

**Interview for KLI ‘International Labor Brief’ with John Evans, TUAC
September 2003**

1. How does TUAC function as the interface for labour unions with the OECD and what are TUAC’s current priorities?

The Trade Union Advisory Committee (TUAC) to the OECD is an international trade union organisation which has consultative status with the OECD and its various committees.

TUAC's origins go back to 1948 when it was founded as a trade union advisory committee for the European Recovery Programme - the Marshall Plan. When the OECD was created in its current form in 1962 as an intergovernmental economic think tank, TUAC continued its work of representing organised labour's views to the new organisation. The OECD is now changing again, taking in new members and becoming the forum for intergovernmental discussions on globalisation. TUAC's role is now one of ensuring that global markets are balanced by an effective social dimension. Through regular consultations with various OECD committees, the secretariat, and member governments TUAC coordinates and represents the views of the trade union movement in the industrialized countries. It is also responsible for coordinating the trade union input to the annual G8 Economic Summits and employment conferences.

TUAC's day to day work involves meeting with the OECD secretariat, committees and member governments to make them aware of the views of the trade union movement on the issues on the OECD's agenda. At the same time TUAC briefs affiliates on a regular basis on the work under way in the OECD, coordinates policy statements on major areas of interest and evaluates the outcome of OECD meetings and publications. The TUAC secretariat is frequently called on to make presentations to meetings or Congresses of affiliates and other international trade union organisations. This process enables the trade union movement to have access to the intergovernmental policy debate and at the same time allows policy makers to have dialogue with the Social Partners. Given the growing impact of globalisation on working people and their families and the realisation of the need for participatory strategies by governments for all the stakeholders in market based economies, this dialogue is more important than ever.

TUAC normally has consultations with the Bureaux of OECD Ministerial meetings where statements are submitted. Trade union presentations are also made to the OECD in the course of consultations with different OECD Committees. There is also an annual meeting with the OECD Liaison Committee for Non-Governmental Organisations, which is made up of members of the OECD Council. TUAC representatives now also participate in some OECD Committees or Working Groups as active observers.

Issues that we are working on currently include unemployment and job creation, the enforcement of the OECD Guidelines for Multinational Enterprises, corporate governance reform, application of core labour rights, and sustainable development.

In all of this work TUAC works in close co-operation with our affiliates and our global union partners – notably the International Confederation of Free Trade Unions and the Global Union Federations.

2. How is TUAC organised and how do you cooperate with the affiliates, the national trade union centers in the OECD member states, especially the two Korean affiliates the FKTU and KCTU?

TUAC is made up of national trade union centres in the 30 OECD countries. We currently have 56 member organisations representing some 68 million workers. The FKTU and the KCTU joined the TUAC as formal members in 1997 a few months after Korea became a member of the OECD. However we had already had a strong working relationship with Korean trade unions for some years before that, in fact going back to the democratic elections in Korea in 1987.

The formal decision making body within TUAC is the Plenary Session, which meets twice a year (April/May and November/December). All TUAC affiliates and the representatives of the international trade union organisations are invited to attend, and normally around fifty union Presidents or General Secretaries, International Secretaries and Economic or Research heads attend. Both the FKTU and the KCTU have taken part in recent Plenaries. The Plenary Session discusses and approves major policy statements, discusses the work programme and priorities, it also sets a budget and affiliation fees through which we are financed and elects TUAC Officers.

The current president of TUAC is John Sweeney, President of the AFL-CIO (USA). And vice-presidents come from Belgium, Denmark and Japan. We have a small secretariat of 6-10 staff at the TUAC office in Paris.

We also have Working Groups on Economic Policy, on Global Trade and Investment, and on Education, Training and Labour Market Policy. The Working Groups prepare TUAC positions for both the Plenary Session and for consultations with the OECD. They are open to all affiliates, the international organisations and TUAC "partner" organisations. In addition a range of ad hoc meetings are held under specific areas being considered by the OECD. On average some four hundred trade union representatives take part each year in different TUAC and OECD meetings mostly at OECD headquarters in Paris. For example Korean trade unionists have regularly participated in our consultations with the OECD's Employment, Labour and Social Affairs Committee (ELSAC).

There is also an OECD Labour/Management Programme, partially financed by the OECD, which serves as a forum for pre-consultations between trade union and management experts on matters that eventually come up in the OECD's programme of work. We have also organised under this programme meetings with trade union representatives from non-member countries for example over the last two years on NEPAD, the OECD Guidelines and OECD Development Assistance policy.

We regularly organise seminars in individual countries. Over the last decade we have held a series of workshop in Seoul jointly with our Korean affiliates and with the support of the Friedrich Ebert Foundation Korea Office. These have been on the social dimension of globalisation (1995), trade unions and globalisation (1997), industrial relations reform in Korea, (1999) and the OECD Guidelines on Multinational Enterprises (2002).

3. The OECD, as an inter-governmental think-tank of the industrialized countries, plays an important role guiding the world global trade and investment in the growing impact of globalization. How is TUAC involved with the issues of global trade and investment?

We work particularly closely with our global union partners and notably the ICFTU in developing the international trade union position on trade and investment issues. There is not a separate industrialized country trade union view from that of developing country

unions. We have participated in the international trade union delegations to the successive WTO Ministerial meetings and were present in Cancun as we had been in Doha and Seattle. In short we have been calling for an effective “social dimension” to the global market. We bring the international trade union views to the OECD in the discussions of the Trade Committee and on investment to the OECD Committee on International Investment and Multinational Enterprises. On trade we have encouraged the OECD to work on trade and labour standards and made substantive inputs to the OECD studies published in 1996 and 2000 as well as their work on the economic effects of child labour. We are urging them now to work closely with the ILO in the follow up of the ILO’s World Commission on the Social Dimension of Globalization report to be published in 2004. The TUAC President John Sweeney is a member of the Commission. We also work closely with NGO’s to seek to get effective sustainable development criteria attached to the OECD countries export credit guarantees.

On investment we were engaged actively in representing trade union views to the OECD on the failed Multilateral Agreement on Investment. Following its demise we were involved in the negotiations to revise and develop the OECD Guidelines on Multinational Enterprises that were agreed in 2000. We now have a major project to strengthen the awareness and enforcement of the OECD Guidelines and have organised a series of workshops in OECD and non-OECD countries. TUAC has produced a User’s Guide on the Guidelines – now translated into 14 languages, including Korean and we are assisting unions raising cases with National Contact Points.

4. Globalization is causing serious challenges and adversely affecting the fundamental rights of labour. What is the most important change in labour right by challenges of globalization and intensifying competition? And what would be TUAC’s long term role in achieving the social stabilization without disrupting the mechanism of a market economy?

For the international trade union movement, the primary concern at the effects of globalisation is its potential erosion of the effective regulation or governance of markets, and its spill over effects on public services. It is not trade or investment per se, upon which many workers including many Korean workers depend on for their livelihood. We are campaigning for rules to govern global markets notably in the social area. For

example globalisation has drawn dramatic attention to the need to guarantee core workers rights on a global basis. In many export processing zones workers rights are effectively denied elsewhere there is plenty of evidence of downward pressure on labour standards – markets need a floor. The regulation of labour standards through the enforcement of certain global standards is not a “new issue”. It has been part of the response to previous waves of globalisation:- the creation of the ILO after the First World War; the Havana Charter and the attempt to create the International Trade Organisation after the Second World War. The current wave of globalisation and the negotiations in the World Trade Organisation have given the issue new focus. It is a key area where we need effective regulation, which is internationally binding.

Achieving binding regulation is still some way off. Nevertheless, the goal of effective regulation must be pursued. Achieving other goals will be difficult as long as core labour rights can be easily denied. Functioning civil society is necessary to build up a momentum for satisfactory governance of global markets. Moreover, given the fact that the world trading system has moved to guarantee the rights of intellectual property, investors’ rights, and even environmental standards, it will become increasingly difficult to deny human rights.

The agreement at the ILO in 1998 of a Declaration on “Fundamental Principles and Rights at Work” has facilitated this providing a common definition of core labour rights. The Declaration must become established in the international intergovernmental institutions – the World Bank, IMF, WTO and OECD as a system-wide standard.

Trade unions are also negotiating with or campaigning on many multinational enterprises. As already mentioned, the Review of the OECD Guidelines for Multinational Enterprises led in June 2000 to the adoption of a revised set of Guidelines with an enhanced implementation mechanism. Governments are required to establish National Contact Points to enforce the Guidelines and some 50 cases of non-observance have now been raised – the majority concerning employment and labour abuses. We are campaigning to get both companies and governments to take their responsibilities seriously and get these cases resolved. The Korean National Contact Point also needs to be more serious in their efforts to resolve cases concerning Korean companies. Several cases have arisen with Korean clothing companies not respecting the rights of workers in their plants in developing countries to join unions. Some of these cases are now being resolved but not due to action by the Contact Point.

5. *Many European members of the OECD are also the EU member states, and they are incorporating the EU-level social and employment policies and regulations into their national laws and workplace systems. And we assume that this must have a certain effect on OECD discussions on social dimension and vice versa. How is the mutual efforts to expand cooperation between the OECD and the EU going on?*

The reappearance of rising European unemployment and a difficult economic situation in the Euro zone, even though mainly due to macro-economic factors, is in danger of stalling progress on the European Social Dimension. If the “social agenda” is to progress, the battle of ideas has to be won to show that it is possible to manage change in firms, industries, regions and labour markets in socially equitable way. A “model” of industrial organisation has to be advanced which is both competitive and socially acceptable. OECD countries have to restructure on the basis of a high set of labour standards not on the basis of a low wage model of development.

Within the OECD, there are two quite divergent analyses of labour markets which have crystallized in the debate over European unemployment. The conventional “neoclassical” wisdom of many of European Finance Ministries and Central Bankers in OECD countries is that the origin of the problem lies in the inability of the labour market to adapt to macro economic shocks over which governments now have little control. The focus of policy is therefore to reduce “natural” rates of unemployment through a search for labour market “flexibility”. This has been behind the recommendations in the OECD Jobs Study to decentralize collective bargaining systems; remove administrative extensions to agreements; weaken minimum wage regulation; and to use competition in product markets to keep downward pressure on nominal wages. Restriction of unemployment benefits goes in the same direction.

However, there is strikingly little practical support for many of the policy elements described and short of “something turning up” little confidence can be given to such policies reducing unemployment through high-quality employment creation. The “unemployed poor” risk being transferred into “working poor” with the same social consequences. These doubts were echoed by the OECD itself in the successive OECD Employment Outlooks which honestly review the evidence on wage dispersion, employment protection and employment creation. Moreover, countries as such as the Netherlands, Ireland and Denmark have all succeeded in combining strong economic

performance and equity by not following the US model. It is also significant that recent meetings of OECD and G8 Labour Ministers have now recognized the problems associated with low paying jobs and poor job quality.

The OECD Jobs Strategy is now to be reassessed and we hope that it can develop a new synthesis between EU and OECD policy recommendations.

6. After becoming a member of the OECD since 1996, Korean government and social partners are closely connected with TUAC and have discussed and consulted with TUAC on Korean labour issues. What is TUAC's opinion regarding the current state of industrial relations in Korea?

The priority for industrial relations must be to build an industrial relations system that can manage and reduce conflict. The essential foundation for this must be the reform labour law to bring it into line with the internationally recognized labour rights of Freedom of Association. Progress has certainly been made since the days of military governments in South Korea when unions were treated as threats to “National Security”. TUAC welcomed the legalization of teachers unions and the KCTU in 1999 and the reform in the legislation on third party intervention in industrial disputes. However in the last five years up to 2003 more than 800 unionists were imprisoned. The vast majority of these arrests were for “conspiring to interfere in business” or workers in the public sector trying to organize trade unions which remains largely illegal. The President of the KCTU, Dan Byung-ho was only released earlier this summer after he had served his two year sentence. This is not acceptable as industrial relations practice in any OECD country. President Roh to his credit gave an amnesty to imprisoned trade union leaders when he came to power. However the current labour legislation remains the subject of repeated criticisms by the International Labour Organisation for failing to guarantee basic rights of Freedom of Association. Korea also remains under a monitoring process at the OECD but still has not fulfilled its commitment it gave on joining the OECD in 1996 “to reform its existing laws and regulations on industrial relations, to bring them in line with internationally accepted standards, including those covering basic human rights such as freedom of association and collective bargaining”.

Respecting basic workers rights is a condition for the establishment of functioning industrial relations in Korea. The remaining violations of freedom of association and the

resort to imprisonment of trade unionists undermine support for the law and prevent the development of trust which is essential to the creation of a stable industrial relations system which can manage and minimize conflict and encourage the social consensus necessary to the continued restructuring of the economy.

7. The OECD has been monitoring Korean labour and social policies since 1996 and kept asking Korean government for reform. What is the most urgent and essential issue that Korean government should pay attention to and try to settle with out delay to build modern industrial relations system in Korea?

In July this year the General Secretary of the ICFTU and myself wrote to the ILO and the OECD asking them to work with the government of Korea to establish a timetable so that by the end of 2004 Korea would be in a position to conform to the Freedom of Association standards of the ILO. Most importantly the government should: ensure that all public servants fully enjoy the right to establish and join trade union organizations of their own choosing; take all possible steps to speed up the process of legalizing trade union pluralism; ensure that the payment of wages by employers to full-time union officials is not subject to legislative interference; amend the list of essential public services so that the right to strike may be prohibited only in essential services in the strict sense of the term; and bring section 314 of the Penal Code (obstruction of business) into line with freedom of association principles.

8. Many point out that Korean labor market, especially regarding the layoffs, is too rigid and lacks flexibility in international comparison. Do you agree with this opinion? And what is your view on balancing the flexibilization of labour market and improvement of working condition?

Even though layoff regulation for large firms in Korea is stricter than in most OECD countries this has to be viewed against the fact that until recently systems of social protection in Korea have been virtually non-existent. When the job is lost there is no social safety net, there is little unemployment insurance and little in the way of retraining provision or job placement. So it is not surprising that workers have been resisting changes to employment protection legislation. The priority must be to develop and improve training and active labour market policies and an effective social safety net if a

socially acceptable form of labour market mobility is to be developed.

9. *China, of course not yet a member of the OECD, but after joining the WTO, China caused a great deal of change in the global trade system and trade and labour standards. Is there an official reaction in the TUAC to the increasing consequence of China?*

The pressures created by China's very low labour costs based on the suppression of core labour rights are particularly serious for developing countries. This reinforces the international trade union movement's arguments for WTO members to be obliged to respect core labour rights as defined by the ILO. Some movement appears to be taking place in China on forced (prison) labour - issues that are covered by WTO disciplines. However abuses of freedom of association are increasing. With the scale of economic change China is undergoing, labor conflicts are appearing more and more frequently and ultimately the authorities will not be able to stifle these with repression and reliance on state controlled unions. Mechanisms of industrial relations based on freedom of association and collective bargaining are the only solution. In the meantime many TUAC affiliates are engaged with OECD based companies investing in China to work on the observance of the OECD Guidelines of Multinational Enterprises.

For Korea, Chinese competition requires a strategic choice to be made because of the changing strategies of firms in the global market. Some firms are trapped in old production systems having to compete in an ever tougher global market with low wage competition from China. Increasingly it is not the firms themselves, which have to compete but the workers bidding for their jobs with the same employers. On the other hand there are firms who have shifted to new forms of work organisation in which a high premium is given to the flow of knowledge and innovation. These "high skill - high trust" organisations compete in a different and clearly more benign world than their mass production rivals.

The policy implications of this are that governments or indeed regional authorities can move their economies onto higher growth paths by encouraging technological diffusion, innovation, "good practice" management techniques and the development of appropriate infrastructures for the "information society". "Learning societies" and knowledge-based firms are the key to success. In this scenario labour market deregulation is not a central issue. Internal functional flexibility of workers in line with

changing work organisation is much more important to firms. Flexibility to “hire and fire” looks at best irrelevant and at worst could encourage the low wage/ low skill route to competitiveness. The challenge for Korea in my view is how to move onto a “high route” to competitiveness. The legislation on Special Economic Zones passed this summer to my mind is a move in the wrong direction in terms of competition with China.

10. What is your experience, working with the unions and representing the unions at TUAC? There must have been difficult situations and problems, how did you and TUAC manage to come over?

The world has changed fundamentally since I started working at TUAC in the late 1980's. The OECD is no longer a sort of “economic NATO” it is rather a group of countries with similar values and economic and social structures working in dialogue with other major players in the world economy. The appearance of new democracies has been a force for good and trade unions have been at the forefront of democratization – whether in Poland, South Africa, Brazil or indeed Korea. Working with those trade unionists has been very positive experience. As seen much still remains to be achieved on human and trade union rights as indeed remains to be done to fight poverty and create jobs. Working with our affiliates to develop common policy has not always been easy particularly when globalization's impact on jobs or investment decisions may seem to pit workers' interests in different countries against one another. At times this means going back to basic union principles of solidarity and enlightened self-interest to reach agreement. But always we have managed to go beyond the lowest common denominator of policy. The challenge for the future is to get real synergy between action at the national and international levels so that international trade unionism becomes the force capable of rebuilding social justice in a globalizing economy.