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Korean Confederation of Trade Unions

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The KCTU Principles

As the successor to the struggles of the Korean working peoples over the past one hundred years and the democratic trade union movement that has emerged forcefully despite the harsh repression, Korean Confederation of Trade Unions holds democracy, national sovereignty, and solidarity as its highest value. These values are derived from the history of Korean trade union movement and our experiences under the series of military dictatorships.

The KCTU members keenly recognize that trade union should be independent from any external forces. Trade unions should be democratic in all its operations and activities, should be able to extend solidarity to all democratic forces, national and international, not only as a means for realisation of the goals, but as a value in itself.

KCTU, recognising the conditions of Korean division as one of the most serious shackles imposed on the development of trade union movement, embraces the reunification based on integrity of national sovereignty as one of the priority task. KCTU believes the democratic unification can bring us more freedom, abundance and peace.

To realise the KCTU values, the KCTU commits itself to workers' control. Only the workers who have assumed a leading part in production and historical progress can achieve the KCTU's goal, democratic society and reunification, the basic pre-condition for the realisation of the inherent dignity and the equality of human beings.

The Organisation

The KCTU affiliate organisations are, in principle, industry or sub-industry-wide unions or nationally organised industrial federations, which subscribe to the Preamble, Platform and Constitution of the KCTU. KCTU also aims to transform the current company based unionism into industry unionism. As unions in some sectors are not yet organised into industrial federation, KCTU provisionally allows individual company based unions to be affiliated through KCTU's regional councils or group federations.

Officers and Executives

President

Kwon Young-kil (M. 54)
Dismissed from the Seoul Newspaper.
1988 President of Korean Federation of Press Unions(KFPU)
1990 Chairperson of KCIIF(Upjonghweui)
1993 Co-President of the former KCTU

1st Vice-President

Yang Kyu-heon (M. 43),
Released from prison on bail on July 9, 1996
Dismissed from the Daewoo Electronics Parts Co.
Imprisoned for two periods.
1990 President of Daewoo Electronics Parts Trade Union.
1992 Chairperson of KTUC Kyunggi Council
1994 President of KTUC(Chonnohyup)
Co-President of the former KCTU

Vice-Presidents

Bae Suk-bum (M. 51)
President of the Samhwan Construction Trade Union
President of Korean Federation of Construction Trade Unions (KFCTU)

Jung Hae-sook (F. 59)
Dismissed from Hyokwang Women's Middle School
Chief of KTU (teachers' union) Kwangju Branch
President of KTU

Heo Jang (M. 43)
President of Shindonga Insurance Trade Union
President of Korean Federation of Clerical Labour Unions (KFCLU)

Bae Bum-sik (M. 41)
Imprisoned for one period
Dismissed from Ssangyong Motors.
President of Ssangyong Motors Trade Union
President of Korean Automobile Workers' Federation (KAWF)

Dan Byung-ho (M. 46)
Released from prison on July 15, 1996, upon the completion of the sentence
Imprisoned for three periods.
Dismissed from Donga Construction Co.
President of Donga Construction Trade Union
President of KTUC(Chonnohyup)
President of KFMU(metalworkers' federation)

Park Moon-jin (F. 34)
Imprisoned for one period
President of Youngnam Univ. Hospital Trade Union
President of Korean Federation of Hospital Workers' Unions (KFHU)

Heo Young-koo (M. 39)
President of Agricultural Economy Institute Trade Union
President of KFPTU
Chair of Executive Committee of the former KCTU

Kim Young-dae (M. 38)
Imprisoned for two periods
President of Chunggye Garment Trade Union
Chairperson of KTUC (Chonnohyup) Seoul Regional Council
President of KCTU Seoul Regional Council

General Secretary

Kwon Yong-mok (M. 38)
Imprisoned for four periods.
Dismissed from Hyundai Shipyard.
1987 President of Hyundai Engine Trade Union
1990 Adviser of Hyundai Group Trade Union Federation(HTUF)
1994 Co-President of the former KCTU

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Korean Subway Labour Union Federation(KCLUF)
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#Organisations industry based

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National Lecturers' Union(NLU)
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History

The independent and democratic trade union movement, encaptulated in Korean Confederation of Trade Unions, has its roots in the Great Workers' Struggle in 1987. The number of trade union has increased explosively, and the struggles for organising and democratizing trade unions took a form of fights against the repression of military dictatorship and employers. In the process of intensifying the struggles to reform labour laws, resisting the crackdown of labour movement, and the need to confront the military government, the democratic trade unions felt the necessity for a national centre capable of organising unity and solidarity in the trade union movement on the basis of industrial and regional organisations.

It was not long before workers realized the fact that it was difficult to confront the assualts on trade union rights and to achieve the democratic rights with the solidarity confined at regional and industrial level. This led to the formation of 'National Headquarter for Labour Law Reform' in 1988 and 'National Council of Regional and Industrial Trade Unions' in 1989. The National Council held successfully the nation wide May Day rally for the first time since the liberation from Japanese ruling in 1945.

In January, 1990, the National Council was reorganized into 'the Korea Trade Union Congress (KTUC)' mainly with manufacturing workers' membership, in order to overcome the limit of the National Council as a joint project promoting organisation of loose tie. In the same year, encouraged by the success of the long-lasted strike of Hyundai Heavy Industry and the struggle of KBS labour union, a nationwide general strike was called first after decades. Also May of that year saw the launching of 'Korea Congress of Independent Industrial Trade Union Federations (KCIIF)' that was mainly composed of white collar workers' unions. These organizing and struggles culminated in the successful "National Workers' Rally" jointly held by the KTUC and the KCIIF in the late of 1990. The rally was at last owed to putting production, office, professional workers into uniting democratic unions.

In 1991 a doubtful accidents happened that Park Chang-su, leader of Hanjin Heavy Industry trade union had died in prison. Triggered by student activist's death by riot police and Park's suspectible death, the democratic unions camp carried out solid struggle during two months from May to June. Owing to the achievement of these struggle and the join of south Korean government with the ILO, all democratic unions formed 'Joint Committee for Ratification of ILO Basic Conventions & Labour Law Reform'.

In 1992, the Committee accomplished a nationwide struggle to confront against gross amount wage system driven by government and employers as a new wage curb policy. In November, the Committee held successfully the National Workers' Rally to concentrate workers' resolution for labour law reform, a rally for which it had formed an organising board composed of 1,071 unions. At the rally, the Committee declared to spur the foundation of the industrial trade union federation in order to realize the foundation of a nationwide central organisation of the independent industrial trade unions.

Encouraged by the workers' rally of 1992, workers recognized the necessity of singular line to struggle strongly for common issues related to the living of workers, such as wage hike.

labour law reform, employment security and social reform. Thus they agreed to form a national organisation of the democratic trade unions, and on June 1st, established 'Korean Council of Trade Union Representatives (KCTU)' comprising 1,145 unions of total 407,000 membership.

But the KCTU showed the incomplete aspect in respect of strong leadership, structure, finance and the relation with government-controlled Federation of Korean Trade Unions. On November 13rd of 1994, it decided to launch the preparing committee of Korean Council of Trade Unions(KCTU) to solve those problems of the former KCTU and to accomplish workers' rights through a nationwide central organisation for the democratic union camp. After one-year preparation of various debates and struggles, at last the preparing committee led to announce the foundation of KCTU on November 11, 1995.

Labor Law Reform in Korea

A report based on interviews conducted in Seoul, Korea
from June 20-June 25, 1996

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July 1996

I. KEY FINDINGS:

General Background

- Labor-Management relations in Korea are extremely contentious and hostile, far more so than in almost any other industrial country. Both trade unions and employers have resorted to militancy in dealing with each other. Yet while the fact of constant labor strife is often considered the dark underside of Korea's rapid economic development, it may also indicate that, after less than a decade of more open labor-management relations, the most highly unionized sector of the workforce has achieved a capacity to deal with businesses on its own terms and without outside assistance.

- Less than 15 percent of Korea's workers belong to unions, and most of Korea's unions are in large enterprises. Unionized workers account for 80 percent of the workers in large enterprises, and only one major company -- Samsung -- remains nonunion. Workers in large enterprises generally enjoy large -- often enormous -- annual wage increases (10-18 percent per year), job protection, and a full complement of rights accorded by labor law and by collective bargaining agreements.

- Workers in small and medium- sized enterprises (SMEs) remain almost entirely nonunionized. Their annual wage increases are small, their working conditions worse than those of workers at large companies, and a combination of restrictive labor laws and a lack of government support have obstructed their efforts to form unions. Government enforcement of labor law in SMEs appears to be extremely weak.

- Government has played an extremely weak role in the country's labor-management relations. Both business and labor perceive government to be hostile to their interests, and view labor law as an instrument of the other side. Both sides view the Labor Ministry as prolabor (even the Minjunochung perceives them as "compatible"), but they regard it as ineffectual and impotent.

The Labor Law Debate

- The current debate over labor law, particularly those items cited by the ILO, is more symbolic than substantive. When asked how a revision of the clauses cited by the ILO would hurt economic development or change the structure of labor-management relations, not one government official, employer, nor academic could provide an answer. All agreed privately that the changes in labor law requested by the ILO would have few, if any, damaging effects on businesses. At the same time, few in either the government or the business community seem prepared to advocate change publicly. Members of the business community believe they can obtain pro-management changes in labor law in return for the changes proposed. Some union leaders believe that the acceptance of these demands by the government could leave workers worse off than they are now.

- Employers seek: a) a dismantling of the law that prevents companies from moving workers from one part of a company to another if the company is the target of a strike; b) a law that prohibits the hiring of temporary workers; and, c) a proposed law that would allow companies to put workers on a flexible time system determined by the employers. None have yet been tabled, but are presumably being proposed by business representatives on the Presidential Commission on Industrial Relations Reform.

- Of all the issues cited by the ILO, the most controversial is the proposal to permit teachers the right to organize. There are two views on why this reluctance exists: 1) trade union officials believe that teachers are more militant and radical than most, and see the restriction as a straightforward political ploy; 2) while business and government officials argue that teaching is an ancient, respected profession that would be brought low if teachers were regarded as mere workers. Whatever the reason, public opinion appears far more sensitized to this issue than any of the others.

<u>President Kim's Labor Initiative</u>

- The Presidential Commission on Industrial Relations Reform, appointed by President Kim Young Sam on April 23, 1996, is expected to report its proposed changes in September. Legislation is expected to be drawn up and submitted to the National Assembly in October.

- Simple political calculus suggests that President Kim has a genuine interest in resolving the country's outstanding labor law issues. The Blue House does not appear ideologically predisposed to one side or the other, but views the issue as one that has lingered for years and has harmed relations with both workers and the business community. With elections scheduled for December 1997, Kim's party needs workers' votes and employers' money. The Blue House would clearly like to see the labor issue evaporate -- though not at any cost. A general settlement, agreed to by all parties, would undoubtedly help its standing with both sides, but a solution that leaves either party feeling slighted may prove less palatable than maintaining the current course.

- While it is not yet known how the commission will come out, it is believed that its major proposals will be: 1) to allow for multiple trade union federations, while continuing to bar multiple trade unions in enterprises; 2) repeal the law preventing third party intervention; 3) allow the unionization of certain public officials, though not all; and, 4) allow trade unionists to participate in politics.

- Many labor law issues raised by the ILO, such as the emergency powers laws contained in the Labor Dispute Adjustment Act, are not being actively discussed, and some major players seemed thoroughly unfamiliar with them. These include the laws allowing the government to overwrite a union's constitution, request financial data, or invalidate a collective bargaining agreement it deems counterproductive. Some major players did not even know the offending laws remained on the books.

- The government currently appears inclined to delaying its application to accede to the OECD.

<u>Conclusion</u>

- While the situation remains sufficiently volatile to allow for surprises, the best bet is that the Presidential Commission will endorse the partial modifications of labor law mentioned above. It will require considerable skill to make both sides, as well as anti-union members of the National Assembly, feel that such changes are in their interest.

II. A BRIEF OVERVIEW: INDUSTRIAL RELATIONS IN KOREA

The modern era of labor-management relations in Korea is less than 10 years old. But while the democratization of Korea's political system allowed for the creation of a more open industrial relations system, labor-management relations continue to operate under labor laws instituted during the Korean War and modeled crudely after labor law in Japan. These laws have been amended under successive military regimes and in the modern democratic era, leaving Korea with a jumble of laws that often serve at cross-purposes with one another, and that, as often as not, seem to engender worse, rather than better, labor-management relations.

The marks of this tangled heritage are apparent in every aspect of Korea's industrial relations. Collective bargaining is primitive, and most businesses and unions have only limited negotiating experience. Contract negotiations often consist of management and unions facing each other down with nonnegotiable demands until after the strike has begun. Strikes are often demonstrative affairs marked by stridency, hostility, and militancy. Workers routinely lock company executives in their offices, pound drums, dismantle equipment, and rearrange offices. During a recent strike against Cathay Pacific Airlines, workers lay down in front of airplanes. When a small company in Inchon earlier this year sought to break its trade union, a failed suicide attempt by the union's leader prompted a demonstration by that resulted in the arrest of 120 workers. The Labor Ministry rarely plays a major role in these disputes and it is often the police that is the only branch of government that becomes involved.

Korea's labor laws have been imposed rather than legislated, and both business and labor regard the laws as oppressive. Labor leaders cite not only the now well known laws noted by the ILO in June 1994, but the ban preventing union members from entering politics, the government's regular intervention in breaking strikes, the arrests of union leaders, and the virtual impunity businesspeople have enjoyed from the labor law sanctions that have routinely been used against workers. Businesses point to a range of work rules that hinder efficiency, productivity improvements, and the reassignment and reorganization of personnel. Foreign investors, already burdened by tight restrictions, view themselves as particularly vulnerable to aggressive unions that see multinationals as having unlimited resources to be drained, as much as possible, until the company's inevitable departure. Government involvement in industrial disputes tends to be on an all-or-nothing basis. If a strike is deemed harmful to the national economy (such as strikes against Hyundai and Citibank), the government orders strikers back to work while arbitrators resolve the issues (usually in the company's favor). Otherwise, the Labor Ministry takes perfunctory steps to work out problems, usually with little success, and then recedes from the scene. In the highly-organized major companies, this often results in companies giving workers huge wage increases that are well out of line with national or corporate productivity increases or the cost of living, to prevent work disruptions. The remaining 85-percent of Korean workers, who work for small and medium sized companies and do not belong to unions, have little voice in the determination of wages or working conditions.

Labor-management cooperation remains an elusive ideal. The Labor Ministry claims to have staff trained in mediation, conciliation, and other aspects of conflict resolution, but neither unions nor companies seem aware of this capability. Korea has no independent agency comparable to the Federal Mediation and Conciliation Service that intercedes between the two sides to preempt, prevent, or otherwise resolve industrial conflicts. When asked if any companies had considered instituting more cooperative systems of labor-management relations, all interviewees mentioned the same two companies as the country's only models: LG (Lucky Goldstar), and Hyundai's Electronics Division. In the former case, worker participation was instituted after a series of particularly bitter strikes in the late 1980s; in the latter, a High Performance Workplace was established by the company president, who believes that well-treated workers make for a stronger company. In both cases the results have been extremely successful, but few other companies have displayed an interest in emulating them.

Nevertheless, there are hopeful signs. President Kim Young Sam's appointment of a Presidential Commission on Industrial Relations Reform (PCIR) is the highest-level step taken to date to reform labor law. The inclusion of all of the major institutions on the labor scene also represents an important first. The number of strikes and working hours lost to strikes has fallen dramatically over the past few years. Most of the major contract negotiations this spring -- many with Minjunochung unions -- were settled without strikes. Most of the major players agree that sweeping changes in the country's industrial relations system are necessary, and while few admit that events are being driven by the OECD accession process, President Kim's desire to bring Korea into the community of major industrial countries has given the issue a sense of purpose and direction previously unknown.

III. PRESIDENT INITIATIVE

On April 23, 1996, President Kim announced the creation of the Presidential Commission on Industrial Relations Reform to rethink and redraft Korea's system of labor-management relations. He assigned the Commission two principal goals: to revise labor law; and to develop a new overall system of labor-management relations that will guide Korea into the 21st century. President Kim's Labor Advisor, Kim Won-Bae, stated in a meeting at the Blue House that the Commission will seek to rectify "wrongful labor practices," in Korea by bringing together all of the major actors on the labor scene to develop a comprehensive reform package.

There are reasonable grounds for believing that the PCIR will follow in the footsteps of the 1992 Labor Law Reform Commission, which has yet to deliver its recommendations due internal disagreements (the commission is technically still alive). While many obstacles may still prevent the formulation and implementation of new law, several clear differences exist. First, the new Commission was appointed by the President, with considerable fanfare, and will report to the President directly; the previous commission was created by the Ministry of Labor with much less public notice, and thus did not give the President a large stake in assuring results. Second, the PCIR draws on a much wider body of persons involved with labor-management relations. While many of the scholars and legal experts are the same as those who sat on the previous commission, the new body also has members of the business community, both national trade federations, and a variety of distinguished persons and representatives of non-governmental organizations. Third, the PCIR has been charged with reporting its outcome on a structured schedule; the 1992 commission was not required to report by a given deadline. Finally, other factors, such as Korea's application to the OECD, the impending December 1997 Presidential election, and a growing sense of the problems posed by Korea's antagonistic labor-management relations system provide incentives to produce results that were not present previously.

The PCIR has 30 members. Five members are from trade unions: three from the FKTU, and two from the Minjunochung. Five are from the business community, including three from the Korean Employers Federation and two representatives of small- and medium- sized businesses. Ten are academics, including four specialists in industrial relations, three specialists in labor law, and three academic luminaries (university presidents, etc.) The other ten positions are held by former government officials, heads of NGOs, foundations, and other Korean notables.

The Commission will conduct its work in four stages. Stage One, which concluded at the end of June, focused on "the reform of consciousness and spiritual reform." In practice, this meant holding public hearings and seminars, meeting with a wide range of people, and sensitizing members of the Commission to all issues and points of view. Stage Two focuses on drafting new labor legislation. It begins in early July, and should culminate with a series of recommendations for the President in September. Stage Three will be devoted to long-term planning for Korea's 21st century labor-management system. This section of the commission's work is expected to last from late 1996 through early 1998. Stage Four will involve closing down the commission.

When asked why so little time was being devoted to what many regard as the most critical stage of the process -- labor law reform -- Professor Moo Ki Bai, one of three full-time commission members, stated that most of the possible recommendations had already been drafted by the 1992 commission, and that the PCIR had only to determine which existing draft should be adopted.

Given the broad diversity of views present, achieving a consensus on the Commission may prove a difficult task. Disagreements have apparently already surfaced on whether the multiple trade union ban should be removed, or just modified to allow multiple federations. Other issues that are certain to cause conflict are possible changes to the laws banning public officials and teachers from forming unions, the law prohibiting union members from political participation, and some of the reforms business leaders have floated to change work rules and laws.

Even if the commission agrees on a common set of suggestions, the recommendations will still require translation into legislation by the President, and passage by the National Assembly. At that stage, the reforms will depend on President Kim's willingness actively to push a bill through the National Assembly. Here the President must contend with many competing influences. With elections scheduled for December 1997, the Democratic Liberal Party needs workers' votes as well the usual enormous stream of contributions it receives from employers. If a reform bill is not passed this fall, it will be even more difficult to forge a coalition for passage in the coming election year. Even now the National Assembly is not kindly disposed toward labor in general, and the Minjunochung in particular. Strong advocacy by the President may garner the necessary votes, but if the political costs are high his enthusiasm may diminish.

IV. LABOR LAWS

Following is a summary of the labor laws deemed by the ILO's Committee on Freedom of Association, in June 1994, to be in violation of international standards, the current debate on the laws, and the prospects for change.

Prohibition on Multiple Trade Unions

The Trade Union Law prohibits the creation of multiple trade unions in the workplace, or federations and confederations on the industry or national level. Because it outlaws the 400,000+ member Minjunochung, it is the most visible and notorious of the offending laws, especially in the eyes of the international community.

Most observers of, and participants in, the reform process expect the prohibition to be at least partially altered to permit multiple trade federations. Most government officials openly advocate this change and consider it to be the most likely action taken by the Commission. Debate turns not on whether federations ought to be banned, but on whether the entire Act should be repealed and multiple trade unions allowed to exist at the company level.

Most seem to think that they will not, pointing out that employers would find it impossible to deal with more than one union simultaneously. Officials were reminded that in other countries, the problem is avoided: in the US workers decide democratically on which union is the bargaining unit, while in Europe multiple unions must form a single collective bargaining unit. Little thought seems to have been given to restructuring along such lines.

Failure to fully change the law will leave Korea with at least one serious problem. The determination of which union is the legitimate bargaining unit ultimately resides with the government, and in many companies the recognized union is a company union. Samsung, one of the countries major employers, has successfully fought unionization for years, and the company's only recognized union is a company-sponsored union that currently has 14 members.

Third Party Intervention

The prohibition on third party intervention (section 13(2) of the Labour Dispute

Adjustment Act), which restricts parties other than workers and the legal trade federation of which they are members from participating in a labor dispute, will probably be repealed. Over the last decade, fewer than 20 cases per year -- usually about 10 per year -- are prosecuted under the law. Almost all of these cases have involved members of the Minjunochung. Abolition of the restrictions on multiple trade union federations would make the law unnecessary.

Public Officials Organizing

Korea's two trade federations both support the right of all public officials to organize, but other groups do not appear to share this view. Businesspeople voiced no opinion on the subject, but government officials suggested it was a tricky subject and offered no specific indications of what might be done. It appears that some categories of public workers may be given the right to organize, but it is doubtful that there will be a thorough reform.

Unionization of Teachers

By far the most sensitive issue of all those cited by the ILO are three laws that collectively, bar public and private school teachers from enjoying the right to associate freely, organize, or bargain collectively (Section 66 of the National Public Officials act, Section 58 of the Local Government Employees Act, and Section 53(4) of the Public Education Servants Act). A commonly expressed sentiment is that teachers are revered and esteemed, and that parents would be aghast to know that their children were being instructed by mere "workers," rather than teachers. Public opinion appears hostile to either public or private school teachers enjoying the right to form trade unions.

This view is challenged by both of the trade union federations. President Park of the FKTU believes that teachers have been singled out for political reasons: they are smart and militant, and likely to cause problems for the government if they are empowered. Professor Park Young-Ki, a strong advocate of teachers' right to organize, confirms that people's esteem for teachers far exceeds the respect they accord other public sector workers, but notes that this respect ultimately interferes with teachers' own political and economic rights.

Except for the trade union leaders, few of those interviewed showed much enthusiasm for attacking this issue head on. It is unlikely that the current prohibitions will be eliminated.

Excessive use of Administrative Authority

The ILO Committee on Freedom of Association noted three sections of the Trade Union Act (TUA) that permit government interference in the internal affairs of trade unions in defiance of international standards:

- the right of government to order the modification of a union's constitution or rules;
- the right of the government to ask trade unions for financial or other data whenever the authorities request (Article 30 of the Trade Union Act);
- the right of the government to change or cancel the contents of a collective agreement if it deems them "illegal or unjustifiable" (Section 34(3) of the Trade Union Act).

These laws were not raised by any of the interviewees. When asked about them, most answered that the laws had not been used in years, and were essentially void -- the FKTU President asserted that some of the laws were no longer on the books (untrue); the Foreign Ministry had no knowledge of them; and the Labor Ministry officials downplayed their importance. Minjunochung leaders did not seem familiar with the laws, but agreed they should be eradicated. Only Professor Park Young-Ki of Sogang University had a strong familiarity with the laws, and he pointed out that while these laws may have fallen into disuse, they could provide an antiunion government with all the tools needed to dismantle any given union.

It was suggested to the government officials that because the laws had become dormant, they could be eliminated swiftly. Moreover, by eliminating the three laws, the Korean government could easily resolve three of the nine major problems noted by the ILO. This does not seem to have occurred to anyone. The complete lack of discussion of these laws is mysterious.

V. INSTITUTIONS

The Ministry of Labor

The classic piano player in the brothel: in the middle of the action, but not participating. Labor and business mentioned the Ministry only to note its lack of involvement in strikes, the mediation of labor disputes, or considering how to overcome long-term problems. Like many Labor Ministries, Korea's is simply not a major player. Ministry officials appear to take their responsibilities seriously but clearly do not have the resources or the influence required to attack the country's industrial relations problems.

The Ministry of Foreign Affairs

A brief meeting at the Ministry of Foreign Affairs (requested by the Ministry) revealed little direct interest or knowledge in the specifics of Korea's labor issues. The Ministry avowed that President Kim is eager to reform the process and that labor-management relations have been improving steadily over the long-term. (It was alleged in the meeting that while the Minjunochung "probably was not communist, many members listen to North Korean radio at night.") Ministry officials appear eager to move past the issue. They were assured that the U.S. was equally anxious to see the outstanding issues acted on so that the issue would not have to be revisited.

The Federation of Korean Trade Unions (FKTU)

The Federation of Korean Trade Unions, with more than one million members, is still Korea's only legal trade federation. Closely tied to the government for most of its history, the FKTU has in the past year begun to veer in a more independent direction. This new course is represented, and given greater impetus, by the recent election, in March, of its new President Park In-Sang, who had been President of the Metal Workers union.

The major influence pushing the FKTU on its new course has been the emergence and slow legitimization of the Minjunochung. The FKTU's more independent stance can be seen as a response to the competition posed by the Minjunochung; indeed, President Park's election is attributed by some to the strong influence Minjunochung members wield with their counterparts in the FKTU.

Nowhere is the change in FKTU policy more apparent than in its view on the prohibition of multiple trade unions. For years the FKTU sought to preserve the multiple trade union law to maintain its own monopolistic position as Korea's sole trade federation. Now it now advocates a complete repeal of the law and the toleration of multiple trade federations, multiple industry union groups, and multiple unions in the work place. (The latter positions may be attributable in part to the FKTU's desire to win over many of the large industrial unions now affiliated by the Minjunochung).

Park In-Sang stated that the FKTU supports bringing Korean labor law into full compliance with ILO standards: ending the bans on multiple trade unions, third party intervention, and every other issue raised by the ILO. The FKTU, he said, "has demanded that the government revise its evil labor laws in favor of freedom," and noted that he completely supports the U.S. position on the link between trade and labor standards as stated by Secretary Reich at the ILO meeting in Geneva in June. Nevertheless, the FKTU continues to receive considerable financial support from the government -- about 6-billion won per year (about $8.5 million). Most of this goes to the support of federation training institutes and programs, though some suggest that the funds are used to maintain the federation's salaries and headquarters.

Park warned that the impending labor law changes may leave workers in worse condition than they are now. He predicts that the government will lift some bans, such as the ones on multiple trade federations and on third party intervention, but doubted that teachers or government workers would be granted the right to organize. At the same time, he suggested, the government might accept several employer demands, which he said, would have a severe impact on workers. These were

a) repeal of the law that prevents companies from moving workers from one part of a company to another if the company is the target of a strike;

b) repeal of the law that prohibits the hiring of temporary workers; and,

c) passage of a proposed law that would allow companies to put workers on a flexible time system determined by the employers. This last item was the cause of greatest concern: workers now must work 44 hours per week and receive overtime for any additional time. Under the new system, workers could be required to work many more hours per week or pay period and receive a corresponding reduction in hours work during the succeeding work period -- a system that, according to Park, will mean an effective wage decrease of 6.5% for workers owing to the loss of overtime pay. Moreover, he said, workers in some jobs would be required to work shifts of up to 12 hours and, in some companies, up to 22 consecutive hours (no explication).

Korean Confederation of Trade Unions (KCTU, or Minjunochung)*

When President Kim Young Sam invited representatives of the Minjunochung to the Blue House to attend the meeting announcing the creation of the Presidential Commission on Industrial Relations Reform, Korea's second, dissident trade union received a measure of legitimacy. Most observers believe that the full granting of legal status will be coming in the not-too-distant future.

Despite its new quasi-legal status, the Minjunochung continues to struggle under several onerous restrictions and obstacles. Two of the federation's eight current senior vice chairmen are either under indictment or in prison (not clear) for violations of the third party intervention law. Those interviewed stated that federation officers had not been harassed, but believed that their telephones and offices are wiretapped. And while two members of the Minjunochung have been included on the PCIR, laws/rules (?) barring indicted or previously convicted persons from serving on such Commissions made it impossible for many top Minjunochung officials to participate directly.

Minjunochung leaders generally view the government as hostile, particularly prosecutors and "members of the national security apparatus." The Labor Ministry is viewed as a "compatible," but is seen as a weak and thoroughly ineffective player. Federation officials list the following as the greatest obstacles facing labor as the restrictions on strikes, the ban on political activities by union members, and the ban on wrongfully dismissed workers(undefined) from participating in strikes. Labor law is seen as vehicle for further empowering employers -- it was

* The federation's proper name is Minjunochung, which translates roughly into the Democratic People's Trade Federation (the FKTU is known as the "Nochung"). The more moderate sounding Korean Confederation of Trade Unions is used only for international purposes. This report uses the Minjunochung name.

noted that while workers are constantly dismissed from jobs and even arrested for violations of labor law, no employer has ever been arrested for a labor law violation.

A major Minjunochung priority is moving collective bargaining from the enterprise to the industry level. This has led the federation to take what might be considered peculiar view of the Multiple Trade Law: while it obviously supports repeal of the restriction on multiple trade federations, it apparently -- and this question was asked over several times for clarification -- does not favor the existence of multiple trade unions in the workplace. Minjunochung officials believe that industry bargaining would equalize the wage gains between large, medium, and small- sized firms, as wages and benefits would be determined on for companies in a given industry, regardless of size. The allowance of multiple trade unions at the enterprise level, they believe, would perpetuate enterprise level negotiations, and thus wage discrepancies.

While FKTU President Park In-Sang stated that relations between the two trade union federations have improved substantially, Minjunochung leaders stated emphatically that they had no special relationship with the FKTU. They said that the only cooperative activity between the two federations is their joint participation on the PCIR.

<u>The Business Community</u>

Members of the business community paint a despairing, almost desperate picture of the state of labor-relations in Korea. They uniformly contend that labor law is heavily tilted to the side of labor and argue that government gives them no support in the face of excessive, if not outrageous, actions and demands by labor. Labor relations are one of the major issues with which corporate managements must deal. The businessmen interviewed complained that labor laws and work rules they have been forced to grant through collective bargaining have made it almost impossible for them to deal with the unions on an even field. None of the laws singled out, however, were among those cited by the ILO.

The major problems cited were:

a) <u>Difficulties in firing employees</u>: Firing an employee of unionized company is, in the view of employers, nearly impossible. Lesser punishments for bad behavior or poor work are always grieved, and these grievances, according to the employers, were almost always settled in favor of the employees.

b) <u>Prohibition on moving in-company workers during strikes</u>: While American companies are permitted to hire replacement workers during a strike, in Korea this practice is not only banned, but companies may not even move non-striking workers from one unit of the company to another.

c) <u>Prohibition on hiring temporary workers</u>: Korean companies may not hire temporary workers in any situation or circumstance, whatever the ebb and flow of the business cycle.

d) Wage increases: employers argue that wage increases over the past few years far exceed increases in productivity and the cost of living. Union members regularly receive wage increases of 10-percent per year or more, while productivity gains have averaged approximately 2-percent. (Citibank, for example, paid its workers an across-the-board 18-percent increase this past year; workers had also demanded laptop computers for all employees.) Statistics bear this out, and support the view that most unionized companies pay out the huge increases as a ransom to preserve industrial peace. On the other hand, as trade unionists note, the annual increases of workers in small and medium sized companies, who make up approximately two-thirds of Korea's workforce, probably fall short of productivity increases or cost of living increases.

e) "Excessive" benefits: businesspeople point out that for workers in large enterprises salary accounts for approximately 70-percent of total pay, and that overtime and benefits account for the other 30-percent. Among the extra costs they cite as burdensome are:

-- Expensive early retirement plans and severance pay schemes. In Korean-owned firms, workers usually receive one month of severance for each year worked. In foreign owned firms, however, as AmCham members point out, companies are often forced to pay far higher costs, due to employee fears of companies leaving the country. It is not uncommon for employees with 10 years experience to be eligible to receive up to 50 months of salary upon leaving. These rates are determined through collective bargaining, not law.

-- Leave time. Salary workers receive 17 holidays per year. Women receive one "menstrual day" every month.

-- High rates of unemployment insurance. Employers pay 3-percent of salary and employees contribute 3-percent.

f) "Outrageous" Union Demands: Businesspeople claim that poor labor law and a lack of support by the government have forced large companies to give in on what they consider extortionate demands by unions:

-- The last step of all negotiations to settle strikes is the discussion of the "harmony bonus," a bonus paid to employees for returning from a strike. The harmony bonus usually amounts to 50- 100-percent of the amount of lost wages while on strike.

-- Companies claim that while it has always been an accepted practice to put shop stewards on the company payroll for full-time union work, the numbers of stewards forced on them has increased with each successive round of contract negotiations.

The members of the American Chamber of Commerce and the Korean Employers Federation interviewed did not indicate that either the changes in labor law being discussed openly or those proposed by the ILO would cause any difficulties for them. AmCham members said that the legalization of the Minjunochung would significantly radicalize labor, and while they stated that they preferred that the government continue to keep the current Multiple Trade Union Law in place, it was not one of their foremost concerns. Kim Young-Vae, the Managing Director of the KEF, explicitly stated that businesses could live with all of the labor law reforms proposed, but hoped to tie passage of such reforms to alterations of laws that would allow employers to address some of the issues mentioned above. The KEF appears to see the legalization of the Minjunochung as a done deal, and Mr. Kim noted that he had met extensively with members of Minjunochung unions, and members of the federation itself.

The KEF leadership is probably more progressive more international-minded than many of its 4000 member companies. It seems to recognize that the stakes in the current debate over labor law is largely symbolic and that the greater obstacle facing employers is the absence of a groundwork for long-term industrial peace. But this will not stop the KEF from seeking to extract concessions in return, or as part of a package, for support in moving the recommendations of the Commission forward (or refraining from opposing reform).

VI. SUMMARY AND CONCLUSIONS

Because the Presidential Commission has only begun its draft on reform of the labor laws, the outcome remains unknown. When he ordered the Commission to begin its work, The Korea Herald (April 25, 1996) reported that President Kim vowed to change labor laws and institutions to comply with international standards. When the statement was brought up in the meeting with Kim Won-Bae, the Secretary to the President for Labor Affairs, he stated that the statement was actually made by the domestic policy advisor to the President, and was not a statement of policy. This apparent retraction may well be an early signal that the Blue House has lowered its sights and is hoping that the labor law debate can be ended with what amounts to a partial solution.

It remains possible that the Commission will move ahead with a sweeping change of labor law, but no one expect such a bold move. Some, like President Park of the FKTU, predict the process will end up with labor in a poorer position than ever, with the adoption of a handful of concessions to labor coupled to a large number of concessions to the business community.

Both scenarios are unlikely. While a major reform may not infringe on the direct interests of business or government, nonincremental change appears beyond the purview of the debate. Labor's influence is limited. In a country where large companies wield considerable influence with the government and in the media, and trade unions are still viewed by many as organizations of political dissidents and impediments to the free market, they do not wield sufficient political power to steer the debate. But a backwards step is equally improbable: the Blue House has already moved too far down the line toward eventual OECD accession, and needs to demonstrate that some progress will have been made.

The Commission thus will probably recommend a package of partial reforms that will include:

-- the legalization of multiple trade union federations, but not trade unions;
-- permission for certain public sector trade unions to unionize, but not all;
-- abolition of the third party intervention rule;
-- permission for trade unionists to become involved in politics;
-- changes in the labor standards law to allow the institution of flexible time rule as advocated by employers;

Those reforms probably not included in the package may be:

-- the repeal of prohibitions on private and public school teacher unionization;
-- the repeal of the three laws termed by the ILO "Use of excessive administrative authority;"
-- the repeal of mandatory arbitration laws;
-- the full repeal of prohibition on public sector organizing.

Such a murky package would little resolve the outstanding questions surrounding OECD accession. It would signify an effort by Korea to take key steps to upgrade some laws and discard some of the more onerous ones. But it would still leave Korean labor law beneath the standard set by other OECD members. Moreover, once the reforms are implemented, there would be little chance of another round of labor law reform before the end of the century.

This report was based on interviews with the following persons, all of whom were interviewed in Seoul from June 20-25, 1996.

<u>Government</u>

- Kim Won-Bae, Secretary to the President for Labor Affairs
- Ju Chul-Ki, Director-General, International Economic Affairs Bureau, Ministry of Foreign Affairs
- Park Kil-Sang, Director General, Labour Relations Policy Bureau, Ministry of Labour
- Kim Youn-Chyl, Director, International Cooperation Division, Ministry of Labour

<u>Labor</u>

- Park In-Sang, President, Federation of Korean Trade Unions
- Kwon Yong-mok, General Secretary, Korean Confederation of Trade Unions (KCTU), or Minjunochung
- Chung Sung-Hee, Deputy Director General, International Affairs Bureau, Minjunochung

<u>Employers</u>

- Cho Nam-Hong, Vice Chairman & CEO, Korea Employers Federation
- Kim Young-Vae, Managing Director, Korea Employers Federation
- Tammy Overby, Executive Director, American Chamber of Commerce in Korea
- Joseph D. Hacker, Managing Director, Thomson Consumer Electronics Purchasing Company
- Terence W. Langley, Office Head/Director, William Mercer Limited
- Scott Balfour, Attorney, Kim & Chang

<u>Academia</u>

- Park Young-Ki, Professor and Director, Institute for Labor and Management, Sogang University
- Moo Ki Bai, Professor of Economics, Seoul National University, Executive Standing Member, Presidential Commission on Industrial Relations Reform

Matt Lorin —

Eric

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FAX MESSAGE

To: Eric Schwartz
At: NSC
Fax: 456-9140

From: Mark D. Hankin
Ref: AW-1091
Date: September 24, 1996

Dear Eric:

We received the attached briefing paper by Anita Chan courtesy of Bob Senser, a former employee of AAFLI. As you may know, Anita is one of the few academics who writes about labor rights in China from a perspective that has been gained through actual field research. I think you will find it quite informative. If you have any questions, please let me know.

Best wishes,

Sincerely,

MDH

Mark D. Hankin
Director of Program Coordination

Briefing to the Australia/China Parliamentary Friendship Group
by Anita Chan
September 12, 1996

I have been asked to say a few words on the conditions of labor rights and human rights in China. I am a sociologist who specializes in China, and most recently, in the past three years I have been studying China's labor situation. The story I have to tell is not a pleasant one. Two years ago after returning from field work I wrote an article that was carried in the Canberra Times in which I described the workers' generally disgraceful working conditions in the export-oriented foreign-funded sector, the long hours, low wages, and physical abuses meted out to workers, mainly in Korean, Taiwan and Hong Kong invested firms, and the smoldering unrest resulting in work stoppages and strikes. Luckily I have not heard of complaints that Australian managers mistreat workers in like manner. I just came back from another field trip a month ago, during which I interviewed workers at factory gates, and I regret to say the situation has gotten worse.

This can be reflected in rapidly rising labor dispute figures since 1992 onwards. The increases in labor disputes for each successive year have been 51%, 73%, and 74%. In 1995 the total number stood at 210,000 cases. (Workers' Daily, May 21, 1996, p.5)

The international community is becoming more aware of the necessity to support an independent trade union movement in China since the emergence of the Beijing Workers' Autonomous Federation headed by Han Dongfang, who was subsequently arrested, tortured, thrown into a hospital ward of tuberculosis patients where he contracted the disease, and then subsequently exiled from China. Today he resides in Hong Kong, with the support of Hong Kong's independent trade union and the international trade union community, carrying on the torch to establish free trade unions in China. Thanks to Han Dongfang's unrelenting efforts, the struggle for independent trade unionism and human rights in China has been kept alive in the international media and have been monitored by human rights groups such as Amnesty International and Human Rights Watch/Asia, and by the International Confederation of Free Trade Unions (ICFTU). Since the 1989 crackdown, inside China a few small groups of individuals who claimed themselves as protectors of workers' rights or organizers of independent trade unionism have emerged, but they have all been crushed and their main organizers sentenced and jailed. Because of lack of time I won't dwell on the details here.

The major point I want to underline in this presentation today is that we could all continue to exert pressure on the Chinese government with regard to human rights issues, but the question is how about the millions of workers who silently toil
and suffer under a harsh work regime on a daily basis. Their labor rights are currently being blatantly violated as measured against international labor standards, or China's own labor law.

Because of a shortage of time it is difficult to describe and categorize in detail how labor rights are being violated in China. What I'll do is to read you a letter co-signed by more than twenty workers in 1995 that was sent to the editor of Workers' Daily, the official trade union's newspaper:

****

LETTER

>
Dear Comrade Editor:
> We are staff and workers of Guangdong's Shaojie Footwear Co. The company docks our pay,
> deduct and keeps our deposits, beat, abuse, and humiliate us at will.
>
> Shaojie Company is a joint venture. It sends people to Xichuan, Henan, Hunan to recruit
> workers. Even children under 16 years old are their targets.
>
> We people from out-of-province only knew we have been cheated after getting here. The reality is completely different from what we were told by the recruiter. Now even though we want to leave, we cannot because they would not give us back our deposit and our temporary residential permit, and have not been giving us our wages. This footwear company has hired over 100 live-in security guards, and has even set up patrol teams. The staff and workers cannot escape even if they have wings. The only resort to get out is to be able to persuade the officer in charge of issuing leave permit to let go of you.
>
> A Henan worker wanted to resign but was not allowed to by the office. So he climbed over the
> wall to escape, but was crushed to death by a passing training. Although it means forfeiting
>the deposit and wages, and losing the temporary residential permits, each year about 1,000 workers leave this place.
>
> Being beaten and abused are everyday happenings. Being punished to stand on a stool for
> everyone to see, to stand in the stand, to stand facing the wall to reflect on your mistakes or to crouch in a plie position.
>
> The staff and workers often have to work from 7 a.m. to midnight. Many have fallen sick.

They are not allowed to leave the factory compound at all except with a permit from the official in charge. It is not easy even to get permission for a drink of water during working hours.

> Signed: Guangdong Shaoxing City Shaojie Footwear Co.
> Yang Shuangqi, Li Shashua and some 20 others
****

After Workers' Daily received this letter, it was only with the permission of the provincial government that the letter saw the light of day. Subsequent investigations carried out by the provincial labor bureau and trade union confirmed that all these allegations were true.

The reason why I use this case is that it embodies almost all the features that are commonly found in foreign-funded enterprises in one form or another.

1. Forced and bonded labor.--Because of the household registration system in China domestic migrant workers are required to apply for temporary residential permits, a kind of work permit, to be able to work away from home. It is also very common for factories to demand from the workers' a "deposit" that is roughly equivalent to half month's or a month's pay. This places the workers in a very vulnerable position vis a vis their employers who can easily treat them like bonded laborers.

2. Control of workers' bodily functions and physical mistreatment.-- In China, workers, be they men or women, often do not have the right to control many of their own physical bodily functions during work hours or even outside work hours. Restrictions on use of toilet time is very common; in one factory, anyone going to the toilet more than twice a day will be fined A$10 (equivalent to about a fifth of China's monthly minimum wage), not being allowed to talk during work hours, or even while eating; being made to walk following a particular route in the factory compound, or not being allowed to get married, not being allowed to "talk love", that is, have a steady serious relationship with someone of the opposite sex, and of course, to be pregnant, would be anathema. Penalties range from the kind of physical punishment as described in the above letter, to wage deductions even for infringement of rules outside work hours, or dismissals, which usually means forfeiting one's deposit and the last two weeks' pay. Often workers do not have a right to rest because enforced overtime is so long. In this particular factory in one month they chalked up to 114 hours of overtime; the Chinese labor law stipulates maximum of 36 hours 3

monthly overtime.

As seen from this case workers do not have freedom of movement in and out of the factory compound even after work hours. There can, in the worst of cases, be a very thin line between prison labor and factory labor. In this particular case, the line does not seem to exist.

3. Subsistence or below subsistence wages. – According to a survey carried out by the Guangdong Provincial trade union, 35% of the workers interviewed did not get extra pay for overtime work, and 32% were paid below the minimum wage. Management owing workers' wages is also very common. The Chinese government allows localities to set their own minimum wage, ranging from about A$45 to A$65 a month depending on the localities's cost of living. But the minimum wage has really become the maximum paid to workers in some parts of China. Any wage made beyond the minimum wage by workers is usually earned by enforced overtime.

4. Violence committed by the police and private security guards. -- The use of private security guards is very common in China. This case is particularly extreme in that more than 100 guards were hired for a factory of 2,700 workers. Companies which supply private security guards are often connected to the police; in fact they sometimes hire policemen in their off hours to serve as their security guards. They normally carry electric batons and handcuffs which are freely available on the arms market. This internal security system set up behind factory walls, as can be seen is extremely effective in intimidating and controlling workers. Even the official government magazine, Beijing Review, admits to an excessive use of police force, "The problem is that the public security police, for their own reasons, the moment there is an incident, send policemen in to intervene in labor disputes, thus aggravating industrial relations."

We might ask why is it that a so-called "socialist" country can allow its own workers to be thus abused by foreign investors. The answer is that there is extensive collusion between local government and foreign capital. Many of the Chinese partners of joint ventures are actually government organs and departments or their affiliates. In this Zhaoxi shoe factory, the PRC partner is a state-owned enterprise, China Travel. Government organs and companies are as eager to make money from exploiting migrant workers as are outside investors. Those who should be acting as impartial overseers and law enforcement agencies, are instead, management's accomplices.

The situation is somewhat different with workers state-run factories. Here workers face problems of another kind -- plant closures, complete or partial layoffs, erosion of social benefits etc. So far out of a state and collective industrial work force of about 150 million, 7 million are registered as unemployed and with 20 million more not receiving any pay or receive only partial pay; that is about 18% of urban employees are in financially dire straits. Topping these are another 30 million retirees whose pension are not keeping up with inflation or are not getting their pensions. In some cases, the jobs of state workers are being taken up by migrant workers who work at half pay without any social security. It is in this sector that big organized protest movements of up to 200,000 workers have taken place, and will likely accelerate with the deepening of the reforms.

When China staves off accusations of its poor human rights record it often resorts to arguing that civil and political rights are the luxury of the bourgeois developed world, and that China, being a poor country, gives priority to rights to subsistence and development. As we all know, China's economy has been expanding at a phenomenal rate, yet its income gap is rapidly widening, its urban state and collective workers are losing their jobs, and its workers in the non-state sector are toiling for long hours at extremely low pay and suffering from daily abuses, their labor rights and human dignity blatantly violated. One wonders how serious the Chinese government is about working towards the rights of subsistence and development for its own people.

Violation of labor rights in China is itself a human rights issue. It is also an issue for the world globally. The Chinese labor force being so vast, the repercussions on the world's labor situation is enormous. China's entry into the global economy has contributed to driving down labor costs. Moreover, my yearly visits to export-oriented regions in China indicates that workers' real wages actually have decreased in the past three years. This is not only affecting wages in the competitive developing world; the effect is closer to home here in Australia. It is not for no reason that last year a report released by the Textile, Clothing and Footwear Union of Australia claimed that we have 300,000 outworkers [home workers] in the garment industry working at below-minimum wages.

The playing field is not level. There is no way richer countries can compete with wages in the developing world. Somewhere the line has to be held for humanitarian reasons and for economic reasons. Labor standards have to be upheld globally.

As parliamentarians, I urge you to make representation to the Chinese government to seriously enforce its own labor laws.

In the international forums such as WTO and APEC, I urge Australia to support the inclusion of the "social clause" in trade negotiations. Australia should support the United States and France in linking labor standards to trade. ILO is the international forum where labor standards are defined, but ILO has no enforcement powers. We are not talking about protectionism, we are talking about giving less indecent standard of work and living conditions for a large number of laboring peoples in the world.

Campaigning for labor rights and human rights does not preclude campaigning for the release of political dissents, freedom of association, freedom to organize autonomous trade unions. But in my opinion, based on my observations, it is the violation of labor rights and lack of means of subsistence of a large sector of the Chinese urban work force (and rural population as well) that most urgently cries out for the world's attention, if we want to avert another major upheaval in China in the near future.

Last December I had the opportunity to be taken on a tour by a local trade union to see some workers' dormitories built by the local government. When workers heard that trade union officials and foreigners were on visit about two or three dozen workers started crowding in on us trying to tell us that the Japanese leather factory had not been paying them for several months. They now have no more money to buy food. From the back of the crowd a man yelled, "You know, we migrant workers are human also!"

###

KOREAN EMBASSY

2450 MASS. AVE., N.W.,
WASHINGTON, D.C. 20008

Facsimile Service Cover Sheet

DATE : Sep. 24. 1996	NUMBER OF PAGES : (Incl. this cover sheet) 7
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FROM : M Ahn	Facsimile No. : (202)387-0402 Telephone No. : (202)939-

M E S S A G E

Attached please find our Information No. 4.

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To: Matt Loren – given ROKG sensitivity over NK submarine I think the moves to loosen controls on political activity are significant. Too bad labor held out for too much on other "issues near agreement".

From:

Date:

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OECD Information Note(IV)

As discussed on 16 April 1996 during the review session on Korea's labor policies at the OECD/ELSA Committee, Korea has informed the OECD on the current progress on industrial relations reform in three phases: The first phase was conveyed on 23 May, the second on 25 June, the third on 30 August. The following information concerns the fourth phase.

I. Current Progress of Industrial Relations Reform

1. On 13 August 1996, the Commission held a general meeting and formed a Sub-Committee on Labor Laws Revision. The Sub-Committee was established to summarize various activities initiated by the Commission and set the direction of labor laws revision.

   - With a chairman who is a standing member of the Commission on Industrial Relations Reform, the Sub-Committee is composed of a total of 9 members representing labor (2 persons), management (2 persons), and the public (4 persons).

2. The Sub-Committee has held eleven meetings with full attendance of members from 5 to 18 September, 1996. As a result, consensus has been reached on a considerable number of issues and there are other issues on which there is near agreement between labor and management. However, the core controversial issues need to be further discussed.

3. On 19 September 1996, the Commission, at its 7th session, had its first discussion on the revision proposal of the Sub-Committee. The Commission selected 10 major controversial issues such as flexible working hours and dismissal of workers due to managerial reasons. On 23 September 1996 (8th session), the Commission discussed intensively 4 issues: multiple trade union system, flexible working hours, obligation of the employer to pay shop-stewards, and dismissal of workers due to managerial reasons.

II. Outcomes of the Discussions of 「The Sub-Committee on Labor Laws Revision」

4. The Commission, attended by all members on 19 September 1996, received the report of the Sub-Committee on its labor laws revision proposal.

   The proposal includes ① issues where consensus was reached ② issues near to agreement, ③ issues to be further discussed:

A. Issues where consensus was reached

Collective Industrial Relations Section

5. Regulations related to the Government's intervention to the activities of a trade union, such as investigation on the activities of a trade union and corrective measures against trade union's illegal internal rules, shall be limited or abolished. (Trade Union Act, Article § 16, 21, 29, 30)

6. Regulations on monthly trade union dues not to exceed two percent of the monthly wage of the union member concerned shall be abolished and the trade union shall decide the amount of dues autonomously. (Trade Union Act Art. 34)

7. Regulation on "reports on labor disputes" shall be abolished. Labor dispute mediation shall commence, upon receipt of an application from any party concerned. The acts of dispute shall be allowed only after mediation. (Adoption of Mediation-first system) (Labor Dispute Adjustment Act. Art. 14)

8. Regulation on "prohibition of political activities of the trade union" shall be abolished with the exception of the trade union whose main object lies in political activities only. (Trade Union Act, Art. 12 para 3)

√ 9. Regulation forbidding the acts of dispute at a place other than the pertinent workplace shall be abolished. (Labor Dispute Adjustment Act, Art. 12)

10. Definition of scope of the public enterprise shall be reduced and government authority's arbitration shall be limited to essential services. (Labor Dispute Adjustment Act, Art. 12)

11. To enhance the independence, fairness and professionalism of the Labor Relations Commission, separation and specialization of the functions of judgment and mediation as well as publicity and democracy in service procedure shall be formulated. (Overall Labor Relations Commission Act)

Individual Industrial Relations Section

12. Prohibition of employment of minors under 13 years of age shall be adjusted to the age of 15. (Labor Standards Act, Art. 50)

√ 13. Rules to protect part-time employees shall be introduced in the Labor Standards Act. (More details will be discussed by a Special Committee and legislated as a government decree within 6 months.)

√ 14. Scope of application of the Labor Standards Act shall be expanded to a business or workplace with four or less employees. (for further discussion on this matter, a Special Committee will be established within the Commission.)

B. Issues that have reached partial agreement

15. Dispute on interpretation of collective bargaining shall be judged by the Labor Relations Commission.

16. Articles related to the responsibilities of guidance & supervision of the trade union shall be introduced to ensure legal acts of dispute.

17. For flexible management of working hours, several devices shall be introduced.

18. Restrictions on night, overtime and holiday work for women shall be eased.

19. In order to promote participation and cooperation of workers, issues to be discussed and agreed upon between labor and management shall be expanded and introduced in the Labor-Management Council Act. Also a legal foundation to share managerial information between the labor and management shall be established in the Labor-Management Council Act as well.

C. Issues to be further discussed

Multiple Trade Union System

20. With consent to the basic idea of which the workers' right of association should be further guaranteed, the members representing labor, management and the public share the concern of inter-union conflicts and disputes among unions that will possibly follow the introduction of a multiple union system due to the short history of Korean industrial relations. Also an intensive discussion is underway establishing reasonable bargaining unit.

21. Labor insists that the establishment of multiple trade unions should be permitted at all levels of union activity including the enterprise level. Although management acknowledges the necessity of law revision regarding the principle of free association, it demands correction of several unreasonable customs such as employer's paying wages to full-time shop stewards, as a precondition of introducing the multiple union system.

22. The public members propose complete permission of multiple trade unions, preconditioning an exclusive bargaining representative. The public members also propose interim measures which permit multiple union's full access to upper-level associations but restrict access to enterprise-level association for a certain period of time.

23. Nation-wide attention is being paid to these issues and consequently, it is expected that further improvement can be made compared to present labor laws.

Public Officials and Teachers' Rights of Organization

24. The public members propose the permission of association of public officials of grade 7 and below and technical officials and implementation of the regulation in the year 2000.

25. On the other hand, labor demands the permission to establish trade unions for public officials of grade 6 and below except for police and military officers.

26. Two alternatives on teacher's right of association are under discussion : the public members suggest permitting teachers the right to establish a teachers' trade union, and to bargain collectively as well as establishing Mediation Service for Teachers' Labor Disputes. (at present, "Korean Teachers Federation" is the only representative teachers organization. However, labor maintains its standpoint to request full guarantee of three labor rights or to accept restrictions on collective activity as applied to public services.

Protection of Legitimate Acts of Dispute

27. Regulation prohibiting the intervention of a third party is now under careful consideration for abolishment by the members of labor, management and the public.

28. However, in order to protect legitimate labor disputes, a new regulation is under positive consideration to prohibit anyone with no direct employment relationship with the workplace concerned from manipulating or instigating the parties concerned to participate in illegal acts of dispute.

Enhancing Flexibility of Labor Markets and Working Hours

29. Introduction of systems concerning flexible working hours, dispatch of workers and dismissal for managerial reasons are under active consideration by the Commission.

30. Although the systems are supported by management and the public, labor strongly opposes the systems due to the risk of deterioration of working conditions and employment insecurity. Further discussions will continue on this matter.

III. Future Plans

31. During the general meeting on 23 September 1996 (8th session), it was agreed that some core controversial issues need to be further discussed and, therefore, the next meeting will be held on 1 October 1996.

32. The Commission changed its original schedule and decided to prepare its final revision proposal by the beginning of October and submit it to the government. Despite disagreement among labor, management and public members, the Commission has reaffirmed to do the utmost to find a common denominator reflecting public expectation.

33. As soon as it receives the revision proposal from the Commission, the government will immediately proceed to revision of labor laws according to the legislative schedule of the National Assembly.