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## Political Economy of Labour Reforms in South Korea

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### Abstract

The research is an attempt to make a study on the condition of the labour, and its struggle through mobilisation in the welfare for them. It is about Republic of Korea under the suppressive industrial regime provided by the authoritarian polity of the State respectively. The study focuses on the post crisis 1997, of the Tripartite Agreement between the State, Business Groups known as 'Chaebol' and Worker's Group or Trade union in Republic of South Korea. The research covers a period of ten years i.e. 1997 to 2007 during which significant changes occurred in the Korean Labour Movement. The selection of group and the period in South Korea for study is not without significance. The political economy of labour in South Korea is significant as it demystifies in the sense that is to show the illusion behind raising as one of the Asian Tigers in the post war period and a result a Tripartite Agreement w. The crisis broke the shades of authoritarian rule, rapid industrialization and compressed modernization in the post developmental state following the 'flying geese paradigm' as proposed by Japanese political scientist 'Kaname Akamatsu'. The dissertation treats the space of labour with the State financial instability and the business groups' inefficiency, to provide structural reforms and tackle the problem of unemployment, low wages, bad and tight working hours, meager welfare scheme. The research is primarily based on long driven demand of Labour in the authoritarian regime after the Japanese colonization and its long struggle for reforms and democracy with the state and the strong 'chaebol' in the post developmental state. The research starts with the introductory not on why, how and gravity of the topic is valuable for research. It presents with the ideological framework of Marxist and Pluralist approach applied to study the industrial progress and suppression of labour. The historical summation of labour movement and demand for democracy in the authoritarian led industrial phase, which was seen to be more violent, as was annihilated by the state. The research significantly presents the political economy of labour, which characterizes the labour movements with the financial crisis, to the international factors like support of USA and cold war period agenda. It also gives the account of legal framework for labour and ideological contradiction between the state and the labour. The research deals with the understanding of 'tripartite commission' formed its political and economic integration with the movement of labour. Finally, the topic concludes how South Korean's authoritarian rule created 'crony capitalism' with the weak fundamentalism and weak regulatory mechanism. The bubble burst which onsets the financial crisis of 1997 marks the new beginning with Roh Tae Woo government mark the new beginning for democratic government and labour reforms in South Korea. The violent trade union movement against the economic turmoil created difficulties to the State policy implementation. The period of 1997 to 2007 was crucial for South Korea as; it has been through the worst phase of development, looking for help to alleviate from its problem, thereby initializing more radical democracy and structural reforms. The restoration of democracy gives the political stability and labour reforms leads to trade union mobilization of labour in every respect.

**Keywords:** Political Economy, Labour Reforms, South Korea

### Introduction:

The issue of South Korean (herein after referred as Republic of Korea of simply Korea) labour becomes significant in the post financial crisis phase and takes a different order with the formation of the Tripartite Commission<sup>1</sup> on Korean labour in 1998. Since the 1980's Korean labour has been widely known for an aggressive and dynamic behaviour, and during late 1980's, there was militancy in the workforce and the state has increasingly lost control over the labour market as well as on Trade Unions<sup>2</sup>. In the post financial Crisis phase, labour started aggressively to articulate their interest in government, and 'chaebol'<sup>3</sup>. However, in the Korean Labour history it was also called as the "Social Pact"<sup>4</sup>.

In the past, Korean Government has considered the labour to be an obstacle for the economic development in democracy<sup>5</sup>. It was subordinated the official labour unions to the state and it has suppressed all independent labour movements<sup>6</sup>, but was addressed positively under the leadership of Kim-Dae-Jung. Thus, Korean developmental state has created a strong nexus between the big businesses and a strong state. The political economy of labour has shifted from conservative under Park-Chung-Hee authoritarian regime to progressive regime of

Kim-Dae-Jung and Roh-Moo-Hyun. There was economic shift of rigid labour market to neo-liberal and flexible labour market under IMF guidelines.

The success story of South Korean political-economic development is analyzed that the state, the business group and the labour transformed into a dialogue process and they experienced dramatic social, economic and political changes. It was through collaboration and conflict between state, 'chaebol' without affecting the condition of labour.

The labour during this time was like catapult in the hands of state and 'chaebol' and past experience shows that the government alone is incapable of handling the labour issues relating to economic development with the 'chaebol', and resulted into financial crisis of 1997-98, in which the labour issue was related. During the time of financial crisis, the number of unemployed and homeless has increased causing Koreans to feel the drastic repercussion of the crisis in the social spheres. The Korean crisis caused to collapse of middle class, disintegration of family networks, erosion of work ethics and other various elements central to the true identity of Korean traditional culture. It is necessary and essential to figure the loopholes in the incident that went throughout the period of authoritarian regime of rapid growth, with least welfare policies and financial crisis came, which led to change not only in the policies but in regime as well as nature of governance.

The proposed study is mainly based on two schools of thought i.e. Marxist and Pluralist School proposed the emergence of a new society. Marxist say a progressive society of labour is the outcome of capitalism and democracy which has its own needs and demands suits to the new technically driven nuclear families of the modern world. This fulfils the zeal of economic stability and social justice within the society of developed nations like in South Korea which has emerged rapidly. In Pluralism, the organization like 'chaebol' in South Korea is perceived as being made up of powerful and divergent sub-groups, each with its own legitimate loyalties and leaders. The theory says in particular of two predominant subgroups in pluralist perspective are the Management and the Trade Unions. Consequently, the role of Management would lean less to enforcing and controlling rather towards persuasion and coordination, while Trade Unions are deemed as legitimate representative of employees.

Conflict is dealt with collective bargaining and conciliations, and is viewed necessarily as a bad thing and if channelled through evolution could produce positive change. Pluralists believe on to those variables which collectively impact on economic and development activities contrast to Marxist School, what confined about the economic progress to exploitation of labour can never reveal about the development phenomenon. When we talk of Sub Groups, then these represents the collective interest which clashes with each other time to time. In order to integrate and synchronize the system and a different approach was discovered called behavioural economics in explaining affluently.

Conflict and Compatibility theory under pluralism has different view on "Democracy as Development"<sup>7</sup>. Conflict theory says development requires decisive policy choices and effective policy implementation. Authoritarian regimes are more decisive and more effective in implementing policies, while democracy undermines investment, the soul of economic progress and in a political imperative to increase social welfare spending which reduces the rate of accumulation. While, on the other hand Compatibility theory argues that democratic regimes are less prone to corruption and rent seekers, and are less predatory. Progressive development requires policy choices that led to development pathway that produces a wide distribution of the benefits of growth. A democratic government are more effective in doing so as the South Koreans have proved by traversing from authoritarian regime to democracy in their political and economic history.

The process of labour movement and it reforms in the South Korea has started when the nation got liberated from the Japanese colonial rule in 1945. At that time the economic structure was under the Japanese influence. It was made worse during the Korean War i.e. 1945-53. In the short span of time Korea has achieved the major goals of modernization, rapid industrialization and democracy. To the many Third World Countries, the modernization process started belatedly, in the exceptional case of Korea which presents a rarest and remarkable success. It moved from import substitution led industrialization following 'flying geese'<sup>8</sup> paradigm'. Korean Development was in true sense a compressed modernization without giving much emphasis on social welfare, especially to the working class. The working class has suffered most, by suppression of their demand, not giving their equal status and wages at par and also their rights were neglected.

With the end of Japanese colonization and division of Korean Peninsula brought South Korea into an unfavourable situation. While, the other half was at better position taking all the natural endowments and industrialized part into their basket. The path of democracy chosen was quite unfavourable in the beginning due a 'strong state' which was to be built on modern Korean history.

First, the 'strong state' originated from an anticommunist state with the strong coercive power and long authoritarian regime. This was the legacy maintained which continued in the post colonial era. Immediately after, the cold war labour movement was intensified with the ideology of national liberation. Korean experienced political, economic and ideological conflict between the left and right wing respectively during the post liberation period and subsequently.

These experiences created an environment, where a strong anti-communist state with authoritarian regime could easily take the root in the Republic of South Korea. Addition to this, the strong state was even more hardened by the fact that the anticommunist state was succeeded by a developmental competence in order to promote the modern economic development. The success of dictatorial rule and compressed modernization in the post developmental state caused the protestor to join the democratic and labour movement. The more their rule was strengthened and extended, the more demand for the democratic movement and labour reforms spread into the society.

Profound socio-economic changes resulted from the compressed industrialization, thereby further led to increase in the demands of social and labour reforms with the stable democracy in the state. Iterated confrontation continued between the dictatorial regime and labour democratic players. Recurrent confrontation brought massive clashes between both the sides. Exemplary cases include the 'April 19<sup>th</sup> revolution of 1960', 'May 18th Gwanju<sup>9</sup> popular uprising of 1980' and 'the June democratic uprising of 1987'.

In these popular labour groups clashed with the authoritarian regime, and in this way 'June Democratic uprising of 1987' puts an end to the authoritarian rule. It paved the way for democratic, but labour reforms were still untouched. South Korea regarded to be 'democracy by movement' when in the general elections of 1988 Chun Doo Huwan amended the constitution of 1987. Roh Tae Woo government has emerged after the democratic transition, faced with the dual task of ending democratic transition and labour uprisings. 'Gwanju democratic movement, 1980' and the 'special committee for the investigation and irregularities forced to strengthen the coalitional movement with labour uprising and the political opening situation. All regional and sectored groups under coalitional democratic movement joined to form the 'Nationalist Movement Association in 1987', 'National Association for Democracy and Reunification in December, 1991'. Coalitional organization after democratic in May 1991 launched a full scale struggle in vehement protest against the death of a student named 'Gang-Geyong Dae'. Contrary to the democratic movement in the form of coalitional movement and social movement including the labour reforms were burgeoning in the autonomous and it has expanded the civil society. They formed the citizens' coalitional for economic justice in July 1989, the Korean Federation for environmental movement in 1993. Thus, People's solidarity increased for participatory democracy in 1994 and onwards.

The Civic movement gradually emerged as a new major movement, and rapidly spread to almost all the sector of the society including labour reforms in 1997. This, paved for the formation of tripartite agreement between labour on one side, while state and business groups on the other were opposed to it.

The full measure of the trade union movement with the Pluralist perspective can be appreciated by only seeing the role that it has played in the lives to transform from a simple society to the complex industrial and urban economy. It is the sense of 'realism' and 'pragmatism' which tended to bring the economic nature of unions to the attention of the public.

The apathy towards the party politics which became more dominant than the intermittent interest in political action and especially after legal support was won makes the labour unions to become engrossed in collective bargaining to achieve their objectives. Marx traced the development of capitalism from the first germs of commodity economy, from simple exchange to its highest forms and to large-scale production. He foresaw ever-greater confrontations between capital and labour, only resolvable by the ultimate triumph of labour movements.

To philosophical problems concerning labour, including but not limited to, the ontology of labour genealogies or archaeological analyses of labour. The questions around the 'contemporary proletariat, must be critical on historically dismissed forms of labour. The contemporary re-conceptualizations of labour critically examines the loss of collective bargaining rights in recent labour disputes, considers of unemployment as a labour issue. Also to the implications of undocumented labour, the role of labour in the philosophical canon, and the interaction between liberalism and labour activism or the value of the labour of others, including non-human animals. The labour and rights discourses reflects on 'philosophical labour'<sup>10</sup>, and its relation, or lack of relation, to school of (leisure) or the discussions of alienation and the reification of labour. It investigates the separation of 'work' from 'play' and considerations of disproportionate access to types of labour. Thus, disproportionate value attributed labour (based on race, gender, disability or other oppressed groups).

### Materials Used:

The study is designed on the theme political-economic subject. The emphasis is on with the labour movements in the Authoritarian state of South Korea. It is a period of ten year study i.e. 1997 to 2007, just after the Tripartite Commission was formed.

The research will explain why and how the compressed industrialization has harnessed the labour movement since the colonial period of Japan, through the division of Korean Peninsula and more importantly in the successive authoritarian rulers in the Pseudo-Republican state.

It investigates in the theoretical frame of labour movement which has grown with its demand to the state and business groups' suppression in the realm of import led industrialization with low wage labour. It will explain why it was necessary for Roh Tae Woo government to call for tripartite agreement and what changes it brings to the labour. The researcher used mostly the internet sources for collecting research papers and thesis on Korean labour issues. Books, Journals, Government documents and Official papers from the JNU Library, Ratan Tata Library (Delhi School of Economics), Central Library (University of Delhi), Main Library (Department of Social Work, University of Delhi) V. V Giri Labour Institute (Noida and Lucknow) and from Internet are used.

Set of variables-

- Independent Variables-variables- Policies of State in Authoritarian Regime and Structure of Business groups (Chaebol).
  - Intervening Variables- Demand and supply of labour in the labour market before and after tripartite commission was formed.
  - Dependent Variables- Living Standard, Consumption Pattern and Income of the Labour, Education Standards, Health Facilities, Pension and Social Security benefits etc.
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The pre and post test group enables the researcher's understanding on the following:

1. Understanding the History of Labour Movement since the time of colonial rule of Japan i.e. 1905-1945.
2. Application of Marxist and Pluralists perspectives of theories into the findings. How and in what situation the labour movement was organised? What sort of price they paid in organising such movement?
3. Understanding the relations between three players i.e. state, business groups (chaebol), and the labour.
4. Understanding tripartite commission with the Asian Financial crisis and also with the Roh Tae Woo Democratic government.
5. What changes the Labour movement has with the formation of tripartite commission and with the pro-democratic state.

The present research applies both qualitative and quantitative approaches. There are two research instruments: the scores from the pre test and the post test while the researchers' response to the questionnaire developed and from the hypotheses framed. The first instrument will measure researchers' acquisition on the historical and theoretical explanation of the grown labour movements with the authoritarian state and selfish profit seeking business groups. The second is designed to explore researchers' understanding of political economy of labour with the formation of tripartite commission and the pro democratic regime after the compressed economic growth.

### **Historiography of South Korean Labour Movement:**

Labour History is important in political and economic scenario. It has different perspectives according to the state, society and era in the chronology into which it has developed. Korean Labour history draw influences over a period of the post World War II and the Cold War times when the politics and economics around the globe were quite unstable. Historiography of Korean labour movement in this era was quite different from the rest of the world, as in South Korea the central theme goes around the authoritarian regime of state and struggle of workers against it.

The union formation and labour movement started with Marxian philosophy propounds against the capitalist state where labour theory of value holds. It states that the value of a commodity is the socially necessary labour time invested in it. In this model, capitalists do not pay workers the full value of the commodities what they produce rather, they only compensate the worker for their necessary labour only (the worker's wage, which cover only the necessary means of subsistence in order to maintain him working in the present and his family in the future as a group).

Marx and Fredrick Engels puts that there is a division of labour in the society as being the primarily cause of plight of labour, while it makes them vulnerable against the state for being exploited. Marx regarded history of labour as having passed through several stages. The details of his periodisation vary somewhat through his works, but it essentially is from primitive Communism to slave-societies then Feudalism, Capitalism, Socialism, and Communism (capitalism being the present stage and communism the future). Marx occupied himself primarily with describing capitalism. The main factor in exploitation of labour is the capitalist society where labour is exchanged by the worker in return for a price (his wage). It has the form of a commodity which can be sold on the market for a price. Therefore Marx held that labour in a capitalist society is a commodity. Like any commodity it has a use-value and a value. Its use value, considered to be the useful as it provides, the actual accomplishing of some task i.e. spinning, weaving, shovelling, babysitting, etc. Its value is determined by the same criterion as is the value of any commodity. Its value is the amount of socially necessary labour time needed to create it. This is the amount of socially necessary labour time needed to create the food, housing, clothes, etc. needed to keep the worker alive and able to work and his/her means of subsistence. Marx contended that, what is sold on the market is labour-power, the ability or capacity of a person to do work. The term 'labour' in Physical Sciences and in Marxism too, is the actual doing of some work. Whether the distinction is essential is debatable. It is prescribed generally as labour (power) where Marx would have propounded it as labour-power. In the past and at present and shall be in the future, the self-conscious and messianic political movements made the trade union to involve in a clustering of men and women about their work. The plurality of the agitation theory gives fusion of men and women that has been for a long time. It has been largely unplanned, responsive to immediate needs, irrepressible, and inarticulate of its own end because on the whole it has no general purpose. Initially the lack of 'ideology' and sparsely of general ideas made the trade union movement obtrusively vocal and permitted mesmeric political groups to look upon it as something as unimportant. But it lacks the ideas which made it strong and enabled it to concentrate upon immediate ends without wasting it energies in futile pursuit of utopia. The trade union can go on for generations to generation despite failure, accommodating itself to changing industrial environment. It could do that without challenging the political and moral ideas current at that time, all the while slowly shaping new habits, institutions and loyalties. It has gathered power within the community until suddenly, it has dawned upon men and women of the state that a new force, impressing not an idea but a new force has come up.

This new force is changing the structure of our economy and redistributing the power within the society. Trade unionism is not a problem but it is a process give rise to innumerable conflicts because it has incalculable consequences. Its influence is felt everywhere because it affects every aspect of the society. So, it is the trade union movement where workers want:

- 1 Right to organize,
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- 2 Right to bargain collectively,
- 3 Right to keep non members off the payroll,
- 4 Right to participate in fixing wages,
- 5 Right to say for the condition of labour to get improved,
- 6 Right to meet freely for their purpose and
- 7 Right to define the jurisdiction of job.

The full measure of the trade union movement can be appreciated by only seeing the role it has played in the lives of in the transition from a simple society to the complex industrial and urban economy. It is the sense of realism and pragmatism which tended to bring the economic nature of unions to the attention of the public.

The apathy towards party politics became more dominant than the intermittent interest in political action and especially after legal support was won. The labour unions became engrossed in collective bargaining to achieve their objectives. The pioneering stage paved the way gradually to the period of establishment in which idealism fades before the pressures of collective bargaining. It is a time-and effort-consuming business in terms of negotiations, policing the collective agreement and maintaining a sympathetic image before the society. While increasing the dependence of the workers on capital, the capitalist system at the same time creates the great power of united labour.

Marx traced the development of capitalism from the first germs of commodity economy, from simple exchange, to its highest forms, to large-scale production. He foresaw ever-greater confrontations between capital and labour, only resolvable by the ultimate triumph of labour.

To philosophical problems concerning labour, including but not limited to, the ontology of labour but to the genealogies or archaeological analyses of labour. The questions around the 'contemporary proletariat works around:

1. Critical work on historically dismissed forms of labour
2. Contemporary re-conceptualizations of labour
3. Critical examinations of the loss of collective bargaining rights in recent labour disputes
4. Considerations of unemployment as a labour issue
5. The implications of undocumented labour; the role of labour in the philosophical canon;
6. The interaction between liberalism and labour activism
7. The value of the labour of others, including non-human animals
8. Labour and rights discourse; reflections on 'philosophical labour' and its relation, or lack of relation, to school of (leisure)
9. Discussions of alienation and the reification of labour
10. Investigations into the separation of 'work' from 'play' and considerations of disproportionate access to types of labour and, thus, disproportionate value attributed labour (based on race, gender, disability or other oppressed groups).

#### **Labour Movements in the first republic government:**

History of Labour Movements in South Korea becomes important during the regime of Rhee Syng man, beginning of 1948 in post World War-II era. Condition of labour was pathetic just after the historic 'Korean-War, 1945-53'. It was of little significance as the political economy of South Korea was shattered till the coming of Park Chung-Hee in the power.

While in the history of South Korea, first labour union was formed in May 1898 Sungjin Bonjung Dockers Union. Workers struggle in mining, dock, railway sectors when the employed labour in the state and private sector started, which is the embryo of capitalism. It was all due to commodity or money economy that started in 17-18<sup>th</sup> century with mercantilism around the globe. During the period of Japan colonization, late in 1920's, there was the growth of working class in industrialization and Korean Labourers Mutual Aid Association (1920) aimed at mutual aid, awareness rising, and employment agency was come into existence. In 1930's coming of Great Depression around the globe led to monopoly capitalism increased in South Korea leading to the increment of industrial labour.

All this resulted into militarism, excessive exploitation, oppression over labour movement. It got deepens with more violent and revolutionary labour movement, social revolution, underground activity, link with communist party. Sit-in struggle, mass-demonstration, sabotage, escape from factory, armed struggle for national liberation. During 1945-50, USA and USSR occupied the peninsula, South and North respectively, which led to unemployment, high consumer price and lack of essential commodities. USSR adopts communism propaganda while USA with anti communism respectively and cold war army made the peninsula unrest.

In November 1945 Korea National Council of Trade Unions(KNCTU: Chunpyong) was established with 505 delegates; 16 industrial unions, 1194 workplace-level locals, 500,000 members aiming at full independence. This was done with the popular front government in pursuit of progressive democracy, cooperation with national capitalists. In March 1946 Korean Labour Federation for Independence Promotion (KLFIP: Daehan Nochong) was established with 48 delegates; 15 unions based on right-wing movement aiming at cooperation between management and union with little involvement of state in support of labour. Struggle of labour made them to form and get united under different umbrella like, Korean Labourers Mutual Aid Association (1920) aiming at mutual aid, awareness raising, and employment agency, Korean Labour

Federation (1922) aimed at new society and class unity, General Federation of Labourers and Farmers (1924) aiming at the emancipation of workers and farmers, struggle against capitalists, General Federation of Labour (1927), The Shanghai Provisional Government (1919), Communist Party of Korea (1925), Shinganhoe (popular front) (1927) were with the specific purpose.

In 1945, following liberation from Japan, industrial relations in Korea experienced a dramatic postliberation growth by leftist trade unions and an upsurge of industrial conflict. In November 1945, the socialists organised the Chukuk Nodongjohab Pyungeuihoe, or Chun Pyung (National Trade Union Council) structured along industry lines in close association with the Chosun Communist Party. The initial membership of 180,000, increased within two months to 553,408 in 224 branches and 1,757 local unions. Between August 1945 and February 1948, Chun Pyung organised over 3,000 strikes involving more than three quarters of a million workers. This dramatic upsurge of the leftist trade union movement by the Chun Pyung represented a challenge to the political and economic interests of the AMG and Korean capitalists.

In response, the AMG and local capitalists employed two strategies first the political restriction of Chun Pyung activities secondly the promotion of right-wing trade unions. In 1946 the AMG restricted the political activities of all unions under the rhetoric of cultivating 'economic unionism' as exemplified by American unions. Also, in March 1947, anti-Chun Pyung groups, which included right-wing politicians and capitalists, organised the Daehan Dogrib Chockseong Nodong Chongyeonmyeng (General Federation of Korean Trade Unions:GFKTU) to displace the Chun Pyung. This anti-Chun Pyung approaches immediately triggered aggressive political resistance from Chun Pyung.

Its most widespread and militant strike campaign, the 'September National Strikes' in 1947, began at Kyungseong Railway Factory in Seoul, eventually spreading throughout Korea and involved 264,000 workers. After the failure of the national strike, and under pressure from relentless attacks from the state and right-wing trade unionists, Chun Pyung was eventually banned by the state in 1947. Thereafter, the GFKTU became Korea's sole legally national trade union federation (Cho Younggeon, 1984: 72-76, 80-86; YoonYeodug, 1991: 261, 275, 286). This marked the beginning of labour movement incorporated to an authoritarian state in Korea.

The GFKTU's functions were limited to supporting the political and economic interests of the state and Korean capitalism. For example, GFKTU union leaders became members of the Rhee government and the GFKTU was used as a political ally of Rhee's party. During an industrial dispute at the Chosun Textile Company in December 1957, the dispute ended with the dismissal of about 600 radical workers and unionists, including the full-time officials of the local unions. This was done as a result of GFKTU support for company management (Cho Younggeon, 1984: 90-98, 100-102; Kim Yunwhan, 1982: 257).

As a result of the subordination of the GFKTU to the state and capital, the independent labour movement was fragmented. It was forced to operate through localised unions for groups such as miners, employees of the USA military forces and some textile workers. The revolution in April 1960, created a favourable context for a brief renaissance of the genuine independent labour movement in Korea. Like other socio-political groups, trade unions were again incorporated into the rapid industrialisation programs of the Park military government from the early 1960s onwards (Kang Mankil, 1985: 286-295).

During and after Korean War (1950-53), there was a Pro-US and anti-communist government formed by President Rhee Syng-man (1948-1960), whose socio-economic policy was incapable to fulfil the emancipation of workers. It has led to the failure of land reform, with US-aid economy, and the formation of monopolistic capitals called 'chaebols' like 'Zaibatsu' in Japanese economy. This has resulted into enactment of Labour laws which were made in 1953 there was the Trade Union Act, the Labour Dispute Act, the Labour Relations Commission Act, and the Labour Standards Act. While KLFIP, was only accepted by Rhee government which acted like puppet in the hands of state, where the labour wing focused on anti-communism in the far-right Cold War political climate under South Korea's first president, Rhee Syng-man. He used labour for his own political interests. This has made the Authoritarian rule of Rhee Syng-man government down with the April revolution in 1960. Thus, the formation of independent and democratic labour union in post World War-II period was difficult and posed a great challenge. Advocates of labour reformswere forced to deal with recalcitrant, faced violent capital in the industrial units at factory level charged to institutional violence and government hostility.

#### **Labour movements in the second and third republic government:**

The authoritarian regime of General Park Chung Hee started with the military coup d'état against the backdrop of social instability and division in May 1961. He ruled first as military general till 1963, and then as president (self-declared) for life time after the general elections ending the second republic government of President Yun Bo-Seon. In 1972, he declared martial law and suspended the constitution of the country by put himself as the president for life till his assassination in October, 1979. Despite his credit with industrialization and rapid economic growth with export oriented industrialization, his authoritarian rule faced with numerous human right abuses particularly after a self coup in 1972. While South Korea saw remarkable development under Park leadership, South Korea's per capita income was only US\$ 72.00 in 1961. North Korea was with the greater economic and military power on the peninsula due to the North's legacy of Japanese-built facilities such as the power and chemical plants, and also the large amounts of economic, technical and financial aid it received from other communist bloc countries such as the Soviet Union, China and Republic of South Korea. Intending to acquire money and technology for South Korea via Japanese grants and soft loans, Park normalized diplomatic relations with Japan in 1965 (Treaty on Basic Relations between Japan and the Republic of Korea). Many South Koreans questioned Park's decision, which was extremely unpopular due to vivid memories of

Japan's colonization of Korea. It resulted in widespread unrest. Government-corporate cooperation on expanding South Korean exports helped lead to the growth of some South Korean companies into today's giant Korean financial conglomerates, the 'chaebols'. Park also created economic development agencies which planned the way for high industrialization:

1. Economic Planning Board (EPB)
2. Ministry of Trade and Industry (MTI)
3. Ministry of Finance (MoF)

High economic growth made the income gap wide among the societies and high expectation from five year economic plan made the student union active. The normalization treaty with Japan and undue favour to 'chaebols' made the workers anxious. Oppression on labour movement, ban of union's political activity, ban of multi-union, complication of legal procedure concerning labour dispute and government intervention in the management and labour to support management indirectly led to rebellion among the labour and created political crisis. The highly authoritarian behaviour of successive Korean military governments, economic growth was critical to cement their political legitimacy. Thus rapid industrialisation was a key objective, especially for the Park government from the 1960s. All possible means were used to incorporate various sectional interest groups such as the 'chaebol', workers and trade unions were into the economic policies of the state. To reconstruct and mobilise an economic development mindset throughout Korea, the military governments organised cultural and moral campaigns such as the Saemaul Undong (New Village Movement: 1971) and the Social Clean up movement (1980). They also suppressed opposition, imposed censorship and used 'anti-red' propaganda to contain challenges to their authority, including from trade unions (Kang Mankil, 1985: 187-189). There was the "Reorganization" of labour movement into the Federation of Korean Trade Union (FKTU) by military government. Forced establishment of industrial unions: union structure was based on industry, but union activity confined to company level, which made economic struggles active. State has to pass extra-ordinary law on Trade Unions and Labour Disputes Adjustment for Foreign Invested Companies in 1970. In this way Trade union movement gave up political struggle and legal and institutional reforms. The economic developmentalist approach of the authoritarian military governments was critical for the emergence of monopoly capitalism in the form of the 'chaebol'. The 'chaebol' was chosen by the state as the main private sector economic forces to achieve rapid industrialisation and, in the process, it transforms their previously small and medium sized business into large scale conglomerates by the 1970s. Rapid industrialisation of Korea was underpinned by cheap, low-skilled labour. The predominant objective of state industrial relations policies, and those of the 'chaebol', was to minimise labour conflicts and to maximise the productivity of Korean workers. To achieve these outcomes, the state and employers adopted repressive forms of corporatist labour control involving strict control of trade union activities. Those unions that did not submit were expelled from Korean workplaces. To ensure that workers and trade unions remained compliant, the Park government enacted various labour laws and a trade union act. The Trade Union Act, the Labour Dispute Conciliation Law and the Labour Committee Law were re-amended in 1964 to restrict the presence and political activities of multiple unionisms in the workplace. This was also to establish the Labour Management Council, and to promote economic-oriented unionism. To attract foreign direct investment, in 1970 the Temporary Act for the Trade Union and the Strike Adjustment in the Workplace of the Foreign Invested Enterprise was enacted to ensure a strike-free environment in foreign-invested industrial estates.

As industrialisation progressed in the 1970s, the Park government became increasingly repressive and intervened in workplace industrial relations as industrial conflict became transformed into social and political conflicts. The Special Act for National Security (SCNS) was one of the government's major institutional devices for labour repression, with the public security agencies such as police and the Korean CIA being used to suppress industrial conflict (Cho Seunghyeok, 1984: 72; Kim Jungseon, 1972: 80-86; Park Youngki, 1979; Shin Yeonho, 1972: 134-141).

#### **Pathetic condition and their agitation:**

The power of Rhee's anticommunist dictatorship started to wane as he sought to prolong his rule by the so-called "Selected Amendment Bill to the Constitution" in 1952 and also by the so-called "Rounding off Amendment" in 1954. Rhee's dictatorship and prolonged rule caused criticism and protest from below based on liberal democratic values and institutions.

In the mid-1950's, new democratic opposition parties were formed to counterbalance Rhee's dictatorship. All kinds of voting fraud occurred nationwide in the presidential election held in March 1960. There was protesting demonstrations initiated by college students spread all across the country to force Rhee to resign from the presidency. This was the April 19<sup>th</sup> Revolution, accordingly, the reasons for the collapse of Rhee's dictatorial regime laid in changes in the civil society of the time, rather than in democratic opposition parties. The April 19<sup>th</sup> Revolution made South Korea to undergo profound social changes due to sudden urbanization after the Korean War. Numerous people who had lost their homes and jobs during the war came to cities, and particularly to Seoul.

As a result, the urban population increased from 3.47 million immediately after national liberation to 5.28 million as of 1955. Social changes also brought about an expansion of education. The number of entering students in elementary school increased almost by double, from 1.86 million in 1945 to 3.62 million in 1958 (Seo Joong Seok 2005, 132-1339). In particular, the number of university students swiftly increased by approximately 15 times, from 78800 in 1945 up to 1408000 in 1961 (Gwon Tae Jun 2006, 72). In addition, there was a huge increase in the influence of newspapers and other media in the 1950, which greatly contributed to spreading public dissatisfaction and criticism of the dictatorial regime in South Korea.

The revolution of 19 April, 1960 against the authoritarian regime in South Korea heralded the beginning of the democratic movement from deep by the workers. The democratic institutions of the country were granted from above, and even they were reduced to mere formalities by the anticommunist dictatorship. Owing to the April 19<sup>th</sup> Revolution, however, democracy was reborn in the form of a democratic movement from below. Yet, the democratic transition brought by the April 19<sup>th</sup> Revolution was to be crushed within a year, since Park Chung Hee's military regime seized power through the May 16<sup>th</sup> Coup d'état in 1961.

Afterwards, the contemporary history of South Korea was to be filled with conflicts and confrontations between Park's military dictatorship and the democratic movement in resistance. Students and the military played leading roles in those conflicts and confrontations, who all emerged on the political scene through the April 19<sup>th</sup> Revolution and the May 16<sup>th</sup> Coup, respectively. Export-led economy, heavy industry, Foreign Direct Investment in the military dictatorship of Park, and the special law on National Security oppressed heavily, the labour movement. In response to this there was popular rise of student movement and giving boost to workers movement actively incidentally.

During the period from 1971-79, the population of wage takers grew from 3.78 million to 6.52 million, leads to unemployment, low wages, long working hours and odd industrial accidents. All this razed the bitterness among not only labour but to all the strata of the society. There was the extreme violent movement by the labour union for the bread and butter especially led by FKTU.

Members in the union increased steeply from 470,000 in 1970 to 1,100,000 in 1979, strikes increased 133 strikes in 1975, 110 ones in 1976, 96 strikes in 1977, 102 strikes in 1978, 105 strikes in 1979, demanding for wage increase, and to have the right to organize, union democratic. Intellectual and religious communities supported labour movement. While the making of democratic union in every major organizations and institutions with popular uprising (Wonpung Woolen, Chunggye Clothes, Dongil Textile, Contral Data, YH Trade). Extreme struggle with self-burning of Jeon Taeil in 1970 Spontaneous struggles and riot by Hyundai Shipbuilding workers, also there was riot by Hyundai construction workers.

As the democratic movement was rejuvenated at the end of the 1970, enormous uprisings broke out in Busan and also in Masan in October 1979. The Busan and Masan Uprisings were influenced by the sit-in of female YH workers at the New Democratic Party Headquarters that had occurred in August 1979. With regard to the sit-in, the ruling party proposed a bill to deprive New Democratic Party President Kim Young Sam of his membership in the National Assembly. The approval of the bill for Kim's expulsion enraged citizens of Busan and Masan where he was very popular. They launched massive demonstrations, and in turn, their uprisings provoked internal conflicts within the power bloc concerning what measures to take against the uprisings.

This internal schism eventually led to the assassination of President Park Chung Hee by one of his closest associate, the KCIA Director, on October 26, 1979. In sum, the direct cause of Park's assassination was internal conflicts within the power bloc, but those conflicts were originally triggered by pressure from the Busan and Masan Uprisings. Following are the politically effective military dictatorship which was likely to display the following traits:

1. It will provoke little societal resistance at its installation in order to cut its costs.
  2. Its leaders at the time of installation will act jointly and cooperatively to consolidate the regime.
  3. Its leaders at the time of installation will broaden the support coalition by agreeing upon succession rules to rotate the presidency within the authoritarian regime in order to prolong its duration.
  4. Regime designers will delegate policy-making and executive authority to civilians in areas of their special competence, including economic policy.
  5. Regime designers will choose institutional means that emphasize consultation. It employ legislatures and political parties within the authoritarian context to diversify the tool-kit for ruling and policy-making, expand the coalition in support of the regime, and gather political information.
  6. Regime executives will prefer political means to brute repression as ways to cope with opposition and protest in order to reduce the costs of ruling and sustain a broad base of support for the regime.
  7. The regime will eschew ideological appeals, depriving civil society and especially the opposition of independent standards to hold the dictator accountable.
  8. Regime designers will compel political, economic, and social actors into regime licensed organizations to maximize state control over the society, harness economic and social forces toward the government's goals, while employing a minimum of military force.
  9. Regime executives will employ political strategies to deactivate the population politically and constrain independent voices in civil society.
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Thus, the authoritarian regime of Park Chung Hee was formed by the military coup d'état, where Samuel Huntington recognized a long ago, the conflict soldiers face in the aftermath of a coup, namely, between "their own subjective preferences and values and the objective institutional needs of society." New political institutions are needed, he argued, not just to "reflect the existing distribution of power" but also "to attract and to assimilate new social forces as they emerge and thus to establish an existence independent of those forces which initially gave them birth."

These political institutions should also be capable of regulating succession and providing for the transfer of power from one leader or group of leaders to another without recourse to direct action in the form of coups, revolts, or other bloodshed". Well-installed authoritarian regimes, therefore, settle upon effective succession procedures early on to enable the regime to broaden the support coalition and last beyond the lifetime of its founder.

The measure of a well-installed dictatorship, questions that is how many peaceful successions it managed within the framework of the authoritarian regime. The South Korean military coup of 16 May 1961 held promise for installing an effective authoritarian regime. No military coup is free from some violence, arrests, and other means of conflict and repression. By these standards, this coup entailed rather low levels of violence or other forms of resistance. The new government repressed the organized labour movement and provided few inducements for organized labour support for the regime. But at its birth, it also faced relatively little resistance from organized labour. Moreover, the rebellious officers had a legitimating claim to overcome a recent past of corrupt practices in government, to accelerate the prospects for economic growth thus to build a stronger South Korea to face its communist enemy to the north. There was also little difficulty in establishing who was in charge. General Park Chung Hee was the coup's principal leader and the head of the military junta<sup>11</sup>.

#### **Politics of Labour Reforms:**

**Ideology and Theory:** The democratic of the authoritarian regime started with the post colonial independent state rapid industrialization and compressed modernization which were too fruitful. The South Korean Democracy began late in 1945 when it got liberated from the Japanese colonial rule. Later the grave consequences led to division of Korean peninsula.

Democracy in South Korea truncated successfully than any other country and achieved modernization as rapid as no other third world country traversed swiftly. The historical condition of South Korea since its formation as a democratic state, were not favourable since its division. Their conditions were difficult and there was a 'strong state' which was built in the modern Korea. In theory a 'strong-state' means a state which is originated from anticommunist state with strong coercive power. Such kind of state itself was found in the post colonial South Korea which was based on the strong colonial state. Then there was Cold War which got intensified immediately after national liberation.

Koreans experienced the ideological and political conflicts between the left and right during the post-liberation period and also the subsequent Korean War. These experiences created the environment where a strong anticommunist state could easily take root in South Korea. Furthermore, the strong state was even more strengthened by the fact that the anticommunist state was succeeded by a developmental state under dictatorial regimes, which resorted to extreme coercion and governmental competence in order to promote the modernization and compressed economic development.

After the Korean War, the authoritarian rule under the dictatorial regimes could last for a long period of time. The rule was based on the 'strong state'. However, their authoritarian rule caused protesters to join the democratic movement. The more their rule was strengthened and extended. The more the democratic movement spread. In addition, the profound social changes resulted from the successful compressed industrialization further increased demand for democratic.

Consequently, confrontations continued between the dictatorial regimes, authoritarian rule and the democratic movement. As resistance, and the confrontations that could recurrently caused massive clashes between both parties. Exemplary cases include the April 19th Revolution of 1960 and the Gwangju Popular Uprising of 1980, and the June Democratic Uprising of 1987. Thereby, the June Democratic Uprising put an end to authoritarian rule and paved the way for democratic.

In this respect, South Korean democracy can be called democracy by movement. John Saville presented on the labour ideology and labour movement in respect with the belief in 'Soviet Union' its ideology of 'Socialism' where he recollects the labour movements in the strong state as an antifascist struggle. He considers all the wrong people were anti soviet within the state. Labour history in true sense has become academically respectable, much more so that the subject easily lends itself to sentimentalism, idealism, and folklores. Korean Labour movement in their native language was called as 'Minjung' which comprised of two hanja characters 'Min' means people and 'Jung' means mass.

However, in the Korean political and cultural context, "mass" is not an adequate translation, and "the people" carries a 'Communist' connotation that makes it dangerous in anti-Communist South Korea. Nonetheless, "the people" is close to what minjung seeks to convey, both sociologically and politically. For Koreans, minjung are those who are oppressed politically, exploited economically, marginalized sociologically, despised culturally, and condemned religiously.

Questions on the universal concept like "militancy" and "social unionism", while applying those to specific cases on Korea with no consideration of the particular historical context. Criticism and examination of the on the debates which can provide an understanding the ideas side to the relationship of labour with globalisation and democracy.

The debate surrounding the 'militancy' and 'social unionism' was by supposed means gives a new common sense at best ideological sense and represented a growing trend of bureaucratisation and cooptation under the hegemony of post democratic Korea. Government and big business responded to the emergence of this new and militant democratic labour movement in a variety of ways.

These responses included physical and ideological repression of the labour movement the relocation of production processes abroad, and the increasing use of both irregular and imported migrant labour. It is something of an historical irony that an indirect result of the dynamic struggle of the Korean working class during the late 1980s was the relative worsening of the objective conditions for the continued development of the labour union movement.

The term 'crisis' has been raised since the beginning and repeated with regard to the South Korean labour movement, since the late 1980s. It was first used to signify the increased government repression of attempts by the democratic union movement to organise at a national level and particularly of the militant National Confederation of Trade Unions (NCTU, Chunnohyup). Since then, it has also been used to refer more widely to those structural changes described above that have come to threaten the objective conditions for the continued development of the democratic labour union movement.

The labour movement crisis has been debated both within and without the labour movement. Furthermore, these debates have been inherently political because they are invariably linked to prescriptions and suggestions about the future direction of the labour movement, with implicit and varying ideas about what the role and long-term goals of the movement should be implemented.

They are often inextricably linked with other contemporary discourses that stress Korea's national modernisation, democratisation, globalisation, and 'graduation' to advanced industrialised status. This led to the emergence of a 'mature' capitalist economy. Into the gain of valuable insights that how hegemonic ideologies are being reorganised and expressed with regard to the formation of a regime of accumulation and system of industrial relations.

Also, an understanding of the 'ideas' on the side of the labour movement can also help to overcome the facile approach of conceptualising labour as 'counter-hegemonic.' Objectively speaking organised labour serves to disrupt the free market logic of accumulation and to an extent bring about a 'double movement' of social regulation.

However, labour is also the target of an ideological project by the state and big business that seeks to co-opt organised labour and instil it with capitalist ideology. This was especially so in the Korean case, where the democratic labour movement had genuinely grassroots origins. Throughout the 1980s, it took on an increasingly revolutionary character before the government responded in the 1990s with a new ideological offensive designed to co-opt the mainstream democratic labour movement and isolate militant unionism.

The 'crisis thesis,' the question was not only how can the labour union movement extricate itself from its present structural crisis, but also how can it adapt and even contribute to a new era of Korean development and to a new system of accumulation. This internal crisis of the labour union movement became particularly acute from 1989 onward and is measured in terms of a decline in organisation rates, numbers of unions and numbers of disputes from 1989 forward.

**Fig. 1: Showing for union density and no. of unions:**

| Year | Union Density | No. Of Unions | No. Disputes |
|------|---------------|---------------|--------------|
| 1985 | 12.4          | 2,551         | 265          |
| 1986 | 12.3          | 2,675         | 276          |
| 1987 | 13.8          | 4,103         | 3749         |
| 1988 | 17.8          | 6,164         | 1873         |
| 1989 | 18.6          | 7,883         | 1616         |
| 1990 | 17.2          | 7,698         | 322          |
| 1991 | 15.8          | 7,656         | 234          |
| 1992 | 14.9          | 7,527         | 235          |
| 1993 | 14.1          | 7,174         | 144          |
| 1994 | 13.5          | 7,025         | 121          |
| 1995 | 12.6          | 6,606         | 88           |
| 1996 | 12.2          | 6,424         | 85           |
| 1997 | 11.2          | 5,733         | 78           |
| 1998 | 11.5          | 5,560         | 129          |
| 1999 | 11.8          | 5,637         | 198          |
| 2000 | 11.6          | 5,698         | 250          |

Union density = total no. of union members/total no. of employees.

Sources : KOILAF-

<http://www.koilaf.org/admin/statistic/file/4-3.pdf>

<http://www.koilaf.org/admin/statistic/file/4-3.pdf>

Ministry of Labour, [Online: web] URL: <http://labourtat.molab.go.kr/> Accessed on 18/01/2013.

The principal legacies of the Great Workers' Struggle (GWS) in 1987 was the exaggeration of a fundamental contradiction between an export-oriented economy based on a cheap exploited labour force the existence of a growingly conscious and organized working class who were becoming increasingly vocal in their economic and political demands. This decline was influenced by a number of external factors.

One of the legacies of the Great Workers Struggle in 1987 was not only an end to the export oriented system characterised by low-wage low technology exporting firms in geographically concentrated areas, but also a result of the government offensive on the union movement following the onset of economic crisis in the early 1990s. The declines in the number of disputes were due to number of external factors. This repression brought about a weakening of the militant NCTU and a weakening of normal activity by trade unions.

Furthermore, the early 1990s saw an ideological setback for labour and for various radical groups in Korea with the collapse in Europe of 'actually-existing socialism.' This was combined with a distinct narrowing of the acceptable ideological sphere, and entrenching of conservative politics with the 'minjadang coalition'. In the area of labour-management relations, there was also a reorganization of work organization, including the strengthening of the internal labour market, growing automation, which came with the growth in micro-electronic technology, introduction of job qualifications systems, and enterprise-level cultural movements; all of which damaged the basis of enterprise unionism as given by Kim Hyoung-Ki in 1997.

However, despite these external impediments to the continued development of the democratic labour union movement, they are considered to be secondary to the failure of the movement to adapt to these changed external conditions. Specifically, the crisis can be argued to be one caused by militant unionism.

**Laws and regulations towards labour reforms:** There were number of limitations and prohibition was imposed by the state in order to suppress the militancy leadership and union movements. These were in the form of laws and legislation imposed in draconian way and sometimes regulation were made to the labour in the different forms so that they can be put into the hegemony of capitalist and state in the authoritarian immersion.

**Laws relating to the militancy and functioning of Trade Union:** Militant unionism, in its highest organisational form of the NCTU, not only failed to make an accurate scientific analysis of the changed external situation, but is also served to invite, and legitimise the government's tactics of division, cooptation and outright repression. 'The stronger NCTU struggled, the more this strengthened the effectiveness of the government's ideological offensive.' The NCTU itself played a limited positive role in, for example, conducting a continuous struggle for the reform of the labour laws, raising the workers' political consciousness, exposing the Ministry of Labour's falsification of labour statistics, providing the impetus for the FKTU's reform, and organising the celebration of May 1<sup>st</sup>, Labour Day as predicted by Park Seung-Ok in 1992.

This radical leadership had its origins in the 'worker-student solidarity' (nohakyondae) of the 1980s, in which students, armed with so-called 'maximalist' Revolutionary ideologies, entered the workplaces with the deliberate aim of raising the political and revolutionary consciousness of the workers.

The radical student-turned-worker leadership enjoyed a certain degree of moral legitimacy not only within the labour movement, but also within the democratic movement and society at large. They achieved some solidarity with the rank and file since their revolutionary objectives and the means to achieve them were not in fundamental conflict with the rank and file's economist aims as given by Choi Jang-Jip, 1992.

One of the principal points made with regard to militant unionism is, therefore, this ideological rigidity and the factionalism it promoted, which served to make mass solidarity difficult and which encouraged repression in response. Rather than adopting demands 'from below,' the radical leadership stressed organisational and ideological dogmatism, having the effect of weakening both vertical and horizontal solidarity.

There were many high level political labour organisations claiming to represent working class interests, but these factions did not represent divisions in the political orientation of the masses (Choi Jang-Jip, 1992).

Thus, the militant unionist line is represented as an anachronism in the new ideological climate, where democracy and more cooperative labour-management relations are emerging. Clearly, a principle fear concerning militant unionism is that it runs the risk of isolating the labour union movement from the public at large. It is argued that images in the media of violent demonstrators wielding iron pipes and throwing petrol bombs are now looked upon with disapproval not only by the general public, but even by the majority of trade unionists themselves. "The labour movement is a movement for changing human relations, not for smashing and breaking up factories," (Park Seung-Ok 1992:236).

It was believed that Social Unionism takes away from worker centrism towards 'people's interests': the future for the labour movement lies in solidarity with new civic movements rather than the traditional minjung movement. In terms of solidarity struggle, it is the 'empty vacant militant minjung solidarity' that has contributed to the alienation of the labour movement from the working classes and the public in general, and as such, the union movement must secure a supportive base through solidarity with not only the national democratic movement and 'minjung movement', but also civic movements, such as the environmental movement, the women's movement, the consumer movement, and the peace movement.

Thus, part of the rationale behind social unionism is to deny the absolute primacy of the worker's position in the social relations of production in determining interests or identity. As such, Choi Jang-Jip argues that the boundaries of class are not set by objective relations of production, but are a product of political practice notion given by Choi Jang-Jip, 1992. Similarly, Park Tae-Joo denies that it is the workers' position in production that defines their identity.

Despite the union's primary concern Park Seung-Ok argues that labour unions must take on a view of 'social development' otherwise unions will not be able to overcome the government and capital's labour regulation strategy. The labour unions have a role to play in reviving the economy and promoting Korean social development by tackling land and housing problems (presumably these were important because of the speculation of Korean monopoly capital).

This must be understood as the improvement of real working conditions. Labour unions must raise traffic problems, crime problems, education problems, etc. Recognition of the labour union as a social organisation must be recovered.

The only way to overcome the crisis is to develop the labour union as a 'social development union' predicted by Park Seung-Ok in 1992. In the course of primary concern there would be the issues with wages and employment conditions, they must also show interest towards such areas as environmental and women's issues. Workers are also citizens and consumers. That is to say those workers are defined by multiple identities.

It is therefore imperative that unions become concerned with these issues and form solidarity with social movements in order to overcome their growing alienation from the public. This solidarity must recognise the differences between movements, if there weren't any differences; there would be no need for solidarity given by Park Tae-Joo, 2002.

Social unionism opposes the growing differential between workers' working conditions, and the weakening of the distribution structure between social classes, and seeks greater solidarity. Social unionism protects the rights and living conditions of weak social classes, medium and small enterprise workers, and irregular workers.

Social unionism is based on the active participation of union members, and is a dynamic labour union movement. Furthermore, it is not limited to the short term and direct issues about wages, or increasing working conditions. It is for the purpose of 'democracy and social reform,' and by those means aims to increase and strengthen the organization of workers, expand the social security system, reform the tax system, solve the housing problem, improve the education system, solve the environmental problem, and other such protection of 'society's interests' and people's (gukmin) living standards.

It is not simply the protector of workers' interests, and does not simply respond to situations as they arise, but carries a vision of an alternative, and struggles to achieve that alternative. Social unionism views as important the long-term and strategic union policy. And views as important participation in the policy and management plan making process of government and management.

**Enterprise Unionism, Neo-liberalism and Social-Agreement Politics:** To resist the neo liberal restructuring, a defensive term used within the labour movement in the desirable direction of moderate lines like the Ford's system of establishment in the U.S. under neo liberalism, the government and employers become more inclined to deny workers' rights, and at the same time, neo liberalism has the effect of destroying the unity or solidarity of society. Although this affects everyone, in particular it affects the poor, and those in unstable employment relations.

Economic unionism on the other hand tends to be limited to the representation of male, regular workers. Furthermore, this neoliberal restructuring simply cannot be fought with the principle tool of economist unionism, i.e. collective bargaining. Collective bargaining represents the strict separation of politics and labour-management relations, where politics is at best little more than rhetoric. As collective bargaining becomes more politically determined by macro-economic policy and the legal framework, this form of economist unionism can no longer constitute a realistic alternative as given by Park Tae-Joo, 2002.

Collective bargaining at the individual union level is an apolitical struggle in which the gains won go back to the enterprise union, though some go back to the national centre. This kind of struggle can only result in the narrowing of the scope of the labour movement and the absorption of the labour movement into the capitalist ideological framework (Kim Dong-Chun 2001:3). An economist enterprise unionism is afraid of the responsibility that comes with participation and collective decision-making, and therefore, is not able to present a realistic alternative. In the end, it entrusts the employees life and rights to the government and employers, and so cannot even protect their direct short-term interests.

As such, the labour movement refuses change and becomes a narrow self interest group that sticks stubbornly to upholding the status quo, and whose influence is drastically reduced mentioned by Kim Yoo-Son. The enterprise unionism has also served to hinder the specific means of resistance to neo liberalism that was favoured by the 'change of direction' writers. That is to say that the transition away from the decentralised system of enterprise

Unionism to a centralised system of industrial unionism is a prerequisite for the establishment of 'social agreement politics' or in other words, tripartite social corporatism. Participation in policymaking is viewed by these writers as potentially the most effective means by which to challenge the Korean government's efforts at neoliberal restructuring.

In the light of Western European experience, this may seem a somewhat anachronistic means by which to resist neo liberalism. Neo liberalism in the West has been understood to represent an end to the Keynesian social agreement politics of the post-war era. In that context,

social unionism has been raised as a means to conduct a more grassroots, solidarity struggle which recognizes that the strategy of attempting social partnerships with neoliberal governments is a dead end route.

However, in the newly industrialized countries, there is no real tradition of social agreement politics. Only now, with the reorganization of elite rule and the onset of neo liberal restructuring, have social agreement politics and the participation of labour come to be seen as a viable alternative or means to resist neo liberalist restructuring. It is very careful to state that any tripartite forum should be based on the principle of equal relations between labour, capital and government. Thus these writers claim to draw a line between the substantive, democratic corporatism they are promoting and Western style social democracy mentioned by Kim Keum-Su 1998 and Choi Jang-Jip 1992.

Any participation in such a forum will be opposed to a pseudo-corporatism, labour-management collaborationism or labour-capital-government tripartite entity which denies the subjectivity of the working class and excludes political-economic rights and only confers political, economic, and social responsibilities.' Kim Hyoung-Ki, 1997 described as such, in policy participation is viewed as one of the most important means at the disposal of the labour union movement, in terms of system and policy reform, provided that objectives and principles are set out clearly, and it is not considered as being contradictory to objectives that are 'revolutionary.' as described by Kim Keum-Su 1998.

Thus, political participation is a means by which to open up the route to union law reform and political party law reform. Only then can a new labour-management relations structure be established. This kind of participation, on an equal footing, is democratic in that it allows labour to 'regulate the undemocratic and class nature of the state,' and that 'Labour's management and political participation carries with it a positive meaning of changing the power relations in state politics through a 'war of position' (Kim Hyoung-Ki 1997:320)

**Crisis, Social Unionism and the 'Turn to the Right':** To understand social unionism in Korea as being equivalent to a new internationalist, anti-neoliberal counter hegemonic movement is to make several fundamental methodological errors, not least of which is the disregard of the historical experience of the Korean labour movement.

The KCTU and the Korean labour union movement did not simply emerge from a set of external economic structures that mechanically determine the nature of labour movements in all the newly industrialised countries. As much now as ever before, the KCTU is the product of a democratic labour union movement whose dynamic is closely related to historical socio-economic and political processes. Furthermore, the discrepancy between the 'theorisations' and the reality of social unionism in Korea cannot be regarded as the fault of the Korean labour movement for failing to understand social unionism's original and true meaning.

Rather, the whole debate surrounding social unionism and the need for 'change of direction' points also to some serious problems with the intellectual project that has produced the concept of social unionism and its tendency to provide broad sweeping generalisations on the experience of national labour movements under neoliberal globalisation. We can see this most clearly by examining some of the criticisms that have been made of both the concept of social unionism, and of its appropriateness for the Korean situation.

**Clash on the Ideology:** The aim of building 'a labour movement with the people,' which was no doubt, an attempt to overcome the fierce anti-labour ideological climate in Korean society. However, it also represents the abandonment of the attempt to build a separate autonomous 'hegemony' for labour. It is at best a neutral position between capital and labour. Far from being a 'war of position,' it is more a case of altering long-term aims in order to appeal to the broadest 'public interest.' Rather than being a challenge to the capitalist ideological hegemony, it is ultimately a reformist attempt to uphold the pluralist bourgeois democratic system and incorporate labour within it.

The winning of public support may not seem objectionable, and indeed would be considered as a great asset to a labour movement. But for the labour movement to alter its aims and strategies to appeal to a 'public' in a society where the logic and values of neoliberal hegemony and the 'politics of crisis' have a strong hold can by no stretch of the imagination amount to a 'war of position.' This is not, therefore, a case of the working class producing 'good sense,' but rather of accepting and adjusting to the 'common sense' that is already hegemonic throughout Korean society, and which by its nature is profoundly anti-labour, and of trying to appeal to that already established 'common sense.'

The question whether the aim of building a separate labour ideological hegemony is realistic or not, was quite important to tackle. Yet, we cannot simply let 'realistic' be defined by existing hegemonic common sense, because that would by definition be an uncritical approach.

Furthermore, there also needs to be a discussion of just how realistic is the social corporatist tendencies of those who argue for a 'change of direction.' Thus, to determine what is 'realistic' requires a more far-reaching analysis, one that tries as hard as possible to view the historical development of the international political economy, and of the Korean experience within this context. In short, as far as possible, it is necessary to be able to step outside the present order, and understand how this system came about. It is questionable to what extent those arguing for a change of direction really offer an alternative labour movement strategy at all. The dispute over wages is necessarily the most serious and general confrontation between capital and labour. But they warn against the present form of wage and collective bargaining without offering any alternative form, and only announce that the labour movement must now be a 'social organisation.' This has the effect of diluting the class nature of the labour union. In fact it is reducing the nature of the labour union to a social organisation. Social development unionism is more than a mere model of unionism. It represents the wishes of the petit-bourgeoisie, who have been won over by a dominant bourgeois ideology and who thirst for a social peace between capital and labour that cannot exist. In order to formulate a 'realistic' labour

movement strategy, therefore, it is necessary to formulate it examining the demands of the labouring masses, who are themselves the subjects of the labour movement.

Thus, these writers are asking the wrong questions: why are the workers stubbornly pursuing an 'unpopular' wage struggle, why are they stubbornly pursuing an unpopular struggle for the defence of the labour movement, and why does it seem that they are going around in circles? These are the questions that need to be asked, and without asking these questions, it is not possible to come up with a realistic alternative for the labour movement, but only the romantic wishes of a few intellectuals (Heo Myoung-Gu, 1992). Yet, as the history of the development of the labour unions in the 1990s suggests, these arguments did not remain the romantic visions of a few intellectuals, but became part of the mainstream of the labour movement.

Kwak Tak-Song (1999) is critical of the strategy and direction of the leadership of the union movement over the past 10 years, and especially of the direction and attitude taken towards the task of political empowerment that the labour movement has set itself. The dominant stream within the leadership and the union movement itself has taken working-class politics as something to be pursued simply through the narrow confines of institutional electoral politics. Kwak Tak-Song also criticizes the other main direction of the union movement over the past ten years, i.e. the goal of overcoming the confines of the enterprise union system and establishing an industrial union system. Rather than obtaining ideological autonomy from capital, the democratic union movement has embraced capitalist ideology. Instead of reflecting critically upon this capitalist ideological offensive since the early 1990s they appear to have adapted to it, and as a result have taken the view that it is militancy rather than cooptation that is leading to a crisis in the labour movement. Kwak Tak-Song argues that the main work of the past ten years (1987-1997) has been the promotion of a class politics centred around the union and elections; attempts to overcome the enterprise union system to establish industrial unionism; centred round the ideological preconditions of national competitiveness and economic growth, union organization stabilization and the mass struggle centred round the right to unite and wage rises. And on a mass line level, the union movement has sought the improvement of life, and the maintaining and strengthening of the right to organize at the union level.

In ideological terms, implicitly the preconditions of capitalist growth, efficiency, competitiveness and productivity have been made. In terms of the development of the mass organizations, this implicit capitalist logic is particularly expressed through the stabilization of the formal structure of the union system, the strengthening of the higher-up leadership's power, attempts to change the structure of bargaining, and the tendency to stress policy participation.

**Labour Representation System in South Korea:** In South Korea, the traditional social-economic influence on the trade union has not been decisive. The cooperative enterprise level unions were being the typical type of labour organization since the democratic years of the 1980s. Labour unions have obviously played a significant roles, and have become more active in not only improving working conditions but also making their voice heard when it comes to devising labour laws and policies. There are opinions (mainly from the employers' side) that they are sometimes too competitively aggressive.

Since 1998, there have been two major union federations, whose guaranteed legal status has given them influential power in the creation of social policies by participating in the Tripartite Commission i.e. KCTU and KFTU.

The Tripartite Commission was established to cope with the foreign currency crisis, and is a rare example of a social deliberation committee in which representatives from the workers, employers and government discuss to make social contracts. Though the optimism is not as strong as when first propounded, particularly after one of the two employee representatives (the South Korean Confederation of Trade Unions, KCTU) disaffiliated from the Commission in February 1999, the body is still one of the most important mechanisms in labour relations.

However, in general, industrial level unions tend to be supported due to expectations that these lead to strong bargaining power, and other employee representation systems appear to stand at the crossroads. Another significant change in labour relations is that multiple unions in a single workplace will be possible from 2007 onwards.

Addenda amended by Act No. 6456 on March 28, 2001, Article 5 (1) states that when a trade union exists in a business or workplace, a new trade union which has the same organizational jurisdiction as existing in the trade unions shall not be formed before December 31, 2006. This transitional measure was severely criticized by scholars, because it ignored the provision of Article 5 of the Trade Union and Labour Relations Adjustment Act (TULRA) which allowed for the freedom of establishment and union recognition<sup>12</sup>. The multiple union systems are still somewhat unusual in South Korea, having never been actively practiced, and many problems are expected, particularly during the bargaining process. While, the representation systems mainly have been matters at the enterprise level, multiple representatives insisting their own goods can surely suggest the problems of effectiveness during bargaining process.

**Union Worker Representation:** Union density has been declining for 15 years after hitting a peak in 1989 at 19.8 percent. For example, the average for the years 1997 to 2001 was 12 percent<sup>13</sup>, and for 2002 to 2003 it recorded only 11 percent. The number of salaried workers is increasing, but the number of union members has not changed significantly.

Comparing the year 2004 with 2003, union density as a whole is declining. The organization rate in South Korea was 10.6 percent at the end of 2004, a drop from the 11 percent<sup>14</sup> in 2003. The number of unions was 6,017, a 3.8 percent decline from the 6,257 registered in 2003, with the number of union members totalling 1,537,000, a decrease of 13,106. The low organization rate is more serious among temporary and part-time workers.

While 22.5 percent of regular workers are union members, only 1.5 percent of temporary and 0.4 percent of the part-time workers are organized. The bylaws of many unions do not allow atypical workers to join, resulting in a remarkable gap in salaries among workers doing same job, and leaving atypical workers suffering from instability at work and no collective bargaining protection. The low collective bargaining coverage ratio, like the organization rate, is a unique feature of South Korean labour relations.

The collective bargaining coverage in South Korea was about 12 percent, the lowest among OECD countries<sup>15</sup>. It has been argued that these phenomena in part originate from the enterprise level union system in South Korea. Enterprise level unions are still the main type of union in South Korea. Various surveys<sup>16</sup> show that fewer than 25 percent of organized workers are members of industrial level unions, and collective bargaining on that level is very low. But mainstream opinion in South Korean labour relations can be summarized by the fact that industrial level unions are in demand, and the KCTU states that the formation of industrial unions is one of its main goals<sup>17</sup>.

One survey<sup>18</sup> shows that company branches of industrial unions carry out additional bargaining with employers. In many cases industrial level collective agreements act only as a reference point due to the deep-rooted traditions of enterprise level collective bargaining. In addition, branches can also bargain independently as their constitutional right.

With enterprise level agreements in commonplace and industrial level unions still immature, social contracts can serve as an alternative for national-level, policy making and legal revisions. A concept that is not familiar in South Korea, and difficult to get everyone to agree on. The absence of information disclosure, adherence to vested rights, and cultural tradition make it difficult to reach agreement to draw up a social agreement.

**Non- Union Worker Representation:** Trade unions are the most powerful organization endowed with the constitutional rights. Non-union organizations do not have special protection under the constitution, so they are empowered by separate legislation, which are likely to contain ambiguous wording. So, when the concrete scope or power of employee representing bodies is argued, often there is a conflict with constitutional rights.

We can roughly classify the main legal sources in South Korean labour law roughly as like the main legal sources of South Korean labour law, reconstructed from Park Je Song (2003) which can be divided into:

1. Individual Collectiveness
2. Regulation Employment rules
3. Compulsory laws
4. Autonomy Employment contract and
5. Collective Bargaining.

**Workers' Representatives:**

The above mentioned characterization, with some provisions regulating terms of employment, and naturally concerns are moving to the priority of application of various legal sources. An employment contract which establishes conditions of employment which do not meet the standards provided in the Labour Standards Act (LSA) shall be null and void to that extent (LSA Art.22 (1)), and the sections of employment contracts containing working conditions do not meeting the standards regulated in employment rules are void (LSA Art.100).

For collective agreements, the sections of employment contracts or employment rules that violate working conditions regulated by collective agreements are void (Trade Union and Labour Relations Adjustment Act (TULRA), Art. 33(1)). Written agreements between an employer and a "workers' representative" can first seen in Art.31 (3) of the LSA. Technically, words of provisions are not actually the same ones, but three provisions that regulate workers' representative are similar as a whole. First, when employees agree to lower originally regulated standards set by the LSA, mainly regarding extension of working hours<sup>19</sup>, a written agreement with the workers' representative is required. Second, the concept of a workers' representative can be seen during consultations regarding dismissals for managerial reasons<sup>20</sup>. Finally, a similar structure can be found regarding unfavourable modifications of employment rules<sup>21</sup>.

Written agreements with a workers' representative is a new concept in South Korea. It serves two roles simultaneously:

1. Deviating from the minimum standards, and
2. Placing employees under an agreement made by consent. These two features were somewhat controversial in terms of the traditional functions of collective bargaining, because collective bargaining did not expect any deviation from the law, and in principle, it is applied to union members.

Here we should examine some examples of the legal effects of agreements made by a workers' representative, dividing the cases according to the union situation. Thus a basic question arises that "can a written agreement with a workers' representative be made prior to collective bargaining?"

Majority unions substantially perform the same role as collective agreements and at companies with majority unions they are often confirmed as collective agreements. However, what about the possibility of deciding conditions through collective agreements instead of written agreements, as stipulated by law?

The essence of collective agreements may confuse collective autonomy and disharmony by allowing minimum standards to deviate from the LSA, but in reality, the result will be same. In some cases where there is no majority union, a union member can be faced with a situation in

which there is a conflict between written agreements and collective agreements. If an employer insists on the written agreement, it can disturb the right to organize. While in many cases where there is no union in the enterprise, written agreements can be directly applied to the employees. (Some insist that for these agreements to be directly applied to individual employees there needs to be an additional clause insert in the employment rules or collective agreements. In this context, written agreements are regarded as having no more power other than exemption of penal provision. But this seems to overlook the legislative intention of a written agreement.)

Therefore, written agreements with a workers' representative cannot take precedence over collective bargaining in situations where a union and a collective agreement exist. In these cases, written agreements usually tend to later become collective agreements. Written agreements are more meaningful in companies without a union and not covered by collective bargaining. In these cases written agreements are more dangerous<sup>22</sup>, and can be used in a crooked way.

**Problem with Employment Rules in South Korea:** Employment rules in South Korean labour relations are used as an important way to regulate working conditions, and contain many questionable sections. Employment rules deal with a wide range of working conditions i.e. daily start and finish time, breaks, holidays, leaves and shifts, determination of wages, calculation of wages, means of payment, closing of payment, time of payment and wage increases, calculation of family allowances and means of payment, retirement allowances, bonuses and minimum wage, meal allowances and expenses of operational tools or necessities and other expenses, educational facilities for workers, safety and health, support for occupational or non-occupational accidents.

All these matters, which are actually the basis of whole working conditions that has to be prepared and submitted by an employer ordinarily employing more than 10 workers. These rules are set by the employer, and the LSA stipulates that unfavourable modifications must be consent to by the workers. But the provisions do not regulate election of representatives, which is entrusted to case law<sup>23</sup>.

The Supreme Court notes that in such instances where there is no majority union, a "conference type" of collective consent is needed by "the majority of workers." At this point, representing system about employment rules slightly differs from that of the other two representing systems of LSA. That is, for the working hours and managerial dismissal, when there is no majority union, the consent of the person who represents the majority of all workers is enough.

The problem is that most union bylaws include a description of union members, and the present system necessarily results in non-union workers. These are represented by a majority union receiving unfavourable modifications to their terms of employment. In principle, these are workers who have not agreed to the union representing them, and it seems unreasonable that they should be put at a disadvantage.

Technically, there can be a way to ensure that non-union members concerned with proper matters<sup>24</sup> are allowed to participate in the decision making process, and some cases appear to be considering this. But unfavourable modifications to employment rules seem to be in the area of individual regulations, and these rules set only by employers. So, collective agreements can have prior effects to employment rules, and securing any chances for them to participate in the bargaining process can be more fundamental solution.

**Labour Management Council:** Labour-Management Councils (LMC)<sup>25</sup> was first introduced as an amendment in 1963 to the Labour Union Act. Later, they were independently legislated under the Act of Labour Management Councils (ALMC)<sup>26</sup> in 1980, and in 1996 were covered under the Act on the Promotion of Workers' Participation and Cooperation (APWPC).

Originally LMC representatives were authorized to have the right to represent at collective bargaining sessions. This was abolished in 1973 with the Act of LMC restricting their role within the collective agreement and employment rules. This short history is intended to show that LMCs were first intended as an instrument to suppress union activities, trying to co-opt organizations which do not have constitutional rights in place of unions.

LMCs are supposed to perform the roles of workers' participation along with the role of decision of working conditions. In South Korea, where enterprise level unions are widely accepted, it is very often the case that the representatives for collective bargaining and LMC representatives are the same, both in subject and object. Terms directly-indirectly impacting working conditions should be discussed by the LMC, so particularly in companies without unions, quasi bargaining<sup>27</sup> is performed by LMC.

Through almost the entire process, it is not always clear what effect and power the LMC system has then including the election of workers' members, consultation and resolution. And many times they collide with union and workers representatives. The establishment of LMCs was stipulated by law requiring that they met regularly. It also seems that these bodies would meet frequently when the organization rate is low and a small ratio of workers is covered by collective agreements<sup>28</sup>. However, reality shows that this is not the case.

Here the problems are like:

1. Mandating that workplaces with 30 or more employees must have an LMC, which is difficult to understand that small scale companies, where the organization rate is extremely low and the need for an LMC is relatively higher need LMCs. At the same time, small scale workplaces do not have the ability to deal with matters that should be discussed by the LMC. Consequently, they cannot be covered with the legal source that LMC can make.
2. The right of a majority union obviously diminishes the significance of an LMC. For an employee to get elected for this body, (when there isn't a majority union), he/she must be recommended by more than 10 workers and the vote is a secret ballot. In many cases, non-organized

employees and members of minority unions cannot be represented by an LMC. The proper consideration toward other groups, such as typical workers, disabled workers, and female workers, whom should not be overlooked.

A way needs to be found for this later group of workers to express their will in the decision making process. A recent research report from KLI ("Reform Measures for Advanced Industrial Relations Laws and Systems") proposed that a majority union's right to entrust worker members to LMC should be abolished. The workers themselves should be able to elect their members in all workplaces. The report also emphasized that dispatched workers and workers from subcontracting companies should be given an opportunity to voice their opinions at a LMC. When there is no majority union, which will happen more and more with the introduction of multiple unions on the enterprise level, the employee representative on an LMC should be considered such under the Labour Standards Act. Other alternatives must also be used as a proportional representation or quota system<sup>29</sup>.

3. In fact, the big issues concerning working conditions are included in consultation matters, and most of these overlap with Article 96 of the LSA (compulsory matters for employment rules). When consultations are not successful, there is no alternative. This brings about waste in the consultation process, and it become more difficult to reflect the will of the workers.

4. Unlike consultation matters, LMC however derived a resolutions need agreements, but what if the employer proceeds without agreement<sup>30</sup>? An employer has the responsibility to carry out his/her duties in good faith (Art. 23), and can be fined (Art. 30(2)), but the absence of agreement doesn't make the resolution (made by employer only) void.

Expanding the number of issues requiring resolution by an LMC inevitably brings about conflict with a union's right to bargain, particularly the terms of employment. Actually, the APWPC doesn't contain provisions for enforcing resolutions, which means that a resolution handed down by an LMC does not affect collective bargaining.

If the body fails to reach a resolution, voluntary arbitration can be suggested. But they cannot deal with the problem through the mediation system in TURLA. Considering the decisions related to working conditions, problems arise over how to prioritize enforcement of decisions resulting from collective bargaining, employment rules and LMC deliberations, since such decisions have no provisions about validity or effectiveness.

Consultation matters can proceed to resolution, and the effectiveness of the resolution calls into question: does it have legal binding force on an individual employee, despite his/her contract? The answer is "No," because an employee does not have the choice of joining or withdrawing from an LMC, unlike a union. There are no legal grounds upon which the employee's representative can be endowed with personal rights from individual employee. This also means that the resolution does not have preferential power over employment rules and collective bargaining. It is expected to be observed indirectly by fine-provision (APWPC Art.30 (2)), so even if the terms of employment were settled at the LMC level, neither an individual employee nor an employee representative can insist on any legal rights. It thus remains a gentlemen's agreement, but it is strange that LMC resolutions have are not backed up with legal power, as they are agreed to by both labour and management.

It seems that these resolutions fall somewhere between employment rules regulated only by the employer and collective agreements. Because of this, workers argue that the scope of matters subject to decision be expanded and that LMC decisions take priority over employment rules or employment contracts, whereas management insists that the scope of matters subject to decision be greatly reduced.

5. Workers' representatives can request relevant documents and employers shall respond in good faith to such requests. Data inspection rights are becoming more important, especially with the tendency toward contract-based annual salary systems. Fairness in evaluating accomplishments requires fairness at the procedural level as well as the substantive level. This presupposes participation by the employee side will be better dealt with at LMCs than during a collective bargaining procedure because of its co-operational character.

But actually, this rarely happens because employers understand that when cooperation breaks down, matters always lead to collective bargaining. Employers are not motivated to share their information due to fear of being placed at a disadvantage during collective bargaining by the information they have already revealed.

**Recent Approaches:** The biggest problem with LMCs at the present time is that cooperative labour relations (LMC) / struggling labour relations (collective bargaining) are carried out by the same bodies at the same level. There have been noticeable suggestions recently to reconstruct South Korean labour law in line with changing industrial relations. These suggestions emphasize the need to centralize labour relations, suggesting a dualistic system of labour relations.

Specifically, collective bargaining should be separate from LMCs, carried out outside the company, while cooperation and consultation should be made inside the company. As a result, labour unions must become non enterprise level unions. This is to insist that the dual system can strengthen solidarity and uphold equality among employees as well as strengthen the organization. It can guarantee the professionalism of labour relations which will aid smooth co-operation at the enterprise level. The government will respect enterprise level autonomy, and at the same time macro-level participation and agreement from both sides as partners in policy making will be secured; and the role-sharing between workplace and society can be accomplished economically. For this to happen, a strongly centralized union is essential to dual the labour relations, separating matters handled through co-operation from those dealt with through bargaining.

**New Challenges- Changes in bargaining process:** Collective bargaining and collective agreements mainly take place at the 'chaebol' level, so collective agreements and social contracts have many gaps. The recent report, "Reform Measures for Advanced Industrial Relations Laws and Systems," notes that the position of the majority union will be difficult with the legalization of multiple unions on the enterprise level from 2007.

The shift to industrial unions is expected to overcome the vulnerable points of enterprise level agreements. With industrial level bargaining in place, branches at the enterprise level in principle usually will not have power to bargain independently, except when there is delegation. Currently, branches have been more active in collective bargaining whether or not there is a delegation<sup>31</sup>, and this brings workers in the same industry into conflict with one another.

Both major union federations (the KCTU and FKTU) try to organize industrial unions. Considering the present situation of employer-biased labour relations, the employers' refusal to recognize industrial unions is unreasonable. Enterprise level unions are criticized for only paying attention to their own self interests, lacking an ability to cope with changes in the labour environment and not being interested in social roles. What is worse, is the conflicts among workers are becoming more serious, with stable, large firms offering high salaries and unstable (atypical), small firms paying low salaries. It was a vicious circle which it appears will not disappear soon. These two extremities are serious problems, and it is becoming worse.

Consequently, there is a fear that labour unions cannot play any role as a social partner. Actually, job instability and an increase in atypical workers will shrink the territory of enterprise level unions, relatively broadening that of centralized unions.

In South Korea, workers' representatives and Labour Management Councils are the main types of employee representing systems that have replaced trade unions. Regarding the former, the absence of apparent power and, to some extent, even vagueness in its definition, makes the system hollow. As far as the latter is concerned, despite new legislation of APWPC, the system itself is not considered to have made substantial progress, and only remains as an employer biased organization.

Actually, it was meant to share the functions of a trade union with a workers' representative under the enterprise-level union system. The relations between the two are not clear due to vagueness in provisions and interpretation. What is more, the right of workers' representatives to extend statutory working hours is just within the range of the standards set by the LSA. But considering the status of LMC representatives with that of workers' representatives, they have some features in common, while also having differences.

The 1980 amendment to the South Korean labour law forced the formation of unions as enterprise level union. In 1987 this was abolished and unions were free to organize at any level. But enterprise level unions occupied a dominant percentage prior to 1987, with almost all unions cooperating with the employers, inexperienced and accustomed to dealing with and struggling with them. In such a situation, employees wanted to have unions that had strong bargaining power. It was one of the initiatives to organize industrial level unions. With this, the Tripartite Commission in 1997 agreed to allow the unemployed to join non-enterprise level trade unions in 1998. But the legislation has been postponed.

The International Labour Organisation has recommended amending the regulations restricting the qualifications for union membership. It was properly indicated by the recent report of "Reform Measures for Advanced Industrial Relations Laws and Systems" issued by the Ministry of Labour, allowing the unemployed to join unions raises an important issue. Consequently, guaranteeing the basic constitutional rights of workers. Industrial level unions can be expected to be a solution to this.

Aggressive union struggle after 1987 made workers indifferent/hostile<sup>32</sup> to LMCs, which functioned more or less on the employers' side. Unions were considered to be the only way to promote working conditions in enterprise union based labour relations. Now, things have to change with industry-level bargaining and multiple unions allowed in one company. It weakened the highly concentrated and monopolized powers of enterprise level unions. Various types of bargaining will be held at various levels by various units, and the characters involved in collective bargaining will not be same, nor will workers' representatives or LMCs. Shall these three representing bodies be indifferent to each other or cooperate with one another?

Despite the decline of union density, unions still appear to be in the tradition of centralized industrial relations, which makes it possible to rely on collective bargaining as a social resolution and minimum standard. In South Korea, trials to make industrial level labour relations regular and general still faces the hurdle of overcoming the reality of enterprise level bargaining.

A different direction does not always mean different destinations, especially with different starting points and backgrounds. We can expect to reach common good results in the end, even though we are chasing different ways In South Korea, an employee representation system at the enterprise level does not look optimistic without the success of a centralized union.

The focal point seems to be located at the level of centralization, which can guarantee fair standards of working conditions in South Korea. Reasonable and fair rules, autonomy and responsibility can be implemented by placing at the right place what has to be there, making clear and fully guaranteeing what is stipulated by law.

#### **Objectives of KTC:**

1. To provide a forum for frank consultation, dialogue, and compromise among tripartite actors i.e. State, Business Groups and Workers.

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2. To support socio-economic development by establishing healthy industrial relations based on social integration.
3. Realize participatory democracy by encouraging cooperation among labour, management and government.
4. To hold the tripartite consultation on labour-related policies with regard to like:
  1. Labour policies concerning job security and working conditions and closely related matters which significantly impact the national economy as well as society as a whole;
  2. Matters pertaining to principles and directions of restructuring the public sector and others;
  3. Matters related to the improvement of the systems, mind-set and practices for the development of industrial relations;
  4. Measures regarding the implementation of agreements reached through the KTC;
  5. Matters pertaining to supporting those projects designed to promote cooperation among labour, management and government.
6. To implement a policy counsel for the President to the labour-related matters for which the President seeks counsel.

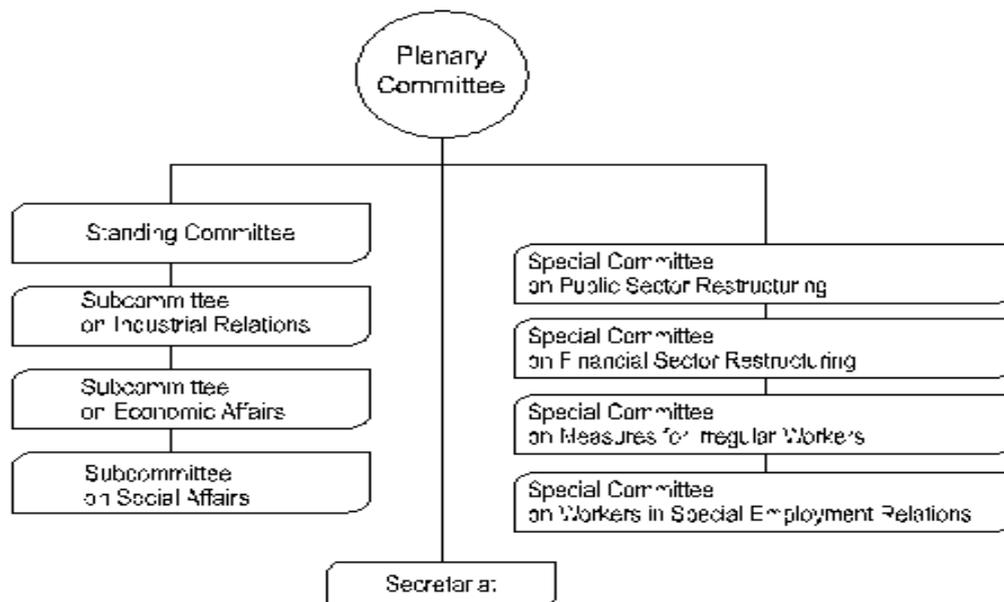


Figure: 2: Structure of Tripartite Commission, Social Dialogue based on Partnership, (June, 2004), Introduction to Tripartite Commission in South Korea, [Online: web] URL: [http://www.lmg.go.kr/bbs/down.asp?code=e\\_bbs61&number=3&seq=1&mime=doc](http://www.lmg.go.kr/bbs/down.asp?code=e_bbs61&number=3&seq=1&mime=doc)

**The formal structure of KTC:**

**Plenary Committee (19 members):** The Plenary Committee is composed of the following

19 representatives were from labour, management, government, and public interest groups. They are appointed by the President of the Republic of Korea.

○KTC:

1. Chairman, Korea Tripartite Commission (KTC)
2. Vice Chairman & Secretary General, KTC

○ Labour:

1. Chairman, Federation of Korean Trade Unions (FKTU)

○ Management

1. Chairman, Korea Employers Federation (KEF)
2. Chairman, Federation of Korean Industries (FKI)

○ Government

1. Deputy Prime Minister and Minister, Ministry of Finance and Economy
2. Minister, Ministry of Labour
3. Minister, Ministry of Commerce, Industry and Energy
4. Minister, Ministry of Planning and Budget
5. Chairman, Financial Supervisory Commission

○ Representatives from public interest groups (9 experts)

**Standing Committee (25 members):**

The Standing Committee is composed of the following 25 representatives from labour, management, government, and public interest groups.

○ KTC

- Vice Chairman & Secretary General, Korea Tripartite Commission

○ Labour

- Secretary General of Federation of Korean Trade Unions and four chairpersons from industry-level trade unions under FK TU

○ Management

1. Vice Chairman, Korea Employers Federation

2. Vice Chairman, Federation of Korean Industries

3. Vice Chairman of Korea Chamber of Commerce and Industry

4. Vice Chairman, Korea Federation of Small and Medium Businesses

5. One entrepreneur recommended by management segment

○ Government

1. Vice Minister, Ministry of Finance and Economy

2. Vice Minister, Ministry of Labour

3. Vice Minister, Ministry of Commerce, Industry and Energy

4. Vice Minister, Ministry of Health and Welfare

5. Vice Minister, Ministry of Planning and Budget

6. Vice Chairman, Financial Supervisory Commission

7. Representatives from public interest groups (8 experts)

**Special Committees:**

Four Special Committees, consisting of director-general level members from labour, management, government and public interest groups

**Sub committees:**

Three Sub-committees, consisting of director level members from labour, management, government and public interest groups

**Functions of Committees:**

**Plenary Committee:** Plenary Committee engages in final deliberations of the agenda subsequent to preliminary discussions in lower level committees.

**Standing Committee:** Standing Committee reviews and coordinates the agenda to be submitted to the Plenary Committee, deals with matters entrusted by the Plenary Committee, and provides assistance to the Plenary Committee in its activities.

**Special Committees:** Special Committees deal with specific matters in various issues that are urgent or need intensive discussions. It includes Special Committee on Public Sector Restructuring: It established to deal with issues related to the process of restructuring in the public sectors. It focused on restructuring the electric, railroad, gas industries as well as the postal service.

Special Committee on Financial Sector Restructuring: It established to resolve issues that arise in the process of financial sector restructuring. It also focused on four basic issues: principles and directions of financial sector restructuring; re-education of financial sector employees; corporate restructuring and stabilization of financial institutions; and basic government policies concerning budgeting of state-run financial institutions.

**Special Committee on Measures for Irregular Workers:** It was established to engage in comprehensive review of measures to protect irregular employees. It has main focus on measures to protect contract-based, dispatched, part time-based, and special employment type workers; measures to strengthen supervision of working conditions of irregular workers; and measures to extend the benefits of the social security system for them.

**Special Committee on Workers in Special Employment Relations:** It was established to engage in comprehensive review of measures to protect workers who are characterized as self-employed as well as wage earners such as insurance salespersons, golf caddies and so on.

**Subcommittees:**

The Subcommittees are assigned to review and coordinate the agenda items to be submitted to the Standing Committee, deal with those matters entrusted by the Standing Committee, and provide support to the Standing Committee in its activities.

Subcommittee on Industrial Relations: It was established to discuss issues pertaining to the development of collective and individual labour-management relationship that are raised by management as well as labour

It focused on measures pertaining to basic labour rights of public servants and professors; labour law issues related to corporate restructuring; labour issues at essential public service sectors; improvement of wage and retirement allowance system; process of organization and

negotiation of trade unions; and improvement of working conditions at transportation and loading sectors Subcommittee on Economic Affairs: It was established to discuss economic policies pertaining to workers' livelihood. It was focused on employment policy, development of human resources, wage policy, earned income tax system, etc.

Subcommittee on Social Affairs: it was established to discuss social security and welfare policies for workers. It focused on creation of workers' property, the four major social insurances, etc.

**Operating Procedure of the KTC:**

The Korea Tripartite Commission operates in the following procedure: It was for proposal and submission of agenda item like it has a provision for any member of the KTC may propose an agenda item. The Chairman of the KTC shall submit agenda items proposed by its members through a process of review and coordination by the Standing committee. The Chairman may also submit agenda items without deliberation of the Standing Committee in extraordinary circumstances.

**Deliberation of agenda:** Agenda items are deliberated at Sub-committees which deal with matters entrusted by the Standing Committee as well as at Special Committees which deal with specific matters.

**Final decision:** Results of the deliberation of the Subcommittees and Special Committees are finally decided by the Plenary Committee after review and coordination by the Standing Committee. The decision shall require consent of two-thirds or more members who are present.

**Achievements of KTC:**

It has somehow overcome the economic crisis and contributing to restructuring based on social integration. There was a Social Agreement for Overcoming Economic Crisis (February 1998). More transparency of management and promotion of restructuring, stabilization of prices, job security, measures to deal with unemployment, expansion of social security system, cooperation between labour and management, basic labour rights, flexibility of labour market, etc. It has an opinion on restructuring of postal sector (August 2000). Also it has an agreement on restructuring of the railroad industry (December 2000). It made an opinion on the split and sale of the distribution division of Korea Electric Power Corporation (June 2004). It has contributed to the enhancement of labour rights and industrial relations. It has made an agreement on amendment of regulations on political funds to guarantee political activities by trade unions (September 1998). It also envisages the agreement on the establishment of teacher's trade union (October 1998). It made an agreement on strengthening the effectiveness of collective agreements between labour and management (December 2000) and on improvement of adjustment procedure for labour disputes and its practices (November 2002). It created effective labour market and job security. It made an agreement on improvement of job training system (July 2001) and on creating jobs for the young (July 2002). There was an agreement on procurement of financial resources for job training (November 2002) and a Social Pact for Job Creation (February 2004). There was an agreement on development of national standards for job/vocation competencies (March 2004). It has given an enhancing workers' livelihood by expanding the social security and welfare systems and Workers' management participation and activation of employee stock ownership association (October 1998). It has created an agreement on integration of health insurance systems (December 1998) also an agreement to amend the National Pension Act (December 1998). It opined on the amendment of the Health Insurance Act (March 2000) and also on the National Livelihood Security System Act (May 2000). There was an agreement to adjust the tax system (August 2000) and agreement on the principles of reducing work hours (October 2000), to enact the Basic Worker's Welfare Act (October 2000) and on measures for irregular workers (July 2002).

**Conclusion:**

When South Korea joined the Organization for Economic Cooperation and Development (OECD) in 1996, there was much hoopla and expectations. To the international community it appeared that South Korea was on the brink of shedding its shameful image of dictatorship that undermined democracy and fundamental trade union rights. At the same time, South Korean government committed to "reform existing laws on industrial relations inline with internationally accepted standards, including those concerning basic rights including freedom of association and collective bargaining respectively."

However, ten years later in 2007, South Korea has not even come close to set goal. But, the recent repressive actions of the South Korean government under the Roh Moon Hyun administration clearly shows that South Korea has achieved little economically as a developed democratic country in ensuring fundamental trade union rights according to international labour standards. To reach on the definitive answer is difficult for a researcher, as many ideas and thought were grappled with on to the personal journey. The process of a research a little more than an academic venture, a personal quest into a hitherto academically uncharted performance of tradition. Instead one often sees more question were raised at the end of a quest to be deliberated and pondered upon. The fascination of venturing on the road less travelled has been at the heart of many human endeavours, so what began in the history of labour in South Korea after the colonial rule of Japanese and partition of peninsula in two halves respectively. We at once see to it as demand of structural reforms in labour welfare and demand for democracy in the rapid industrialized and compressed modernization, an outcome of authoritarian rule. The dissertation on the political

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economy of labour in South Korea covering the research for the ten year from 1997 to 2007. In this what began as grappling with violence and militancy against the colonial rule of Japan first, then authoritarian state in and after the Korean War. After the financial crisis and extremism of militancy, the state has turned for democracy and social reforms mainly to workers, where South Korea was industrialized by labour exploitation and suppressing labour demand. This is what the research propounds, with the Marxian philosophy of Labour Value Theorem and Pluralist ideology of leftism in the struggle for the labour demand against the state. Pluralist argues that the financial crisis has raised new policy changes; it has made the necessity of structural reforms more apparent. The structural reforms were felt at the need of alternative, since the start of the crisis covering the period i.e. 1997 to 2007. A quantitative indicator of labour market reforms includes the elements of the labour market institutions that influence actors' behaviour and overall labour market flexibility. Policy priorities concentrated on labour and product market policies and domestic need of the workers include good education, health insurance, innovative technique, housing policies, and number of working hours, canteen facilities, retirement benefits promotion policies and incentives, tax systems, efficiency of public sectors.

The state's ability to improve long term material living standard through higher productivity and healthy labour utilization seeks better coordination and a smooth relationship between the potential actors. The reference performance measure in this regard is the Gross Domestic Product, GDP per capita, given its contemporaneous availability and relatively broad coverage and including drawbacks. In the stipulated need for medium term fiscal consolidation, which pressed the nerve of the state, a policy areas of reforms were to be implemented which could assist the fiscal adjustment, welfare system and labour productivity could be equally matched. A policy action needed to support the economy and especially to the labour market reforms. To identify as the protection in going for growth, for example, going for growth, more apparent is the pension reforms that would boost labour utilization while addressing the fiscal sustainability concerns. A structural reform needed for the industrial nation which mainly depends upon the import substitution-export led industrialization which fosters the long term economic growth. There is a strong correlation between the depth of labour market crisis and subsequent reforms, which accompanies and facilitates reforms in workers' management. The indicators and the priorities which were identified and indicators for the observed labour reforms and the new evidence structural policy which may set like after the severe financial crisis for long term and stable economic growth are as follows:

The labour movement in the extreme left and militarism in South Korean Republic was sown way back in Japanese colonial rule (1910-1945) and Korean War (1945-53). The authoritarian regime in the post developmental period and dictatorial rule in the other half of peninsula is the root cause of labour movements and demand for labour reforms. The short period rapid industrialization and compressed modernization led society of the Korea to get trap under rebellion groups, several trade unions and groups in radical form aroused. Towards the end of cold war period and at the start of Asian financial crisis brought regional and sectoral group of labour joint under coalitional democratic movement and made a start for civic movement gradually. November, 1997 marked the new beginning with the Roh Tae Woo government with the coming of democracy in the state and labour reforms with the tripartite commission. The tripartite agreement brought a consensus on the issue of labour reforms which was curbed under authoritarian state in the post developmental state. The state, business groups and working class understand the reform which were necessary and brings justice and rationality of benefits claiming labour force participation and long run sustainability in real sense of economic growth.

The study shows a general equilibrium life cycle model with endogenous labour supply in both intensive and extensive margins, consumptions, savings and benefits claiming to measure the long run effects proposed by the reforms mentioned in the tripartite agreement. Labour unionism, left politics and aggression towards state as well as suppression of labour demands brings economic inequality globally and it is bad for economic and social growth. Inequality and suppression of labour force in the long run cannot be balanced as opposed to neo classical economists argue in the free market but Keynes famously remarked that in the long run with inequality within workforce, all of us will be dead.

### **Implications for India:**

- Strong India-East ties are important for regional peace, security, intra-trade and prosperity.
  - India's foreign policy ambitions have waned with many big ideas in the past, as seen with India-US relations who transform into mundane series of empty platitudes and routine conferences.
  - Policy changes are the immediate requirements and its market attractiveness along with residual strategic potential for labour reforms.
  - Both India and South Korea emerged from transitional liberalized democracies and on the way to reform the policies. It is interesting to figure out that how both the countries can benefit from each other?
  - Undoubtedly, both India and Korea share "universal value and strategic interest". While India requires Korean technology and investment, Korea requires India's skilled and trained human resources.
  - India's address to IT Industry, which has become the hallmark of globalization and its full membership in APEC lead to regional integration and economic cooperation.
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- The reference performance measure in this regard is the Gross Domestic Product, GDP per capita, given its contemporaneous availability and relatively broad coverage and including drawbacks. In the stipulated need for medium term fiscal consolidation, which pressed the nerve of the state, a policy areas of reforms were to be implemented which could assist the fiscal adjustment, welfare system and labour productivity could be equally matched.

## References

- <sup>1</sup> Tripartite commission was first proposed in November 1993, and it came seriously, fully fledged in December 1998 due to post financial crisis phase
- <sup>2</sup> Dong-Won Kim, Johng Seok Bae and Changwon Lee, (2000) elaborated that there was a positive effect of globalization on labour rights in South Korea, but negative effects on the employment practice, and exacerbated that after financial crisis of 1997, due to globalization, the power base of organized labour seems to be eroded in Korea
- <sup>3</sup> Chaebol in Korea referred to as a term to a South Korean form of business conglomerate (chae: wealth or property and Pol: faction or clan).
- <sup>4</sup> Social Pact is a term used in the Korean Developmental State where the Government proposes the labour reform largely orchestrated by the KCTU (a new confederation that had played a key role to fight against the dictatorship).
- <sup>5</sup> "Democracy and Development- a complex relationship" by Pranab Bardhan, University of California, Berkeley states that the broad concept of development to incorporate general well-being of the population at large, including some basic civil and political freedoms is almost, by definition, more conducive to development on these counts than a non-democratic regime.
- <sup>6</sup> Huntington and Dominguez (1975) characterizes the debate on "development and democracy" in terms of conflict and capabilities theories. The democratic regimes are in general less capable of managing effecting economic development than authoritarian regimes. Development requires change and that change affects some voters adversely in choosing the government, so the government dependent on the electoral support in the election is typically tends to avoid choices that impose hardship on significant number of voters.
- <sup>7</sup> The term coined by Japanese sociologist Kaname Akamatsu while describing the Asian Financial Crisis of 1997.
- <sup>8</sup> M. C. Howard and J. E. King. (1992) A History of Marxian Economics: Volume II, 1929–1990, chapter 7, sects. II-IV. Princeton, NJ: Princeton Univ. Press
- <sup>9</sup> Samuel P. Huntington, Political Order in Changing Societies (New Haven, Conn.: Yale University Press, 1968), 244-245.
- <sup>10</sup> Han Yong-Sup, "The Military Coup for the National Revolution." On the relatively low level of resistance, see also chapter by Park Myung-Lim, "Chaeya: The Politics of Passion, 1961-1979" on organized labour, by Song Ho-Keun, "State and Labour under the Park Chung Hee Regime: The Limit of Labour Politics."
- <sup>11</sup> Excerpt from the Magazine "The Sun in a net" dated Saturday, July 14 2007.
- <sup>12</sup> Basically it can be a violation of constitutional right to organize, stipulated by Constitution of South Korea, Article 33.
- <sup>13</sup> Organizational Rate= the total numbers of Union Members (1537000)/ the total number of Salaried Workers (1510900)- numbers of officials prohibited from joining the union (57100)\*100.
- <sup>14</sup> OECD, 2004
- <sup>15</sup> Hur Chan Young, (2004).
- <sup>16</sup> Ministry of Labour, 2005
- <sup>17</sup> Accessible at <http://www.nodong.org/>
- <sup>18</sup> Lee Joo Hee, Lee Seung Hyup (2005).
- <sup>19</sup> LSA Art. 50 (2) When an employer reaches an agreement with a workers' representative, in writing which is an employer may have a worker work for a specific week in excess of working hours pursuant to Art. 49 (1),  
or for a specific day in excess of working hours pursuant to Art. 49 (2), on condition that average working hours per week in a certain unit period of not more than three months do not exceed working hours under Art. 49 (1).
- <sup>20</sup> LSA Art. 31 (3) With regard to the possible methods for avoiding dismissal and the criteria for dismissal, an employer shall give notice 60 days prior to the day of dismissal to a trade union which is formed by the consent of the majority of all workers in the business or workplace concerned (or to a person representing the majority of all workers if such trade union does not exist, hereinafter referred to as a "workers' representative") and undertake sincere consultation.
- <sup>21</sup> LSA Art. 97 (1) Provided...that the rules of employment are modified unfavorably to workers, the employer shall obtain the consent of a trade union, if there is a trade union composed of the majority of the workers in the workplace concerned, or that of the majority of workers if there is no trade union composed of the majority of the workers.
- <sup>22</sup> LSA Art. 96.
- <sup>23</sup> Supreme Court 1992. 2. 25. 91da25005.
- <sup>24</sup> Park Jong Hee (2003).
- <sup>25</sup> Labour Manual for Foreign Investors, 2011.
- <sup>26</sup> Employment and Labour Policy in Korea 2012, Ministry of Employment and Labour.
- <sup>27</sup> APWPC Art. 5 says, "Collective bargaining of a trade union and all the other activities thereof shall not be affected by this Act." This provision suggests the main role of LMCs now.
- <sup>28</sup> Kim Hyung Bae (2001), p. 814.
- <sup>29</sup> Park Jong Hee (supra note 16), p. 128.
- <sup>30</sup> LSA Art. 96.
- <sup>31</sup> Ministry of Labour (2005b) pp. 37-38.
- <sup>32</sup> Uh Soo Bong (1995), p. 78-82