 2003). According to his scheme in Figure 1, the new middle class consists of professionals, engineers and employed managers and clerks. The old middle class is comprised of self-employed and employers (except for executive officers) who are managers, clerks, sales workers, service workers, or technicians/laborers.

We have two reasons to use his scheme in the present study. First, this scheme is based on previous studies (Hong, 1992; Kim, 1982) that precisely reflect the uniqueness of Korean social stratification. Second, it classifies sales workers into the working class considering a distinct gap between clerks and sales workers in Korea. Whether this scheme properly captures Japanese social stratification

		Employment Statuses		
		Employer	Self-employed*	Employee
Occupations	Professional/Engineer		Capitalist Class	New Middle Class
	Manager	Executive officer		
		Non-executive officer		
	Clerk		Old Middle Class	Working Class
	Sales			
	Service			
	Technician/Laborer			
	Agriculture/Forestry/Fishery		Agricultural Class	

* This category includes family workers.

Figure 1. Social class scheme. Source: Arita (2002).

is another story, but we prefer adopting a scheme with which we can compare the two social stratifications, even in a rough way, to discussing how to build a scheme that makes a perfect comparison possible.

One caveat should be mentioned here. Although Arita (2002, 2003) classifies managerial employers who are not executive officers into the old middle class, we categorize them into the capitalist class in the SSM data sets. This is because the SSM coding system assumes that managerial employers are executive officers. Thus all managerial employers are executive officers in the SSM data sets. This might make our comparison less accurate, but the number of respondents who fall into this category in the Korean data is extremely small. Thus we ignore this issue in the present study.

We analyze intergenerational and intra-generational mobility of men with Arita's scheme in the next two sections.⁴ We focus on social mobility of respondents aged 20–39 years old for two reasons. First, we assume that younger generation is more prone to being affected by globalization. In general young people are more mobile and less protected by the internal labor market. Thus focusing on them gives us a clearer picture of effects of globalization on social mobility. Second, we would not have enough samples in each cohort ranging from 20 to 29 years old or from 30 to 39 years old. We have to analyze a certain age cohort to avoid an overlap of samples when we use the three SSM data sets for Japan. Ideally we should have used an age cohort in ten-year range

because the SSM survey has been conducted every ten years. We, however, would not have a large enough sample size in each cohort for analysis. Thus, as the second best, we use the age cohort ranging from 20 to 39 years old.

Analysis of Intergenerational Mobility in Japan and Korea

High fluidity in social mobility, such as massive layoffs reported in newspaper articles, gives us an impression that we should focus on job history or intra-generational mobility to see effects of globalization on social mobility. We argue, however, that globalization also affects intergenerational mobility. That is, those who are laid off may have particular family backgrounds, which would result in stronger effects of the parents' classes on children's classes. Or it might be the case that graduates from prestigious universities are exempt from layoffs because they are protected by surviving Japanese management practices. Then family backgrounds might affect children's status attainment via differential educational attainment. With these research questions we inquire into intergenerational mobility in Korea and Japan.

Intergenerational mobility tables in the two societies are shown in Tables 1–4. We calculate inflow and outflow rates based on these tables to compare gross mobility between Korea and Japan. Then we calculate

Table 1. Intergenerational Mobility in Korea in 1990

Father's Class	Son's Class					Total
	Capitalist	New Middle	Old Middle	Working	Agricultural	
Capitalist	0	8	4	3	0	15
New Middle	5	43	25	15	4	92
Old Middle	3	34	62	34	0	133
Working	1	19	6	29	3	58
Agricultural	2	75	87	107	91	362
Total	11	179	184	188	98	660

Note: Samples are aged 20–39. Source: Calculated by the authors using the Survey on Inequality and Equity data.

Table 2. Intergenerational Mobility in Japan in 1975

Father's Class	Son's Class					Total
	Capitalist	New Middle	Old Middle	Working	Agricultural	
Capitalist	7	19	8	7	2	43
New Middle	6	110	16	71	7	210
Old Middle	6	73	99	89	2	269
Working	2	53	14	125	2	196
Agricultural	8	93	53	233	84	471
Total	29	348	190	525	97	1189

Note: Samples are aged 20–39. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data.

Table 3. Intergenerational Mobility in Japan in 1985

Father's Class	Son's Class					Total
	Capitalist	New Middle	Old Middle	Working	Agricultural	
Capitalist	1	16	4	5	0	26
New Middle	5	118	9	50	0	182
Old Middle	4	57	81	67	2	211
Working	0	81	13	104	5	203
Agricultural	0	65	21	113	22	221
Total	10	337	128	339	29	843

Note: Samples are aged 20–39. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data.

Table 4. Intergenerational Mobility in Japan in 1995

Father's Class	Son's Class					Total
	Capitalist	New Middle	Old Middle	Working	Agricultural	
Capitalist	0	18	11	5	0	34
New Middle	0	94	5	55	1	155
Old Middle	2	44	38	71	0	155
Working	0	67	6	109	0	182
Agricultural	0	31	10	32	8	81
Total	2	254	70	272	9	607

Note: Samples are aged 20–39. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data.

odds ratios to compare relative mobility between the two societies.

Figures 2 and 3 show distributions of inflow to and outflow from the new middle class, respectively. Figure 2 indicates that the agricultural class is a major supplier of the new middle class in Korea and in Japan in 1975. Compared to Korea, however, the inflow rates from the new middle class and the working class in Japan have become higher since 1975. This suggests that industri-

alization in Japan has brought the main players in industrialized society—employees in industrial sectors—to the fore and simultaneously strengthened the self-reproduction forces of the new middle class.

Figure 3 clearly shows the second process. The descendants of new middle class in Korea do not remain in the same class as much as their Japanese counterparts do. Respondents with a new middle class background were more likely to stay in their

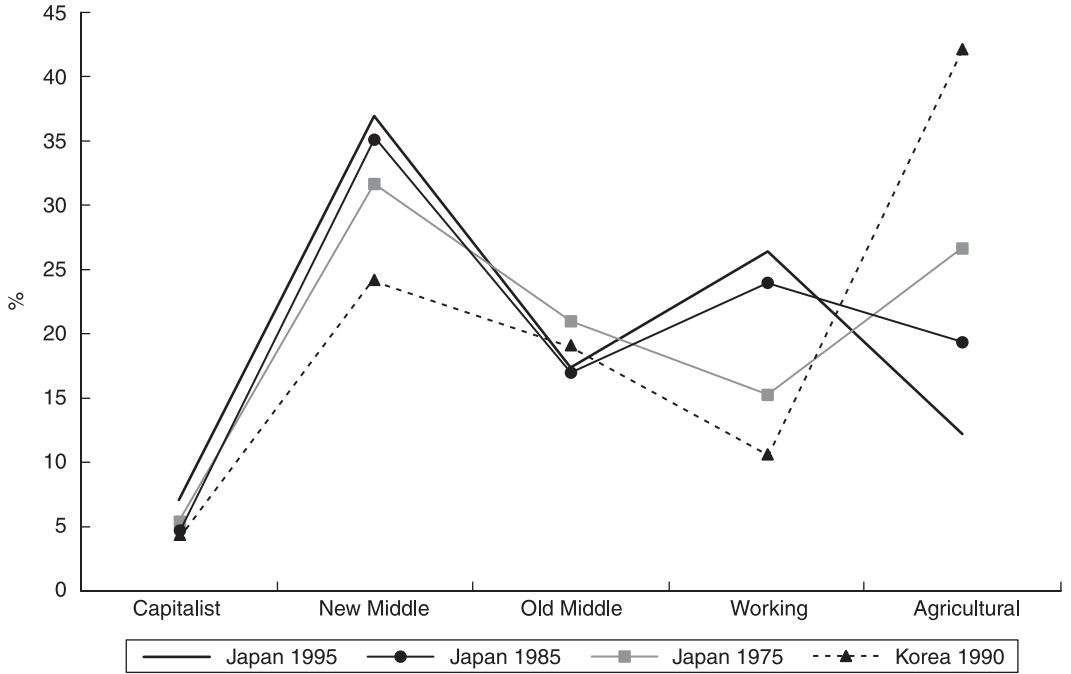


Figure 2. Intergenerational inflow rates to the new middle class. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data and the Survey on Inequality and Equity data.

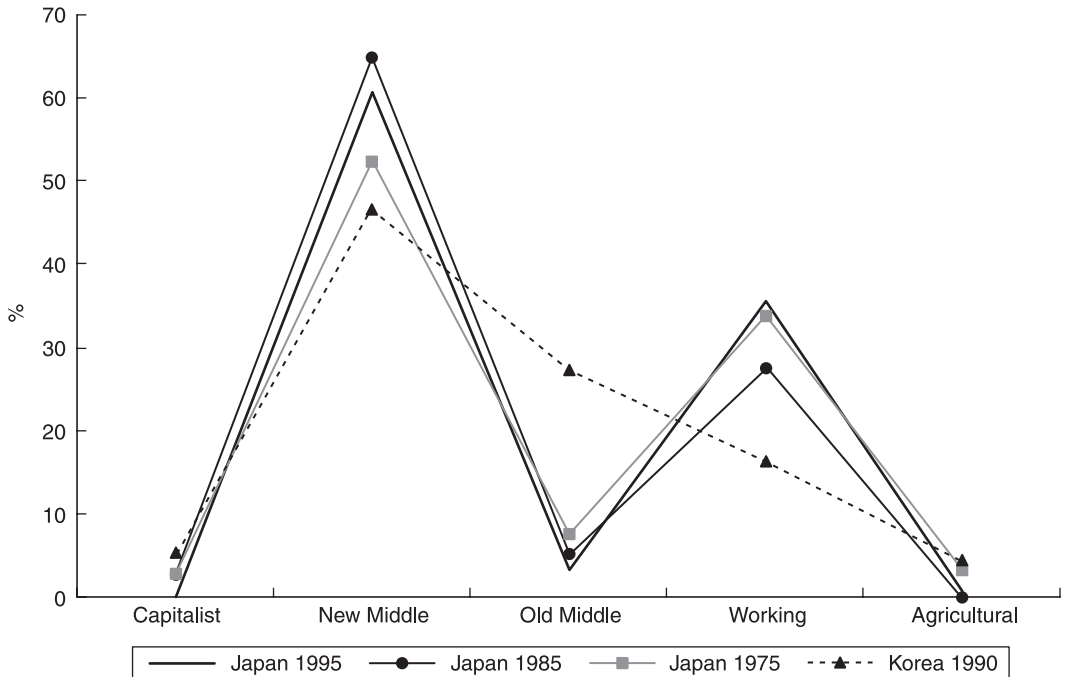


Figure 3. Intergenerational outflow rates from the new middle class. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data and the Survey on Inequality and Equity data.

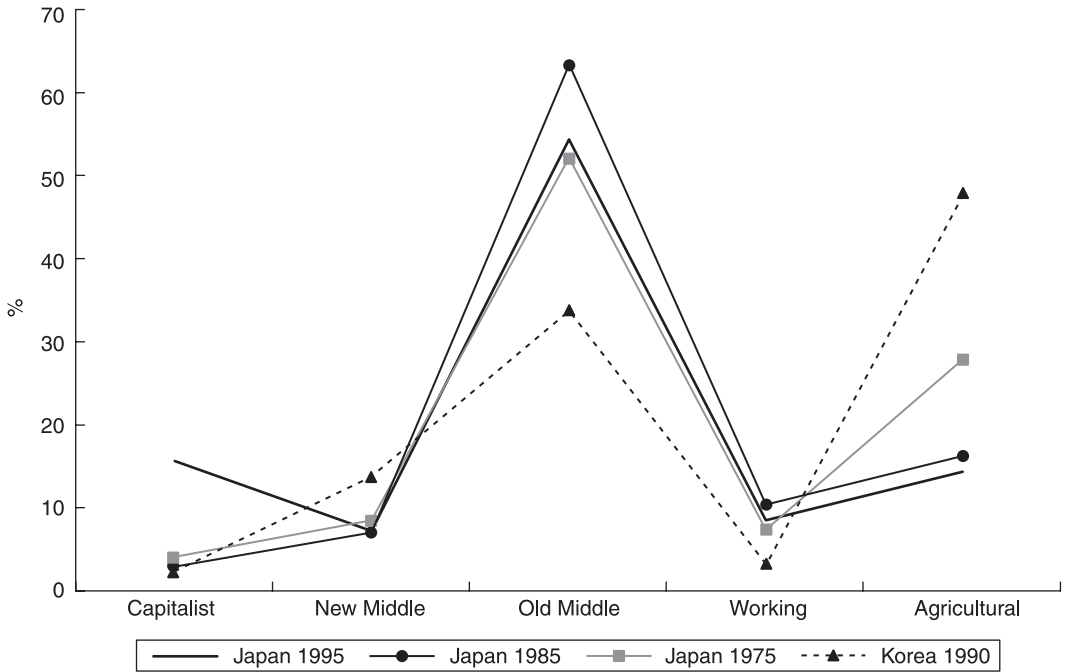


Figure 4. Intergenerational inflow rates to the old middle class. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data and the Survey on Inequality and Equity data.

fathers' class in Japan in 1985 and 1995 than those in Japan in 1975, although this tendency has slightly weakened since 1985. Strikingly, the Korean new middle class is much more fluid than its Japanese counterpart. More than fifty percent of the respondents originally from the new middle class move to other classes. Around 27 percent of them in particular become members of the old middle class, which is not observed in Japan. In contrast, the outflow to the working class is lower in Korea than in Japan.

In sum Figures 2 and 3 show that social mobility in Japan has become stable in the sense that the new middle class has gained its self-reproduction and self-retaining force for the twenty years. Korea, in contrast, exhibits a different pattern—more fluid social mobility. This difference is clearly observed when we examine inflow to and outflow from the old middle class.

Figure 4 indicates inflow rates to the old middle class. The old middle class in Japan exhibits a strong self-reproduction force, while its Korean counterpart is open to the agricultural class. Closer scrutiny, however, reveals fluctuations in the self-reproduction force of the Japanese old middle class. That is, it strengthened from 1975 to 1985 and weakened for the next decade. Outflow rates, in contrast, show different patterns of fluidity (see Figure 5). Members of the Korean old middle class are more likely to stay in the same class than their Japanese counterparts. Japan exhibits a clear shift from the old middle class to the working class, which reflects change in the industrial structure. The marginal distributions in the intergenerational mobility (see Tables 2, 3, and 4) clearly indicate the steady contraction of the old middle class in tandem with the rapid expansion of the working class over generations in Japan. The working class has

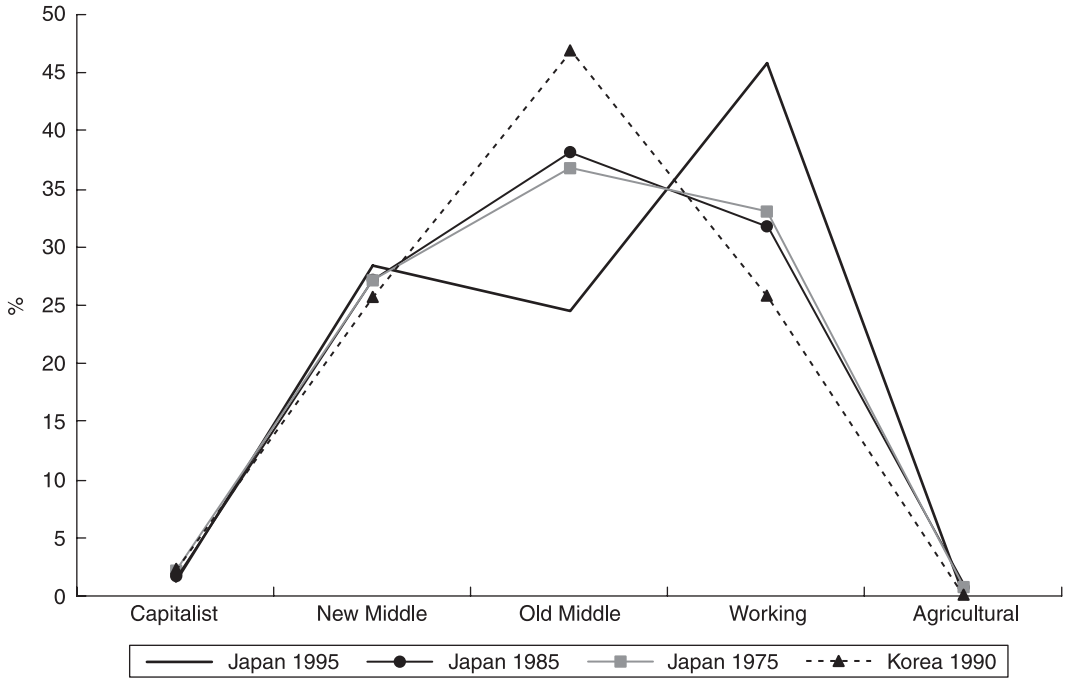


Figure 5. Intergenerational outflow rates from the old middle class. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data and the Survey on Inequality and Equity data.

significantly expanded also in Korea, which has experienced rapid industrialization (see Table 1). However, the Korean old middle class has not shrunk so far, in contrast to its Japanese counterpart, and rather has been expanding in the process of economic growth. These differences in the structural change seem to produce the difference in the self-retaining force of the old middle class in Japan and Korea.

Figure 6 shows change in odds ratio for the new and old middle classes. The odds ratios for the Japanese new middle class in 1975 and 1985 are a little larger than that for the Korean new middle class, but they decreased slightly and converged with that for the Korean counterpart from 1985 to 1995. The odds ratios for the old middle class show a similar pattern, although they are more volatile than those for the new middle class. Those odds ratios in Japan in 1975 and 1985 are much higher than that in Japan in

1995 and that in Korea. Although it shows stronger self-retaining force as described previously, the Korean old middle class is more open than its Japanese counterpart in terms of relative mobility. This reflects high fluidity of the Korean old middle class.

The analysis of intergenerational social mobility, focusing on the old and new middle classes, suggests that the new middle class in Japan has not been affected by globalization as much as expected in the hypothesis proposed in the first section: Inflow and outflow patterns have rather been stable since 1985; the odds ratio has not decreased radically, although it is closer to that of its Korean counterpart in 1995. The new middle class in Korea is not as stable as its Japanese counterpart: More than forty percent of the respondents in the new middle class are from the agricultural class;⁵ the percentage of those who stay in the new middle class are less than fifty percent. Because the odds

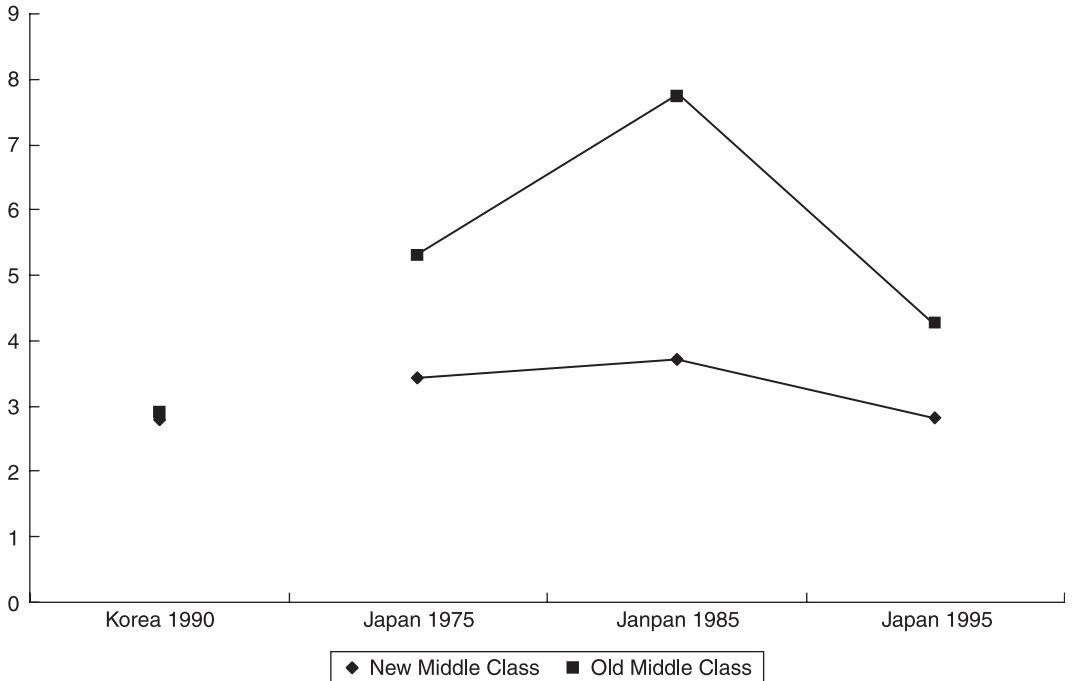


Figure 6. Odds ratios for intergenerational mobility. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data and the Survey on Inequality and Equity data.

ratio for the new middle class is not that different to those in Japan, the instability in Korea stems from structural changes the Korean society experienced.

The old middle class in Japan is not as stable as the Japanese new middle class. As shown in Figure 6, the change in the odds ratio for the Japanese old middle class is striking: It rapidly rose from 1975 to 1985 and then plummeted in the next decade. This suggests that the old middle class steadily built entry barriers during the period of high economic growth, but that they have been smashed by globalization since then. Although many of the new middle class members are still protected under the umbrella of surviving Japanese management practices, the old middle class, which is mostly dominated by the self-employed, is prone to being directly affected by changing market environments. Thus globalization, we guess, has decreased the odds ratio for

the Japanese old middle class from 1985 to 1995 via its impact on the market environments. The Korean old middle class, in contrast, seems to have already been affected by globalization because the odds ratio for this class is much lower than that for its Japanese counterpart in 1995.

Analysis of Intra-generational Mobility in Japan and Korea

The effects of globalization are also visible in intra-generational mobility because globalization affects the labor market, in which people develop their job histories. Intra-generational mobility tables in Korea and Japan are shown in Tables 5–8. As in the analysis of intergenerational mobility, we calculate inflow and outflow rates and odds ratios based on these tables to compare

Table 5. Intra-generational Mobility in Korea in 1990

Strata of First Class	Current Class					Total
	Capitalist	New Middle	Old Middle	Working	Agricultural	
Capitalist	2	0	2	1	0	5
New Middle	7	167	36	16	8	234
Old Middle	0	2	75	12	3	92
Working	3	24	77	165	14	283
Agricultural	0	4	6	9	72	91
Total	12	197	196	203	97	705

Note: Samples are aged 20–39. Source: Calculated by the authors using the Survey on Inequality and Equity survey data.

Table 6. Intra-generational Mobility in Japan in 1975

Strata of First Class	Current Class					Total
	Capitalist	New Middle	Old Middle	Working	Agricultural	
Capitalist	6	0	0	0	0	6
New Middle	13	291	14	44	1	363
Old Middle	2	4	71	17	0	94
Working	9	75	111	472	13	680
Agricultural	1	3	9	35	85	133
Total	31	373	205	568	99	1276

Note: Samples are aged 20–39 years old. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data.

Table 7. Intra-generational Mobility in Japan in 1985

Strata of First Class	Current Class					Total
	Capitalist	New Middle	Old Middle	Working	Agricultural	
Capitalist	1	0	0	0	0	1
New Middle	1	288	17	17	2	325
Old Middle	2	5	55	7	1	70
Working	6	66	63	350	7	492
Farmer	0	3	4	5	20	32
Total	10	362	139	379	30	920

Note: Samples are aged 20–39. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data.

Table 8. Intra-generational Mobility in Japan in 1995

Strata of First Class	Current Class					Total
	Capitalist	New Middle	Old Middle	Working	Agricultural	
Capitalist	0	0	0	0	0	0
New Middle	1	222	12	23	2	260
Old Middle	0	2	18	3	0	23
Working	1	50	45	282	2	380
Agricultural	0	0	1	2	6	9
Total	2	274	76	310	10	672

Note: Samples are aged 20–39. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data.

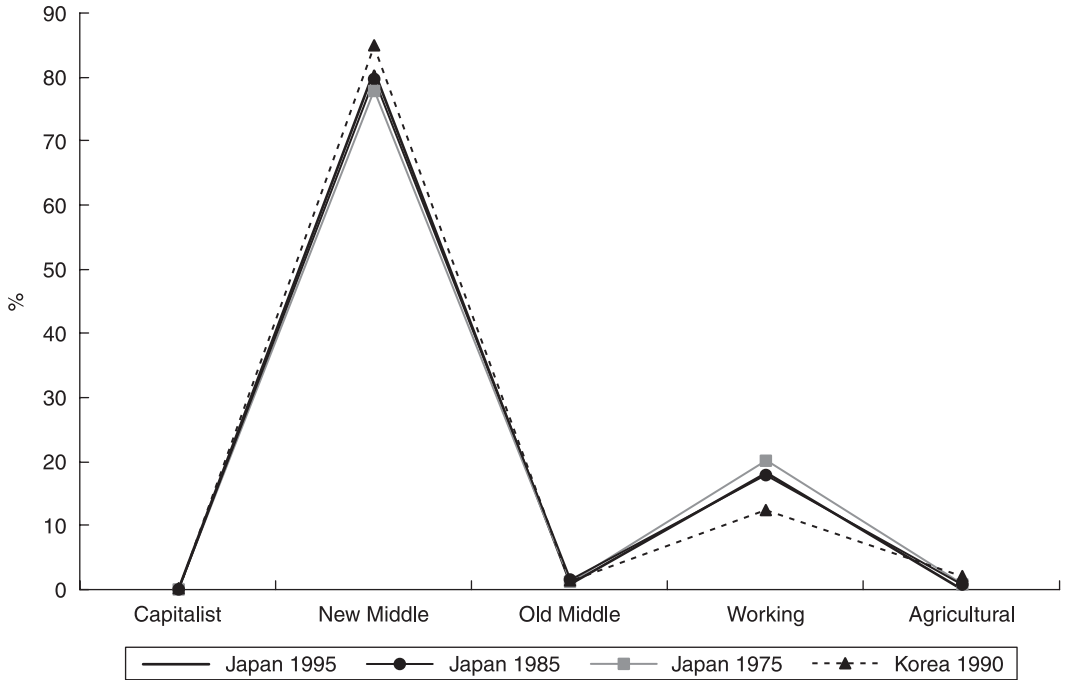


Figure 7. Intra-generational inflow rates to the new middle class. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data and the Survey on Inequality and Equity data.

gross and relative mobility between Korea and Japan.

Figures 7 and 8 show distributions of inflow to and outflow from the new middle class, respectively. Both of the figures show that inflow to and outflow from the new middle class in Japan have been stable. Outflow from the new middle class in Korea, in contrast, shows a weaker self-retaining force (see Figure 8), which means that it is more fluid than its Japanese counterpart. Inflow to the new middle class in Korea, however, indicates that it is relatively closed to other classes—inflow from the working class is particularly low. This is because there are very few paths open to blue-collar workers for promotion or transfer to white-collar jobs in Korean companies.

Figures 9 and 10 indicate distributions of inflow to and outflow from the old middle class, respectively. Figure 9 shows that there is a clear path from the working class to

the old middle class in Japan. This means that self-employment is a goal of blue-collar workers in Japan (see Jeong, 2002; Hara, 1979). The path does not seem as clear in Korea as in Japan. This, however, is caused by the fact that the composition ratio of those who entered the working class with their first job in Korea is smaller than that in Japan. Actually, the inflow rate from the working class to the old middle class in Korea is 27.2%, while those in Japan are just around half of the percentage.⁶ Thus self-employment is an attractive goal for Korean blue-collar workers, too. Therefore once people enter the old middle class as their first job, they tend to stay in that class in both Japan and Korea (see Figure 10).

Figure 11 summarizes odds ratios of intra-generational mobility in Korea and Japan. The forms of the graphs are by and large similar to those in Figure 5. The odds ratio for the Japanese new middle class increased

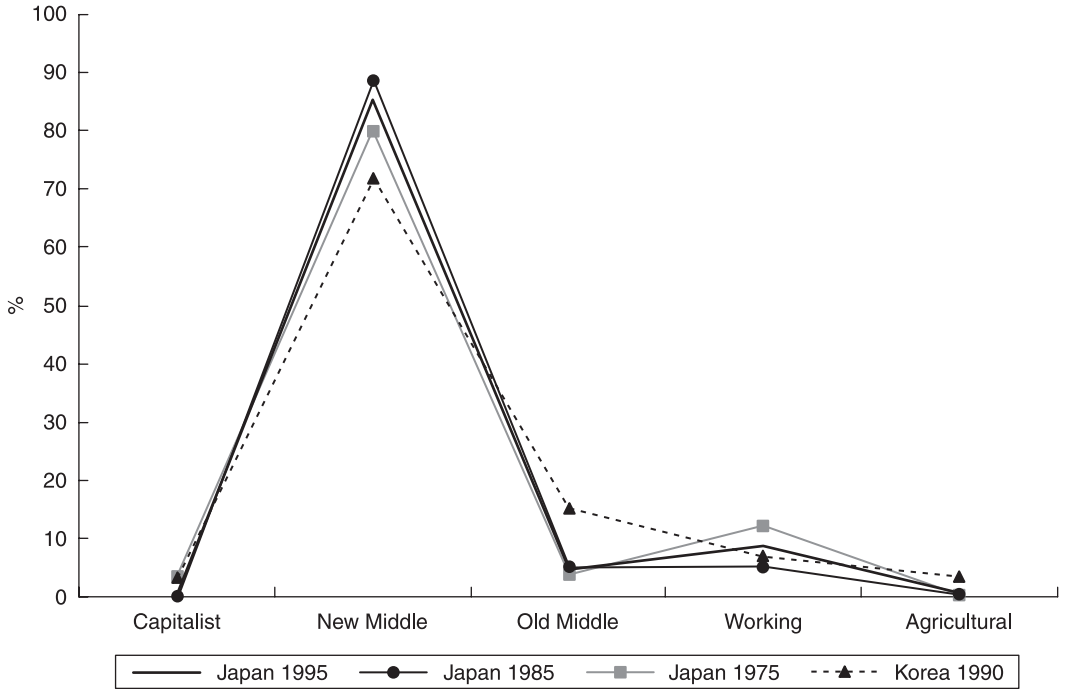


Figure 8. Intra-generational outflow rates from the new middle class. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data and the Survey on Inequality and Equity data.

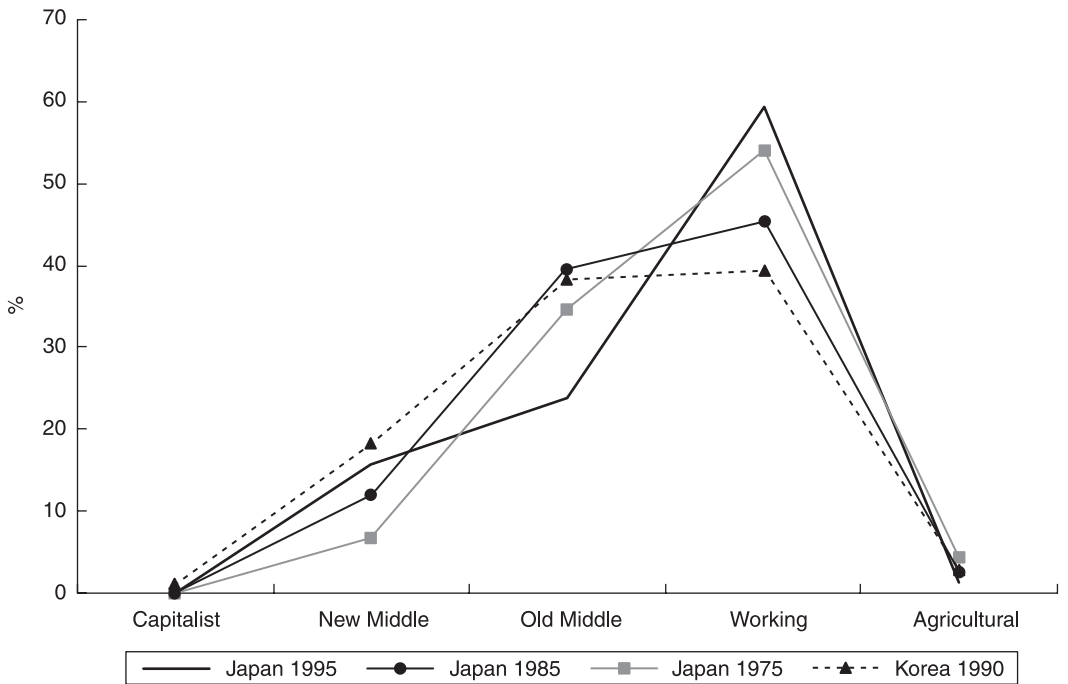


Figure 9. Intra-generational inflow rates to the old middle class. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data and the Survey on Inequality and Equity data.

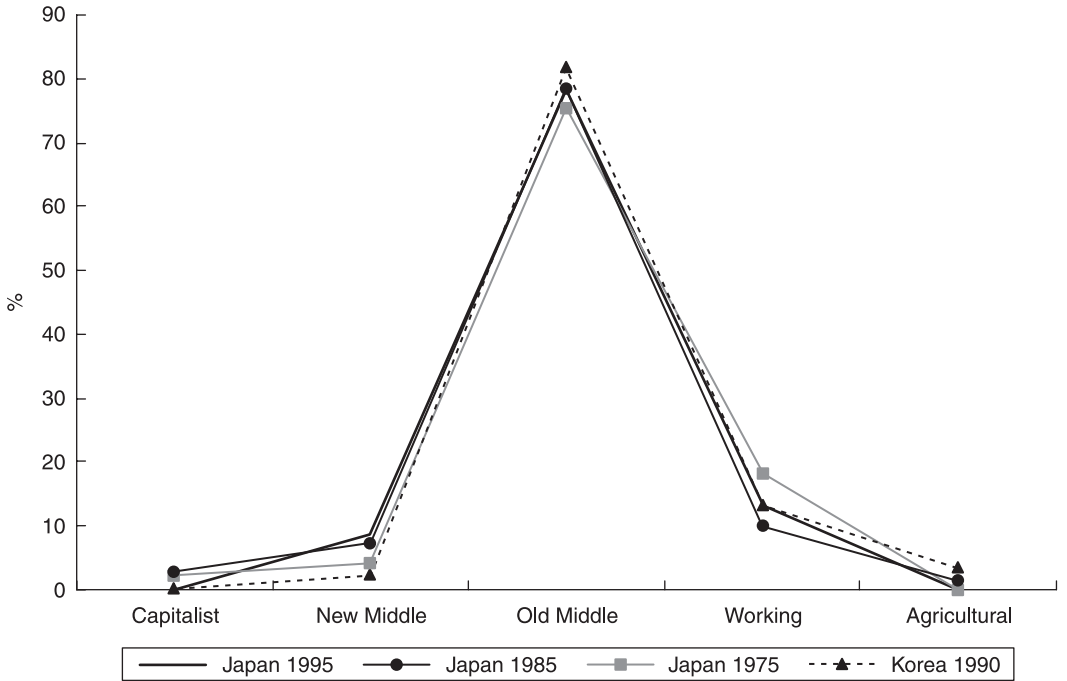


Figure 10. Intra-generational outflow rates from the old middle class. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data and the Survey on Inequality and Equity data.

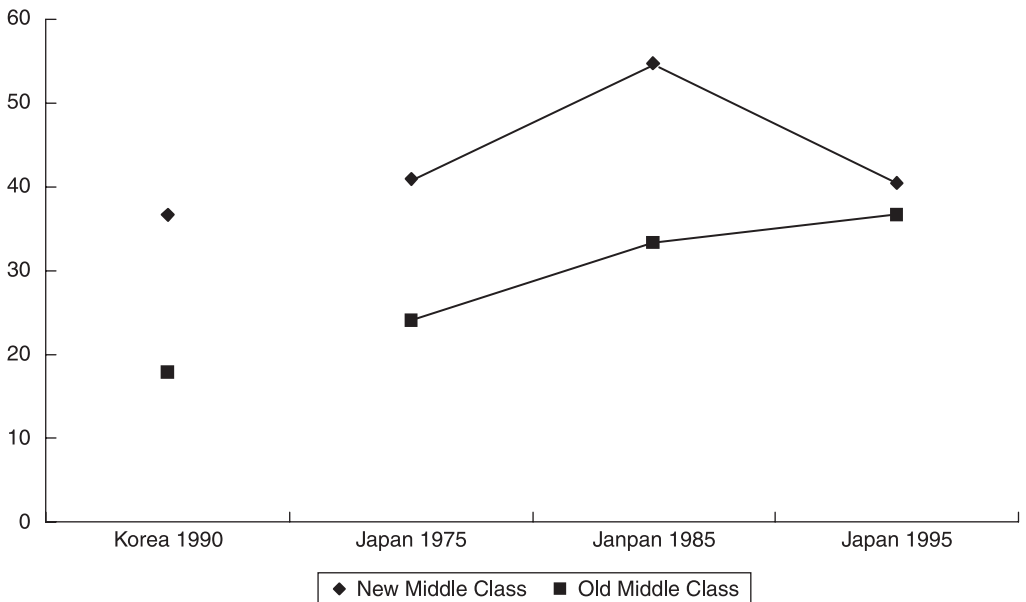


Figure 11. Odds ratios of intra-generational mobility. Source: Calculated by the authors using the Social Stratification and Social Mobility survey data and the Survey on Inequality and Equity data.

from 1975 to 1985 and shrunk for the next decade, but it is still higher than the odds ratio for the Korean new middle class. The odds ratios for the old middle class in Japan are also much higher than that in Korea. The odds ratio increased from 1975 to 1985 as in the case of intergenerational mobility, which means that the Japanese old middle class had also built intra-generational entry barriers during the period of high economic growth. The odds ratio for this increased also for the next decade, but it is not reliable because of the small number of the samples used in its calculation. These findings suggest that globalization has already affected the fluidity of the new and old middle classes in Korea. Their Japanese counterparts, in contrast, established entry barriers from 1975 to 1985, but such barriers declined for the next decade, at least in the case of the new middle class.

Conclusion

The purpose of this paper is to study the effects of globalization on social mobility of the new and old middle classes in Japan and Korea. As for the new middle class in Japan, we do not have clear evidence that globalization has made social mobility of the class significantly fluid. Although the odds ratio of intergenerational mobility for this class in Japan has slightly declined since 1985 and change in intergenerational outflow indicates that the self-retaining force of the class has weakened, changes are not as radical as expected. The analysis of intra-generational mobility does not show the clear effects of globalization either: More than eighty percent of those who entered the new middle class with their first jobs remain in the class with their current jobs; the odds ratios for the class have been high, although it slightly declined from 1985 to 1995.

The new middle class in Korea shows a different mobility pattern to its Japanese counterpart. The odds ratio of intergenera-

tional mobility is slightly lower than that for its Japanese counterpart and its intergenerational inflow and outflow imply that its self-reproduction and self-retaining forces are not very strong. Its intra-generational outflow also shows that getting a first job in the new middle class does not necessarily mean job security: About thirty percent of those who entered the new middle class with their first job move to other classes in their current jobs. To summarize, the new middle class in Korea is more mobile than its Japanese counterpart.

The old middle class in Japan shows an interesting mobility pattern. The odds ratio and intergenerational inflow and outflow of this class indicate that, although it established a high entry barrier from 1975 to 1985, the Japanese old middle class became more fluid from 1985 to 1995. The intergenerational outflow pattern indicates that respondents of this class origin move to the working class and the decrease in odds ratio since 1985 supports this. The intra-generational inflow, however, shows theory that the working class is the main supplier of the old middle class. Thus we observe intergenerational outflow to and intra-generational inflow from the working class.

The old middle class in Korea has a weaker self-reproduction force than its Japanese counterpart. The intergenerational inflow rate from the agricultural class is around fifty percent, while that from the old middle class is just above thirty percent. One factor in this openness of the Korean old middle class is that the class has been expanding, but we should not attribute the openness only to the structural changes: The odds ratios of intergenerational and intra-generational mobility for this class are lower than those for its Japanese counterpart. Thus the old middle class in Korea seems to be more mobile absolutely and relatively than its Japanese counterpart.

This summary suggests that globalization has not significantly affected the Japanese management practices that are thought to

have protected the new middle class, although there are some signs that its effects on these practices have begun to be noticeable. One possible reason for this is that the practices have a strong inertia of institution and that the effects of globalization have yet to be observed. Or it might be the case that the working class and the agricultural class, which we did not focus on in this paper, have been disadvantaged much more than the new middle class in terms of status attainment due to globalization. In contrast, the fluidity of the Japanese old middle class, which once built high entry barriers, has risen obviously since the late 1980s. Our findings suggest that globalization has destabilized the mobility of the old middle class much more than that of the new middle class. In other words, the protective institutions that had been beneficial to self-employed and small companies went through a greater transformation than the Japanese management practices did. The Japanese management practices have a stronger inertia of institution than the protective institutions. The fluidity of the Korean new and old middle classes, in contrast, is higher than that of their Japanese counterparts. The middle classes in Japan, however, have gotten closer to their Korean counterparts in terms of social mobility since the late 1980s. Thus we would argue that the hypothesis is partly supported by the results of our comparative study of Japan and Korea. However, the latest SSM survey was conducted in 1995, and the Korean data was collected in 1990, that is, before the economic crisis in Korea. What we need to do in order to see effects of globalization on social mobility more clearly is to conduct comparative surveys in Japan and Korea focusing on social mobility of middle classes.

Notes

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- 1 Some scholars argue that the internal labor market has developed among large firms in Korea since the late 1980s (Jung, 1992; Yokota, 1994). As will be shown in the second section, the Korean data was assembled in 1990, so we cannot empirically test the argument with our data. It is one of our future research tasks to do that.
- 2 Although the Korean government has tried to develop stable subcontracting relationships between small, medium and large firms on the model of those in Japan since the late 1970s, these attempts have not produced expected results. The same is true of the government's attempts to create entry barriers for large firms in some industry sectors.
- 3 We thank the SSM Research Organization for its permission to use the SSM data sets for the analysis. We also thank Professor Cha Jongchun at Sungkyunkwan University for his arrangements of the Survey on Inequality and Equity data set for us. See Hara (1998) and Whang (1992) for details of the SSM survey and the Survey on Inequality and Equity, respectively.
- 4 There are two reasons we analyze only male respondents. First, only men were interviewed in the 1975 SSM survey. Second, the percentage of female samples in the Survey on Inequality and Equity is rather small—around 20 percent of the total samples.
- 5 This fits the first generation hypothesis proposed by Hsiao (1999, 2001).
- 6 The percentages are 16.3%, 12.8%, and 11.8% for the 1975, 1985 and 1995 SSM data, respectively. These figures and the figure for Korea are calculated based on Tables 5–8.

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