



Korea and the OECD

KOREA AND THE OECD

**The Social Dimension
of
Economic Integration**

March 1996

FOREWORD

The Republic of Korea is the first of the Dynamic Asian Economies to apply for membership of the OECD. In view of the importance of this event, both to the OECD and Korea, and in view of the importance of Korea as a «role model» for other countries in the Asia/Pacific region, the TUAC held a seminar on «The Social Dimension of Economic Integration:-International Standards in Labour Market and Social Policy» in Seoul on 13-14 September, 1995. The seminar was organised in collaboration with the Asian and Pacific Region of the International Confederation of Free Trade Unions (ICFTU-APRO), the Federation of Korean Trade Unions (FKTU) and the Friedrich Ebert Foundation (FES) from Germany. The FES generously sponsored a large part of the event.

The «open market economy» aspect of OECD membership has received much attention. However OECD countries have also up to now been open civil societies which have respected basic labour rights. The seminar provided an opportunity for the Korean trade union movement to have a more extensive dialogue with the TUAC and the OECD on social aspects of global economic integration, on labour standards in an open pluralist society, on policy instruments and trade union strategies vis-à-vis globalisation, and, not least, on the implications of economic globalisation for labour market and social policy. The seminar also examined the implications of Korean membership of the OECD for trade unions.

The more than 100 participants at the seminar included trade union representatives from Korea, selected OECD countries and the Asian countries with which the OECD has engaged in a policy dialogue; representatives from Korean government research institutes; the OECD secretariat; the ILO; Korean and OECD government and employer organisation representatives; representatives from multinational companies; and academics.

Part I of this report reproduces the background documentation for the seminar. Part II contains the seminar proceedings. Part III reports on the renewed repression of trade unions that has taken place since the seminar and the reaction of the international trade union movement and some parts of the international community.

TUAC has repeatedly said that Korea must reform its labour legislation to bring it into line with the basic ILO standard of Freedom of Association before it can join the OECD. OECD Ministerial Councils have defined the common

standards of the OECD as pluralist democracy, a respect for human rights and a market-based economy.

Between the seminar in September 1995 and the time of publishing this report (March 1996) the trade union rights situation in Korea has taken another dramatic turn for the worse. Rather than embark on a programme of labour law reform to bring it into line with fundamental ILO standards, the Korean authorities have embarked on a new wave of repression of the independent Korean trade unions.

The leadership of the newly formed Korean Confederation of Trade Unions was arrested in November 1995 on the grounds of having broken labour legislation banning «third party intervention» which itself has been condemned by the ILO as in breach of the principles of Freedom of Association.

The Republic of Korea now faces an historic choice. It can either remain locked in cycles of conflict and repression brought about by the enforcement of labour laws dating from past military regimes. Or it can reform its labour legislation and free imprisoned trade unionists, respecting its commitment to the ILO and easing its entry to the OECD. Korea has little to fear and much to gain from this latter policy.

John Evans
General Secretary
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PART I

BACKGROUND PAPER

THE SOCIAL DIMENSION OF ECONOMIC INTEGRATION: INTERNATIONAL STANDARDS IN LABOUR MARKET AND SOCIAL POLICY

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This paper is divided into four sections following the four main sessions of the seminar:-

- I. *Global Economic and Social Integration - Asia and the OECD*
- II. *Pluralist Democracy and Economic Development: Korea and ILO Standards*
- III. *Trade Union Response to Globalisation*
- IV. *Labour Market and Social Policies*

I - GLOBAL ECONOMIC AND SOCIAL INTEGRATION: ASIA AND THE OECD

Introduction

The theme of the World Bank's 1995 World Development Report is «Workers in an Integrating World». This is itself significant, reflecting both the processes of globalisation and regionalisation of production that are taking place and the direct impact of these processes on workers and their trade unions. Increasingly trade unions are finding that in their relations with governments and in their relations with the employers, their actions are likely to be constrained by the international situation far more than was the case during most of the post-war period. With regard to government action whether it be in setting tax rates, economic policy management, interest rate policy or exchange rate policy, international constraints are increasingly cited as reasons for the inability of government to fulfil the tasks that trade unions naturally look to it to fulfil. With regard to the employers, their attitude to labour unions generally including attitudes to union recognition, their policy towards labour costs and their attitude to technological change and work organisation are again increasingly dictated by international competitiveness and international trends.

At the same time the profound political and social changes brought about by rapid Asian economic growth are grounded in its changing orientation to, and the nature and composition of its trade and investment patterns, both with the OECD and intra-regionally. The following summarises these trends and provides the basis on which to understand the policies that TUAC believes are relevant to enable workers and their families to share in the gains from global trade and investment patterns.

Changing OECD/Asian Trade

Overall, world trade growth has outstripped world output growth for much of the postwar period, though the gap narrowed in the 1980's. Whilst intra-OECD trade still accounts for approximately 75 per cent of total trade, changes in the composition of world trade are occurring. For example, in the period 1987-1992, OECD exports to Asia grew almost twice as fast as intra-OECD exports, while Asian intra-regional trade has flourished - and the sectoral composition of trade has changed with the focus shifting away from trade in primary commodities towards manufactures.

Looking at trade in manufactures the following trends have emerged. Overall, imports of manufactures to the OECD have increased 37-fold since 1970, reaching \$ 365 billion in 1992, while exports to the non-OECD have grown more than tenfold to \$ 513 billion. Thus, while the non-OECD share of OECD manufactured exports stood at almost the same level in 1992 as in 1970, its share of OECD manufactured imports has risen quite significantly over the period (for reference, see OECD 1995a).

OECD imports from non-OECD have grown much faster than intra-OECD imports (though overall market share is still under 5 per cent): the share rising from 7.5 per cent in 1970 to almost 20 per cent in 1992, with a significant proportion emanating from the Asian region. In terms of OECD exports, though the overall level has remained unchanged since 1970, the share going to the Dynamic Asian Economies (DAE's)¹ more than doubled. The trade balance reflects this changing composition of trade: while the OECD trade balance with non-OECD remains in surplus, it now runs a deficit with the DAE's (except Hong Kong). The most pronounced change is with China, whose manufacturing exports to the OECD rose 35 per cent between 1985 and 1992, and who now enjoy a trade surplus of some \$ 35 billion with the OECD. Interestingly, these trends have not translated into a proportional rise in import penetration into the OECD, due to the shift of certain labour intensive activities away from the DAE's towards China and other lower wage economies. Moreover the

¹ South Korea, Taiwan, Hong Kong, Singapore, Thailand and Malaysia.

OECD figures disguise a large Chinese trade deficit with Japan and surplus with the United States.

In the decade 1981-1991, export growth in commercial services outstripped that of merchandise exports by 2 per cent per annum, and in 1991 their share of total world exports stood at 21 per cent. Though OECD economies account for over 80 per cent of world trade in commercial services, DAE's rank among the leading 25 exporters.

In terms of intra-regional trade patterns, the largest increase has been amongst the Association of South East Asian Nations (ASEAN) whose share in total trade rose from 14.7 in 1970 to 18.5 per cent in 1990. The most marked increase has been on the import side, where imports from other Asian NIE's rose from 5.9 per cent to 21.4 per cent of total imports, reflecting the large increase in Asian intra-regional FDI, followed by an inflow of capital goods, materials, parts and components.

Trends in International Investment

In terms of investment, capital flows can be broken down into four major components: official development finance (including ODA grants and loans and other official flows), commercial bank lending, FDI, and portfolio investment. In recent years, the increase in private flows has greatly exceeded that of official flows, and growth of FDI and portfolio flows has greatly exceeded that of commercial lending.

Looking at the financial linkages between OECD and the region, since the mid-1980's the powerful resurgence in private flows have mainly been concentrated in Hong Kong, South Korea, Malaysia, Singapore, Taiwan and Thailand. These flows have been heavily dominated by portfolio investment (largely bonds and equities) and FDI, with syndicated bank loans playing a subsidiary role. Korea was the largest recipient of portfolio investment (OECD 1995b).

Global Foreign Direct Investment (FDI) flows grew rapidly in the 1980's, stalled in the early 1990's (due to the OECD recession) and have since grown in 1993 and 1994 to reach an estimated \$196 billion. The bulk of FDI has taken place between OECD countries although the striking feature of FDI outflows to non-OECD economies is its concentration in only a handful of middle to high income developing countries. Incomplete figures for 1993 suggest that China alone took in 40 per cent of the non-OECD country total with Singapore also attracting a relatively high percentage. Furthermore, the trend appears to be towards greater concentration not less: in addition to China and Singapore, Malaysia, Thailand and Indonesia attract the lions share of OECD FDI.

Another feature of non-OECD FDI is its intra-regional nature. Taiwan and the Republic of Korea are now net overseas investors and have begun to invest directly in OECD economies. Seventy per cent of investment in China originates from Hong Kong, although it is difficult to assess how much of this is new investment given that «round-tripping» is said to occur, whereby Chinese enterprises are said to be exporting capital and bringing it back into China to secure the favourable tax treatment offered to «foreign» investors. The Asian share of Japanese FDI is growing: Asia attracted 21 per cent of Japanese outflows in the first half of 1994, up from only 12 per cent in 1989, a growing share of which is in manufacturing. China is reported to be a growing recipient of Japanese FDI.

The sectoral composition of FDI has been changing over the past decade with a marked shift from manufacturing to services. This in part reflects the growth in deregulation and privatisation of many services - public utilities, transport, telecommunications and financial services - in certain countries. With respect to financial services, the FDI flows bear a close relationship to the rapid growth in cross-border portfolio investment, as brokerages, investment banks and other financial institutions position themselves in major emerging markets.

The growth of Foreign Direct Investment has been driven by the removal of national restrictions on foreign investment, the development of international capital markets, the growth of regional trade agreements and the spread of telecommunications and information technology. As a result ownership and control are becoming separated from national origin. An increasing proportion of national economies are under foreign ownership and control. Employment by foreign enterprises is typically between 10% and 20% of a nation's manufacturing workforce (while in Ireland it reaches 45%). The very definition of what is a national company often becomes blurred as assets, ownership, and production are spread across countries, while the origin of products is often difficult to determine. New management techniques are implanted into traditional systems.

The strategies that multinational enterprises adopt in order to cope with rapid technological change and to compete mean that industrial activities are becoming more globalised than shown by FDI figures. They are characterised by the development of international networks of collaborating firms, the pivotal role of foreign direct investment, new patterns of international sourcing of production inputs, and by the wide geographical dispersal of activities. Firms form a variety of links across the globe such as cross-shareholding, joint ventures, licencing, mergers and acquisitions, common R&D facilities, inter-firm agreements. Foreign trade no longer means competitive, arms-length trade but increasingly intra-firm trade or international sub-contracting.

The forthcoming negotiations in the OECD and ultimately the World Trade Organisation of a Multilateral Agreement on Investment are designed to establish a set of multilateral rules underpinning this system. The implication for trade unions and their response is set out in Section III.

International Migration and the Changing Nature of Integration

A different facet of increasing interdependence is the international migration of workers. Large-scale migration occurs mainly between countries in the same region or peripheral to the region, and particularly when some but not all countries of a region have higher employment growth and living standards. According to World Labour Report, over 300,000 workers in the Asia Pacific region are on the move each year to labour shortage countries like Japan, Korea, Taiwan, Hong Kong and Singapore. Half of them are illegal. In common with migrants the world over, they do the work which is dangerous, difficult and dirty.

A different type of international movement of labour is now being brought about in the wake of multinational investment. There is a growing trend of transborder movement of «key personnel», brought into local plants to undertake technical or management tasks. In areas of senior management this may produce serious problems due to lack of familiarity with local labour relations.

The process of integration is changing. It is no longer solely economic but includes social and cultural linkages which pervade civil society. Through the media, communication and tourism people know more about other countries and their characteristics beyond simply buying and selling products. More countries and more dissimilar countries are becoming integrated. Until quite recently, interdependence involved mainly the OECD countries (North America, Western Europe, Japan, Australia and New Zealand) and it is still the case that these countries plus the DAEs account for about 75% of world output and about 80% of world trade. However, many of the countries becoming involved in this global system have marked differences in economic and social structures. OECD countries look relatively homogenous when compared to newcomers into the world economy, from the point of views of:- demographics (OECD countries have a static and ageing population); occupational structure and living standards (services and high value added jobs predominate in OECD countries); and the stock of infrastructure (OECD countries have accumulated high stocks of infrastructure in transport, buildings, energy and urban services). These examples exclude Mexico and Turkey and are gross generalisations; nevertheless, interdependence is resulting more than ever before in the integration of countries with very different economic and social structures.

In addition to global interdependence, economic integration is becoming regionally concentrated in North America, Latin America, Western Europe and the Asia-Pacific and, in those regions, institutional arrangements are being developed. There are over 30 active regional integration arrangements (eg European Union, Association of South East Asia Nations, North America Free Trade Area, Asia Pacific Economic Co-operation, Mercosur). The term «regional integration» covers a spectrum of very different arrangements. These range from informal market-led developments, free trade areas, customs unions, to a common market, and a full economic union in which not only trade and factors of production flow freely but also economic and social policies are harmonised. The Asia-Pacific region is market-led integration whereas NAFTA is essentially a free trade arrangement, MERCOSUR a customs union, and the European Union aspires to economic and ultimately political union. For European trade unions the development of a parallel social dimension is a key issue. In those cases where integration is taking place without a formal arrangement, the governments of the countries involved are seeking ways of institutionalising the process - even if only to provide a forum for solving common problems or to harmonise procedures.

A «Social Charter» for Asia

The developments in the Asia-Pacific region have attracted particular attention both because of the speed of integration and because of the rapid economic growth in the Dynamic Asian Economies. Up to now the formal discussion of the interlinkage between economic and social issues has not featured in international discussions. The Asian and Pacific Region of the ICFTU has drawn up a Social Charter for Asia.

TUAC has taken the view that there are five reasons why the social «agenda» must be addressed are:-

- Firstly, the people of Asia are now demanding social change after the last three decades of rapid industrialisation. In Japan a generational change is taking place. Young people no longer have the same attitudes to work, leisure and authority that their parents had. Working people in Korea and Taiwan have shown in recent years that not only are they very capable assimilating high levels of education and skill but they also see no reason why they should accept authoritarian social structures and denial of democratic rights.
- Secondly, the denial of political and social freedoms are now factors causing political instability and hence are having a negative influence on economic growth. In South Korea the pressures built up under the military government led to the «top blowing off of the system» in 1987. In China at the moment the contrasts between the rapid

economic growth and the authoritarian political institutions risk leading to major instability.

- Thirdly, there will be a social reaction against open trade with the Region if human, including trade union rights, continue to be denied. Workers in other OECD countries will resist more liberal trade unless there is a «level playing field» when it comes to trade union rights.
- Fourthly, multinational companies are having to make decisions about the model of industrial relations that they follow in their foreign plants. The Japanese industries through Keidenren have begun to discuss the social models which companies are «exporting» to the region. Korean companies are a major force as discussed in Section III.
- Fifthly, the growth of mass markets in the region will require expansion of democracy and not the benefits of growth being restricted to a small elite. Economic liberalisation will only work if there is political liberalisation.

II - PLURALIST DEMOCRACY AND ECONOMIC DEVELOPMENT: KOREA AND ILO STANDARDS

The process of globalisation is changing the OECD as an institution. Work with non-Member countries and dialogue with countries that wish to join the OECD has become a central part of the OECD's work programme. Since 1989 more than 30 non-OECD economies have both formally and informally expressed interest in some form of participation in OECD work or membership. A growing number of Committees now include joint activities with non-Member countries in their programme of work. Observer status as well as full membership in OECD Committees and Working Groups has been granted to some non-Members. TUAC has sought in parallel to develop its links with democratic trade union organisations in Central and Eastern Europe and in Asia through the organisation of seminars and through participation of trade unionists from these countries in TUAC delegations at OECD meetings. Cooperation with relevant international and regional trade union bodies such as the ICFTU and its APRO has also been intensified.

In 1990, the OECD Ministerial Council for the first time set out the common features of OECD countries. In a general policy statement, OECD ministers prominently mentioned «the basic values which are common to the OECD countries: pluralistic democracy, respect for human rights, and a competitive market economy». The 1992 OECD Ministerial Council restated these basic principles as the common ground of «like-minded» member countries.

A crucial element of the OECD model of economic development is that

economic changes can only succeed and endure if based on a solid foundation of social consensus and pluralist democracy. Free and independent trade unions are an essential part of and active players in this process. TUAC's central concerns have focused on the issue of implementation and respect for core labour standards and notably the basic rights of freedom of association and rights to collective bargaining as indicated in ILO Conventions 87 and 98. Although industrial relations traditions differ, the crucial point is that modern, complex, democratic industrial society has need of an industrial relations system which allows differences to be resolved in a predictable and acceptable manner. This is an important mechanism of social adjustment.

Labour and trade union legislation normally provides for the right to organise and bargain collectively with the necessary information to conclude an agreement with the management responsible for taking decisions. Consultation between management and union is legally required on most health and safety issues. ILO Conventions codify internationally agreed rights, procedures and standards which constitute the basis necessary for an industrial relations system to function. They are equally relevant to the richest, most industrialised countries and to the poorest, most undeveloped, to the most integrated economy and to the most isolated. As civil institutions, trade unions in many countries have also sought to be «social partners» in discussions with governments and employers' organisations on appropriate policy for the desirable evolution of the economy and society. In this respect, trade unions play the role of opinion former. They may also enter into national agreements on key economic issues.

In extension of this role internationally, trade unions form part of the tripartite ILO and have varying degrees of status with international organisations. Within the OECD, the TUAC serves as a forum for dialogue and debate and coordination of trade union views. TUAC statements are discussed with Ministers from the OECD countries and each year with the host of the Group of Seven Economic Summit. Within the European Union and EFTA, the ETUC represents trade unions. They have a legal right to give opinions on Community legislation through the European Economic and Social Committee.

Korean Labour Situation

The period of military government in Korea prior to 1987 was one of a suppression of trade union rights. The government, as the locomotive of economic growth (OECD 1995c), pursued an export-oriented policy combined with suppression of the trade union movement, following the principle of «develop first, share later». Under the Emergency Decree on National Security

of 1972 and during the 1970s, trade unions were required to receive formal government approval before engaging in wage negotiations. In practice this meant the suppression of the right to bargain collectively. As collective action was prohibited, labour disputes usually provoked direct intervention from the government. These practices became deeply entrenched in the Korean industrial relations system. Even after the suspension of the emergency decree in 1981 and throughout the period prior to the announcement of democratisation, government interference with labour disputes was extensive. There was little room for legal union action, whether in the area of organising, bargaining or dispute settlement. Against this background, the industrial relations system in Korea has been characterized by labour-government relations as much as by labour-management relations. The role of the Korean government was one of direct intervention and control (Kim 1993, p. 8).

This situation changed dramatically with the announcement of democratisation in June 1987. A «massive growth in trade union activity» (Wilkinson 1994) in the second part of the year, was marked by two elements: a significant rise in labour disputes and an unprecedented increase in trade union membership. Increasing trade union influence and bargaining power subsequently led to improved wages and a reduction in working hours which outstripped productivity increases (OECD 1994), reflecting a process of catch-up in the social field.

At the same time, the trade union organisation rate in Korea became one of the fastest growing in the world. Between 1987 and 1990, the number of trade unions tripled and total union membership doubled.

Trade union membership in Korea

| Year | 1970 | 1981 | 1986 | 1987 | 1989 | 1990 | 1993 |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| ('000) | 0,473 | 0,967 | 1,036 | 1,267 | 1,932 | 1,887 | 1,663 |

Sources: Ministry of Labour, OECD

Since 1990, however, the number of trade unions and total union membership has continued to decline. Compared with union density in OECD countries, the current organisation rate of 14.3 per cent ranks Korea at the bottom end of trade union membership (OECD 1991). This trend seems primarily due to industrial restructuring in Korea and the changing structure of employment. Union membership has mainly been concentrated in large enterprises (KLEA 1995), with organisation rates of 55.4 per cent in enterprises employing more

than 300 workers and almost insignificant union density in small and medium-sized enterprises (0.3 per cent).

The average number of labour disputes was about 200 per year until 1986. Between 1987 and 1990, however, there were more than 7,000 in a three-year period. From 1990 onwards, this trend was reversed and the number of disputes decreased. However, dispute figures of 200-300 per year may be subject to error as cases of under- or non-reporting have shown (Wilkinson 1994).

Labour dispute occurrence in Korea

| 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 |
|------|-------|-------|-------|------|------|------|------|
| 276 | 3,749 | 1,973 | 1,616 | 322 | 234 | 235 | 143 |

Source: Ministry of Labour

Almost a third of all disputes arise over wage increases and working conditions, another third over wage delinquency, and the rest is attributable to other rights disputes, such as unfair labour practices by employers, layoffs and plant closures. Kim (1993) notes that «illegal labour disputes more often occurred in workplaces where no union was organised» (p. 19). A number of disturbing cases of extreme violence between special forces of anti-riot police and striking workers and ensuing arrests of trade union leaders have still been commonplace.

The failure to establish a sound system of industrial relations in Korea could be regarded as a result of decades of dictatorship and authoritarian regime. Today, however, the situation has moved on. Both domestic and foreign observers of industrial relations in Korea noted its inadequacy relatively to the state of economic development (*inter alia* Kim, 1993 and Wilkinson, 1994). For the years since 1987, there seems to be a correlation between a domestically perceived economic slowdown with an ensuing «competitiveness crisis» and increasing suppression of trade union rights (*ibid.*). From a trade union point of view it is unacceptable to treat trade union rights and freedoms as an instrument of economic policy. This view has been shared by the ILO Freedom of Association Committee when it commented on the Korean government's decision in 1994 to postpone amendments to labour-related legislation until 1995, arguing that «the national economy has been sluggish» (ILO, 1994, para 270).

Soon after the country became member of the ILO, Korean trade unions together with the international trade union movement filed complaints to the ILO Committee on Freedom of Association, presenting examples of violation of trade union rights in both legislation and practice. Korean labour law restricted the freedom of association and the right to organize and bargain collectively, both regarded as fundamental trade union and human rights (OECD 1995c), in particular the Trade Union Law and the Emergency Adjustment Provisions contained in the Labour Dispute Adjustment Act, but also the National Public Officials Act, the Local Government Employees Act, the Private School Act and the Public Education Servants Act (Case No. 1629, ILO 1993, ILO 1994). Arrests of trade unionists have also frequently been justified by the government in relation to National Security Law, used to allege connections of trade union activists with North Korea and to generate fear of legitimate trade union activity (Wilkinson 1994).

The ILO's conclusions expressed «serious concern» over the use of the above mentioned legislation (*e.g.*, ILO 1994), stating *inter alia* that:

- the prohibition of third party intervention constituted a serious restriction on the free functioning of trade unions and should therefore be repealed;
- the arrest and detention of trade union leaders and members for activities connected with the exercise of their trade union rights constituted a violation of the principles of freedom of association (ILO 1985);
- provisions in the Labour Dispute Adjustment Act restricting the right to strike in public enterprises should be amended so as to cover only «essential services in the strict sense of the term»;
- provisions in the Trade Union Act giving way to administrative interference in trade union's internal affairs should be amended (several articles quoted in ILO, 1994, para. 265 seq.);
- governmental pressure on almost 1500 dismissed members of the Korean Teachers' and Educational Workers' Union (Chunkyojo), namely to give up their membership in exchange for reinstatement, constituted a serious violation of freedom of association principles. The Committee therefore urged the government to ensure in the future that teachers have the right to establish and join trade union organisations of their own choice.

Finally, the Committee reminded the Korean government that while trade unions should respect the law of the land, the law should respect freedom of

association principles, and offered the technical assistance of the ILO in giving effect to its recommendations.

The striking feature of the Korean trade union landscape is its diversity, fragmentation and rapidly changing structures. The vast majority of unions in Korea are organised at company level, where collective bargaining takes place. They affiliate to national federations and regional councils which, however, have no bargaining power. There is currently one national center, the Federation of Korean Trade Unions (FKTU), which is the largest trade union organisation. The FKTU was established in 1961 under military rule and is organised in 20 federations claiming total membership of 1.6 million members in 1993 (FKTU, 1993). After the reforms between 1987 and 1989, new «grass roots» unions appeared at regional level, forming the «Korea Trade Union Congress» (KTUC, Chonnohyop) in 1990. Also outside the FKTU structure, industrial federations and councils in the non-manufacturing sector formed the «Korean Congress of Independent Industrial Trade Union Federations» (KCIIF, Upjonghoewi). Trade unions of business conglomerates (Chaebol) created group federations such as the Hyundai Group Trade Union Federation or the Daewoo Group Trade Union Council. In 1993, the KTUC, KCIIF and «chaebol» unions formed the «Korean Council of Trade Unions» (KCTU, Chonnodae) with the aim to build a second national trade union center. The KCTU claims 400,000 members in 1,000 company-based unions (KLEA, 1995). In addition, trade unions in the public services sector in 1994 formed the «Korean Council of Public Service Trade Unions» (CPSTU, Gongnodae). The CPSTU's constituents are from both FKTU affiliates, KCTU affiliates and other independent unions such as the Korea Telecom Trade Union.

Despite internal ideological differences and the fragmented structure, all Korean trade unions seek genuine reforms of the labour-related laws. In addition to this, there appears to be a common objective of all union organisations, namely to overcome the restrictions and limited room for manoeuvre of company-based unions and to develop a system of industrial unions (KLEA, 1995). This would not only follow the patterns of trade union structures in many OECD countries but at the same time it could also better meet changing requirements of the labour market.

The organisational form of company-based unions may restrict trade union growth and bargaining power. This may have well suited the old «command and control» system with its traditional, authoritarian management. Or, as Kim (1993) stated, «it cannot be denied (...) that past success in Korea's economic development has taken advantage (...) of pre-modern, underdeveloped practices of the industrial relations system.» However, like in other Asian economies, the rapid pace of economic development has transformed the Korean labour market from a situation of excess labour supply to one of labour scarcity with an impressive labour shortage rate attaining

3.6 per cent in 1993 (OECD 1995d) and still rising since. This could lead to increasing labour poaching and put labour market and overall macroeconomic balance at risk. Experience in OECD countries has shown that decentralised union and pay bargaining structures have tended to generate intra-firm pay pressures, leading to wage leapfrogging and more costly bargaining systems and disputes (TUAC, 1995). In an open, civil society it is unrealistic to keep a fragmented system and at the same time expect trade unions to take account of national-level issues such as employment/unemployment and inflation.

Despite the apparent decline in the incidents of labour disputes since 1990, it is significant that the rate of disputes originated by non-wage issues has been rising (KLEA 1995, quoting a survey made by the Korean Ministry of Labour). Many strikes in the most recent years were seemingly generated by government and management failure to adequately respond to workers' demands for social and political reform. As Korea is moving towards a more open economy and is seeking OECD membership, tense labour relations may continue to damage the image and attractiveness of the country as an industrial location for foreign investment as invoked by headlines in the Financial Times in 1994 (*inter alia*, Lucas 1994).

The Korean Ministry of Finance recognizes the problem in a publication which is destined to inform foreign investors of the regulatory framework and the socio-economic conditions in the country (Ministry of Finance, 1994). The «Guide to Foreign Investment in Korea» offers assistance in «labor and management relations» and in particular states: «Inconsistent and unreasonable labor related laws and practices will be improved to advanced country levels on a step-by-step basis. Efforts will be made to gradually conform to the international labor standards such as those of the OECD. Gradually improve Korean-style labor practices to the level of international standards.» (p. 40) With this plain acknowledgement at hands, the international credibility of the Korean government will be measured at its willingness and ability to implement the long-announced labour law reform.

III - TRADE UNION RESPONSE TO GLOBALISATION

Globalisation has undoubtedly many economic advantages but it has increasingly brought about a loss of economic sovereignty. As seen in Section I national economies have become more and more inter-linked through globally acting businesses. It is now difficult for national governments to act in isolation. The more national economies are integrated in regional or world markets the more limited the scope for national economic policies has become. Consequently, governments everywhere are adopting policies that appeal to international investors and the financial community. For some economists this situation is highly desirable as it is assumed that financial

markets are the repository of wisdom. However, there are many examples of «market failure» in the real world and to counteract these governments may have to coordinate their policies far more effectively than hitherto. Many trade unions fear that an international competitive race for international investment is taking place that risks to increase the downward pressure on wages, to further loosen social security and employment protection and to further deregulate labour markets in the advanced industrial countries of the OECD. For many people globalisation is synonymous with job displacement, unemployment and insecurity, not with expanded opportunities and rising living standards. Interdependence which reduces social provision also reduces the means to cope with the risks and market failure of interdependence.

As the nature of the global economy has changed so has the trade union movement adapted its working methods and policies. The premise underlying this work is that workers facing the opportunities and challenges of globalisation must be afforded basic standards and rights. These should be designed to both protect workers and offer a springboard to enable them to better adapt to rapid economic change. These basic standards apply within the OECD and beyond its boundaries.

Globalisation may mean a changed, different role for government - one in which the state encourages internationalisation of its economy by acting as the facilitator. Government as facilitator means governments, rather than firms, competing to attract foreign investment as well as trying to preserve the highest value-added activities at home. This has *de facto* become the objective of many countries and regions industrial policies. To minimise conflicts between governments, interdependence raises the need not only of policy co-ordination but also of policy convergence and, if possible, harmonisation. This would apply to all policy areas: macro-economic, industrial and investment policies, labour markets and social support.

The expression 'government as a facilitator' can be given concrete meaning in the Asian region by the adoption and implementation by governments of the OECD Guidelines for Multinational Enterprises. Agreed by the OECD as part of its 1976 Declaration on International Investment and Multinational Enterprises the Guidelines enjoy the support of government, business and labour, and should be viewed as the 'labour component' of the OECD's investment codes. Moreover, they parallel the ILO Tripartite Declaration on Multinational Enterprises and Social Policy which the signatories to the ILO are committed to implement. The Guidelines are not legally binding on MNE's, but they are expressions of policies to which governments have committed themselves and have a moral obligation to implement.

In terms of their geographical coverage the OECD supports their

implementation in all countries. A statement at this time by Asian governments that they too share this commitment to implement the Guidelines would send a clear signal of their intention to put a floor under the increasing competitive forces generated by the activities of multinationals operating within the region.

The growth in intra-regional FDI, driven by multinational enterprises, many of which are based in Japan, South Korea and Taiwan supports the need to implement the Guidelines within the region. Furthermore, as Asian based multinationals extend their sphere of operations beyond the region, as they are now doing, governments of the host countries will come under increasing pressure to exert an influence over and guide their actions in such a way that promotes harmonious employment relations.

This recognition of «rights and responsibilities» for multinational enterprises lay behind the adoption in 1973 of a set of «Guidelines for Investment Activities in Developing Countries» by a group of major Japanese economic organisations, including the Keidenren and the Nikkeiren. These guidelines were subsequently revised and updated in 1987 and include a statement on the «Establishment of Sound and Fair Labour-Management Relations». At its November 1994 Jakarta Ministerial meeting, APEC adopted a set of non-binding Investment Principles to cover Member countries. Unfortunately, a labour clause is missing from the «principles». This issue will be raised at the October 1995 APEC/ICFTU-APRO Labour Summit to be held in Tokyo. As a first step, APEC could revise the Investment Principles to include the OECD Guidelines for Multinational Enterprises.

In relation to the future work of the OECD on international investment, TUAC has called for the Guidelines to be incorporated in a satisfactory manner into the Multilateral Agreement on Investment (MAI). This is presently being negotiated by the OECD, and will have important ramifications for workers and their trade unions; amongst other things it will further liberalise investment flows and allow multinational enterprises greater power to locate investment projects at will. The MAI will also extend beyond the boundaries of the OECD to incorporate non-Member countries.

The OECD is also undertaking work on labour standards and trade, in response to the international trade union movements', and some governments' demands for a «social clause» in trade agreements. The trade labour standards linkage is a long-standing issue which was at the origin of the creation of the ILO in 1919. The current discussion focuses on «core» standards concerning freedom of workers to associate and bargain collectively, prohibition of forced labour, non-discrimination in employment and elimination of child exploitation (OECD 1995e). In broad terms these core human rights are desirable in their own right, but in the long term at least

they also go hand in hand with economic development (OECD 1993). The trade union movement has insisted on the development of a Social Clause to ensure their implementation.

Trade unions are also active in other international organisations, notably the ILO and the European Institutions to ensure that there is a development of international social rules in the global economy. Parallel to developments in these fora they are also establishing company councils in their International Trade Secretariats. At European level in response to a European Directive a major process is now underway of establishing European Works Councils.

IV - LABOUR MARKET AND SOCIAL POLICIES

The economic winds of change engulfing the global economy have compounded the problem of unemployment in many parts of the world. In the present recovery OECD unemployment is only now edging down from its peak of 34 million in 1994, with a further 12 million people discouraged from seeking work. OECD forecasts suggest that even if the present recovery continues until the year 2000, the unemployment rate for OECD countries could remain at 7 per cent, above the level reached before the last recession (OECD 1995f). It has been estimated that unemployment and under-employment in developing economies stands at 400 million. Great strains have been placed on the social fabric of many countries leading to the growing prospect that social dislocation may occur. This situation is in sharp contrast to the rapid growth and position of full employment and indeed labour shortage in Korea and other DAE's.

In response to the growth in unemployment the OECD in 1992 launched a two year study into the causes of and policies required to reduce unemployment. The final report termed the Jobs Study was adopted by the 1994 Ministerial Council and contained 60 recommendations grouped under nine broad policy headings. Building on this the 1995 Ministerial Council mandated the organisation to undertake work on the follow-up to the Jobs Study. This is in two parts: detailed country notes have been drawn up which, although unpublished, will form the basis of recommendations to be included in forthcoming OECD Economic Surveys on individual countries; and a series of «thematic reviews» on active labour market policies, taxes and benefits and technology, productivity and job creation.

TUAC supports many of the recommendations, but is strongly opposed to the recommendations grouped under three policy headings. These are measures to: weaken employment protection legislation; widen wage inequality; and reduce and limit unemployment benefit. The debate over these policy recommendations is not limited to the OECD. They reflect social and political choices as to whether a «North American» model of flexible

labour markets but also wide income inequality and the growth of the «working poor» is an acceptable alternative as a solution to high structural unemployment in Europe. From TUAC's point of view neither working poverty, nor structural unemployment are acceptable. As a contribution to the debate TUAC published in March 1995 its critique of this «negative flexibility» agenda, (TUAC 1995). This sets out an alternative agenda for achieving adaptability of workers and labour markets. The trade union agenda draws on concrete examples of trade unions negotiating change in different OECD countries, thus creating a feeling of change through security, rather than change through fear. Set within a policy framework designed to generate a positive synergy between the interaction of macro and micro economic policies such an agenda would help facilitate a virtuous circle of greater productivity, higher profits and wages, increased skills acquisition and lasting reductions in unemployment.

The trade union agenda for change also recognises the need to maintain a balance between the role of government and the market in economic and social development. The trade union approach is a pragmatic one in recognising that market mechanisms driven by the private sector often deliver best outcomes, but that at times markets fail, thus giving rise to the need for government intervention and an effective public sector. Given this the role of government differs according to the circumstance. In some instances this may include the delivery of a good or service by the government itself, while in others it may be on the basis of a government partnership with the private sector, or it may mean the government offering support and assistance to a non-governmental institution which, without that support would be powerless to achieve an equitable outcome from market determined transactions.

This debate is important in the Asian context as their governments move to a more pluralistic democracy with a free market based economic system, and away from the old authoritarian command and control system that characterised their recent past. One frequently held view is that Asian economic development was solely based on the adoption of an outward looking market based system, and that the future should mirror this but with less government intervention in all economic spheres, except to reduce the power of workers and their trade unions relative to that of employers. Asian governments should simultaneously pursue «sound macroeconomic policies», combined with the «negative flexibility» agenda for labour markets.

This narrow view of economic development may be criticised on the grounds that it not only omits many social factors, including the positive role of trade unions that shape a country's development, but also fails to recognise that governments, especially Asian governments have actively intervened to manage the economy and deliver growth and employment. Were Asian governments to adopt such an agenda for future economic and social

development, then the problems now confronting OECD Member countries could be transferred to them.

An example whereby an activist government stance has promoted economic and social development can be seen by reference to the Korean state's involvement in education and training. During the 1950s a policy of mass education was introduced which reduced the adult illiteracy rate of 78 per cent in 1945 to 28 per cent by 1960. Thus by the early 1960s when rapid industrialisation began the nation had in place a pool of educated and easily trainable workers. For example, in 1953, 60 per cent of the elementary school-age group (ages 6-11), 31 per cent of the middle school-age group (ages 12-14), and 18 per cent of the high school-age group (ages 16-17) were enrolled in school. By 1960 the corresponding percentage figures for these age groups had increased to 86, 33, and 20 respectively. By 1964 elementary education was virtually universal in a population that had been largely illiterate less than two decades before.

The government also actively intervenes to help provide training for the labour force. Total government expenditure on training amounts to almost 0.1 per cent of GDP (OECD 1994). In 1977 the government introduced a system whereby private enterprises with more than 150 employees either train their workers or pay a levy (0.67 per cent of the payroll on average) to the government. The proportion of firms opting to pay the levy has increased from 33 per cent in 1977, to 80 per cent by 1982. While the rate of levy was meant to correspond to the cost of in-firm training, in reality it covers approximately half the costs of running the training institutions with the government making up the shortfall.

Without this commitment to the education and training system it is open to doubt whether Korea would have enjoyed its high rate of economic growth. And were it to be discontinued it is open to question whether Korea will be able to make the leap into the high-tech markets that will characterise the 21st century. The lesson of this is that while a market based system is necessary for economic development, it is insufficient, and that the sufficient condition lies in an active government prepared to adopt far-sighted policies where required. This is part of the trade union agenda for economic and social development.

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PART II

SEMINAR PROCEEDINGS

OPENING SESSION

The following are extracts from opening remarks by representatives of the organising bodies.

«There have been a few indications of friction between OECD and developing countries. One is the existence of high rates of unemployment in the industrialised countries whereas most Asian economies suffer from labour shortages. ... The recent controversy in the ILO on the social clause between the OECD and developing countries is another indication. ...»

«In Korea we may soon face problems similar to those in the OECD. Attempts have been made recently to deregulate the labour market and to introduce flexible working time. ... The Korean labour movement will have to face this situation and to avoid mistakes which were being made elsewhere. The application for OECD membership provides a momentum in this respect.»

Park Chong-kun, President, Federation of Korean Trade Unions (FKTU)

«The political democratisation has gone along with economic progress in Korea. This has now to be supplemented by social progress and the appropriate social policies. ... Globalisation implies openness and the need to change. ... There is no single Asian model of development, but a certainly successful model is that of Korea and the other 'dragons' which have just reached the end of the first phase of globalisation. ... Universal standards apply when it comes to the social sphere.»

Bernd Reddies, Director, Friedrich Ebert Foundation, Seoul Office

«Many Newly Industrialised Economies in Asia have in fact achieved higher levels of development than many OECD countries. But this also means that the countries are richer, and the people have remained poor. The income distribution aspects of economic development have been largely neglected. ... «

«Because we believe in the universality of basic labour standards we need

a cross-fertilisation of views and not a confrontation of alleged 'different sets of values' between Asia and the Western world.»

N. Nagarajan, Assistant General Secretary, ICFTU-APRO

«We would naturally like our voice to be listened to more in the policy recommendations which come out of the OECD, but the very process of discussion, agreement or disagreement is an essential part of the establishment of good economic and social policy in both the OECD and in OECD countries. ...»

«It is particularly significant that this seminar is being held in Korea. The Korean miracle has long been an economic role model for both Asia and elsewhere. ... I believe with the application to join the OECD the point of no return has been passed for Korea. Korea ... will have the right to comment on other countries' policies and the rest of the OECD will have the right to debate the situation in Korea. This seminar is therefore not the end of a process but an early part of it.»

John Evans, General Secretary, TUAC-OECD

I - GLOBAL ECONOMIC AND SOCIAL INTEGRATION - ASIA AND THE OECD

Charles Oman
OECD Development Centre

I draw two conclusions on globalisation. One is the importance of looking beyond international trade and trade policy at the micro-economic level and at how work organisation is changing in globally acting firms. The other is the importance of developing labour solidarity between developed and developing countries.

Globalisation

«Globalisation» is a concept that is very widely used and very poorly understood. I would define it as the growth, or the acceleration of growth, of economic activity spanning politically defined national and regional boundaries. Some people, notably including many international economists, define globalisation as a lowering of impediments, especially policy impediments, to international trade and capital flows on a multilateral basis. While I have no objection to that definition, I would warn against seeing globalisation as nothing more than an acceleration of growth of trade and capital flows.

Three points suffice to summarize my views on globalisation. The first is that globalisation is not a new phenomenon. The last 100 years alone have witnessed three distinct periods, or waves, of globalisation. We are in the midst of one now, in the 1980s and 1990s. Another was the «golden era» of postwar growth in the 1950s and 1960s. Before that, the 50 years preceding World War I, especially 1870-1913, were an important period of globalisation. What is important, therefore, is to understand how globalisation today differs from earlier periods of globalisation, especially the 1950s and 1960s.

Secondly, one can point to several distinguishing features of the current wave of globalisation, all of which date from the late 1970s. Let me quickly cite six:

- (i) The move towards greater deregulation of markets in the developed countries. Launched as a policy response to *stagflation* and *Eurosclerosis* that had emerged in the United States and Europe, first by the Carter administration and quickly followed by the Thatcher government and

the Reagan administration. Anglo-Saxon deregulation in turn led to the EC's Single-market programme, and the subsequent renewal of *regionalisation*.

- (ii) The advent and spread of new technologies, especially the new micro-electronics-based information and communications technologies.
- (iii) The globalisation of financial markets, which really began, slowly, in the 1960s with the creation of the «Euro-dollar» and other offshore markets, accelerated during the 1970s with the collapse of the Bretton Woods system, and literally exploded in the 1980s, due especially to the combined effects of financial deregulation and the new technologies. An important effect of financial globalisation has been to greatly reduce the sovereignty of national governments' fiscal as well as monetary policy. It is much harder to tax income on capital, for example, and this increases pressures on the less mobile factor of production: labour.
- (iv) Many low-wage countries have turned outwards, after pursuing inward-oriented import substitution strategies until the 1980s. During the 1960s and 1970s only four rather small economies (the «NICs») pursued such outward-oriented strategies, but over the last 10-15 years most developing countries have started to pursue them, notably including such large countries as China, Brazil, India and Indonesia. Those countries have a huge potential to compete in global markets; they also have a huge market potential (it is important to make sure the two are understood as linked).
- (v) The end of bi-polarity, especially since the collapse of the Soviet Union and the end of the Cold War. The threat of communism served as a kind of glue helping to hold together post-war alliances among capitalist countries.
- (vi) The broad-based public concern for the global environment which arose in the mid-1980s which I would regard as a specific perception of globalisation.

My third point is that the main difference between globalisation in the 1950s and 1960s and globalisation today is not, however, to be found in these five features. Deregulation and the new technologies have facilitated the new wave of globalisation since the late 1970s, and are shaping it and spurring it along, but they are not the main force driving it. Nor is the difference to be found, in my opinion, in the patterns of world trade and investment. Nor is it simply the phenomenal rise of east and southeast Asia, whose share of world output has, indeed, risen spectacularly, from less than 5% in 1960 to over 25% today.

The main difference is to be found at the micro-economic level, on the shop floor and in the workplace. It is to be found in the way economic activity is organised, at the level of the firm, and in the way firms cooperate as well as compete with each other. The market is more important than ever. But as its role in governing some aspects of economic life grows, it diminishes in others.

Globalisation in the 1950s and 1960s was driven by the spread and development of Taylorism, or what Frederick Taylor himself liked to call «scientific management». It was really only after World War II that Taylorism spread widely outside the United States, to Europe, to much of Latin America and Asia, and to Central and Eastern Europe under communism as well. Taylorism is characterised by two key features:

- (i) A very high degree of job specialisation and narrowly defined individual work responsibilities.
- (ii) A tendency to separate thinking and doing, to separate conception from execution.

Both these features greatly enhanced the productivity of labour and capital in the world's leading economies, but they also contributed to a building-up of considerable rigidity in production, compared to craft production. (Both these features are also well caricaturised in Charlie Chaplin's classic movie *Modern Times*.)

These features of Taylorism led to the slowing of productivity growth in the leading economies during the 1970s. That slowing of productivity growth in turn led to the emergence of stagflation/Eurosclerosis in the United States and Europe, and to a squeeze on corporate profits in those economies. It led to concern in some industries over the growing alienation of workers, and growing absenteeism, and to the need for more quality controls. Nor was it an accident that the new technologies that emerged from the late 1970s were mostly developed outside the large taylorist organisations.

The policy response to stagflation by OECD governments, led-off by the Carter administration in the late 1970s as noted earlier, was twofold: monetary shock treatment to bring inflation under control, under Paul Volker at the Fed; and deregulation of markets especially in services, notably finance, air and ground transportation and telecommunications, to stimulate the competition that was seen as needed «to get markets working again». The pressures on continental Europe to follow suit led to the launching of the Single-market programme in 1985.

One private sector response to the slowing of productivity growth and the building-up of rigidities at home, and the squeeze on profits, was the

redeployment of some production to low-wage sites in a few developing countries. This redeployment accelerated through the 1970s and into the 1980s. It was a taylorist response to the building-up of rigidities brought on by the logic of Taylorism in the advanced countries.

But it is not the wave of the future.

Since the late 1970s and early 1980s something else has come on the scene: the coming-of-age of another way of organising work, of organising production within and between firms, that reintroduces the flexibility of craft organisation while enhancing productivity considerably beyond the levels characteristic of taylorist organisations.

Flexible Production

Flexible production brings together thinking and doing at all levels of organisation. It emphasizes continuous improvement and innovation in products and in production processes (in contrast to Taylor's «one best way»). It reverses the logic of Taylorism. Two points about what flexible production is not: It is not just Japanese management techniques. It comes in many forms, including both large firms and clusters of small firms. And it is not relevant only to assembly-type manufacturing, such as automobiles and electronics. It is also relevant to other manufacturing industries, such as steel, and, most importantly, to modern services, including banking, insurance, telecommunications, and many activities that until recently have been public monopolies.

The problem today is that the crisis of taylorist production, which gradually became apparent in the leading economies from the early 1970s, is greatly accentuated by the competitive strength and dynamism of flexible organisations. Flexible production, in goods and services, puts tremendous pressure on taylorist organisations to change. But there is also strong resistance to change, especially in the most advanced countries.

General Motors is a good example. It was losing market share at an alarming rate for over ten years before the company's top management accepted the fact that the strength of its leading competitors was not merely low wages and low capital costs in Japan. Top managers in many «taylorist dinosaurs» are people who have built successful careers on their ability to perceive problems and find solutions through «taylorist glasses», and are therefore often slow to perceive the extent to which taylorist precepts are themselves a large part of the problem. Middle managers, understandably, are often a major source of resistance to change as well, because their jobs are most directly threatened with elimination or likely to be changed beyond

recognition. Many skilled workers, who have accumulated highly specialised knowledge over decades, are often threatened, and therefore tend to resist change, as well.

Conclusions

Three final points to conclude. First, when government policy makers emphasize the need for flexibility, they are not wrong. «Flexibility» should not be seen as a dirty word. But there appears to have been a tendency to focus too exclusively on labour markets, and to underestimate the extent to which management and systems of corporate governance are responsible for resistance to the kind of change that is most needed. Social cohesion within countries and firms is important in this respect.

Second, along with the resistance to change there is a dangerous tendency to look for scapegoats, notably in imports from low-wage economies. In fact, most job displacement caused by imports in OECD countries is caused by imports from other OECD countries. And much of it is not caused by imports. Flexible production is the way of the future. It will change the concept of gaining competitive edge. It will also diminish the competitive advantage of low wages.

Third, flexible production should not be portrayed as some kind of panacea, or workers' paradise. There is no doubt, for example, that the stress factor can be considerable in flexible organisations. And it is probably fair to say that flexible production increases productivity by more fully exploiting workers' human potential for perceiving, and solving, new problems. But the fact that flexible production is more productive means that taylorist organisations are going to have a hard time competing, and are going to have to change.

This need for change also applies to governments, which are often organised along taylorist lines. And it applies to international organisations — including the one where I work. It certainly appears to apply to labour unions which in a way are products of taylorism; in particular, it points to the question about the need for company-specific organisations as a means to reduce labour-management conflict.

The choice today is one between change that favours only the few, and change that reduces the gap between the rich and the poor — within countries, but also internationally. The best way to do the latter is to promote the sustained development of low-wage economies in the South, and in the East. I believe that today, recognising the right of labour in all countries to organise, and to bargain collectively — whether at the level of the firm, or the sector or industry — can only contribute to that development.

Choo Hak-chung
Deputy Director, Korea Development Institute
Center for Economic Education

The following is a summary of Mr. Choo Hak-chungs intervention at the seminar.

Section One of the TUAC discussion paper on global economic and social integration covers quite accurately the economic developments in Asia. Among the common characteristics of policies in Asian economies feature foreign trade and export orientation, the channelling of investments and the borrowing of technology. There are clearly similarities in the patterns of trade, investment and migration among the Dynamic Asian Economies. Korea's development has not been an exception in this respect.

Social developments have lagged behind economic development in Korea. People are now demanding social change after decades of rapid industrialisation. The younger generation has other attitudes to work and leisure than previous generations. Higher levels of education are partly responsible for this. The more open economy and the trend towards globalisation is, however, not unanimously appreciated among the elites in Korea. All Dynamic Asian Economies could benefit from extended dialogue and guidance with other countries on social and economic developments and to share their experiences.

It is also important to note that there have been large dissimilarities among the Dynamic Asian Economies. Hong Kong and Singapore are small countries viz. city states which have more than others relied on the development of services for their economic development. This has given the structural adjustment efforts of their societies a feature distinctive from that of other countries. Taiwan, for instance, developed industrial strength after decades of sugar bean production for the Japanese market under Japanese colonial rule. In Korea, the emergence of heavy and chemical industries in the 1970s has led to sectoral and regional economic and social imbalances. However, it should not be forgotten that it took more than 200 years for most OECD countries to reach their current state of economic development, whereas the countries in Asia have started to engage in a process of catching-up only a generation ago. While it is true that cross-border labour migration has created some degree of integration in Asia, one has to note that each of the five countries relies on labour migration for different reasons. In Korea and Taiwan, the need for military security has led to increasing labour shortage, whereas the Japanese labour market has suffered from genuine labour shortages until very recently.

Stephen K. Pursey
Head of Economic and Social Policy Department
ICFTU

Over the last five years a series of major political and economic developments have led to the creation of a global market which has decisively altered the conditions in which trade unions do their work. The collapse of the Berlin Wall graphically symbolized the end of the Soviet-led experiment of state-planning. China, where a fifth of the world's population live, has opened up to foreign investment and trade, although it has maintained its one-party political ideology. Even North Korea is entertaining trade and investment missions from south of the D.M.Z. Most developing countries, frequently as part of structural adjustment policies promoted by the IMF and World Bank, have adopted market-oriented policies including privatization, trade liberalization, the encouragement of foreign investment, deregulation of the finance sector and labour law reform. A new multilateral agreement on trade was concluded with the end of the Uruguay Round negotiations. Regional trade barriers are being reduced through, amongst others, the North American Free Trade Area, NAFTA, the Asian Pacific Economic Cooperation Forum (APEC) and the single European market.

A technological revolution has created a 24-hour world-wide financial market in which enormous quantities of capital can be shifted rapidly between countries. As a result of all these, and many more changes, workers' jobs and pay, their conditions and contracts of employment, and trade unions' bargaining strength are increasingly affected by the pressure of intensified global competition.

Indeed as President Kim Young-sam has frequently emphasized globalization, «segyhwa», is a major challenge for Korea. The nation's past efforts and sacrifices could easily be lost if a new basis for Korea's competitive position cannot be found. This is the context in which trade unions look at the decision to apply to join the OECD. It is an affirmation that Korea intends to compete as much through the quality of its products as their price. And high quality production is only possible with a high quality workforce and high quality work organization.

The international labour movement, like governments and companies, is therefore faced with a dramatically different environment which will require major changes in the way we behave and new mechanisms for cooperation as well as competition. Already it is clear that national trade unions have to be much more aware of what is happening in other countries. We are all seeking to learn from each other new methods of organizing and bargaining.

And we are all learning that our successes and failures affect our colleagues in other countries. A previous generation also reflected on these challenges, and they established in the International Labour Organization a mechanism for addressing these issues. To again quote, this time, from the Constitution of the ILO, we should remind ourselves of the basic principles that guide the international work of governments, employers and trade unions:

- «(a) labour is not a commodity;
- (b) freedom of expression and of association are essential to sustained progress;
- (c) poverty anywhere constitutes a danger to prosperity everywhere;
- (d) the war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with those of governments, join with them in free discussion and democratic decision with a view to the promotion of the common welfare.»

The long years of Cold War meant that the ICFTU had to spend too much time simply defending these principles, but now that they are almost universally accepted we have a chance to fulfil their promise, because we are on the verge of a genuinely global market.

It is no coincidence that the economic phenomenon of globalization has coincided with a series of democratic revolutions. Markets only work well when all the players know the rules of the game. And democratic systems of government are by far the best means of establishing laws that are widely accepted, cannot be changed arbitrarily and which are enforced fairly by an independent judiciary. Investors big and small need the confidence of soundly-based systems of laws if they are to risk their money in enterprises that can innovate and bring prosperity and employment. And citizens need rights too if they are to be able to express their views openly and have a say in their future.

Employers are too all intents and purposes now free to invest almost wherever they choose. They have the legal security of their investment. Amongst other things that is what the OECD, the World Trade Organization and the International Monetary Fund together have established. Individual workers have must less security. Our job in the trade union movement is to enlarge the rights of workers through organization and bargaining. But we do not yet have the universal application of the basic rights of workers. As a result there is a grave danger that for large numbers of workers the pressure of competition

may lead to exploitation and the large potential benefits of trade liberalization will not or will only very slowly trickle down to workers.

This is a major risk for the success of the drive to create a global market. It would create dangerous inequalities within and between nations and threaten the coherence of the multilateral system.

These problems cannot be wished away. Especially in Asia there is a danger that the democratic development path chosen by many countries in this region will be endangered by powerful competitors prepared to sacrifice workers in the drive for market share. The new WTO, because it is more comprehensive in its membership and its mandate, will have to work with other international bodies notably the ILO to reinforce the multilateral system for the protection of basic workers' rights. The OECD has a vital role to play in ensuring that this debate is well prepared and constructive.

The ICFTU looks forward to Korea's entry into the OECD because it will provide a strong new perspective for that organization on the opportunities and difficulties of pursuing a democratic path to development in an era of intense international competition. Entry will also have a major impact on Korea itself. Your country's absence from most of the multilateral organizations has meant that public policy on issues such as labour law has not been informed by the participation of Korean employers, trade unions and government in the international discussions.

However, a catching up process is already well underway. The ILO's recommendations on the basis for labour law reform were made over two years ago. There has therefore been adequate time for consideration of how to move Korea's industrial relations system into the new basis needed for the type of quality work organization needed for the future and for smooth entry into the OECD.

I agree with much of Charles Oman's analysis of globalization and regionalisation and would like to add one further observation. If new flexible organizations are to bring thinking and doing together and establish teamwork, the channel of communication between workers and management has to function very well. Many US managers think the union gets in the way. But having talked to a number of the disciples of Edwards Demming, the guru of this new style of management, it is increasingly apparent that without a union to protect them workers tell managers what they think they want to hear. This slows the process of constant innovation and re-engineering of old forms of work organization. It forces the problems of resistance underground meaning that they are not clearly identified and addressed. Korea has the opportunity to make a jump towards organizing its industrial relations for the future. If it can be done by establishing worker confidence that they have

a genuine independent voice in the process - a free trade union - Korea can leap ahead. And as Charles Oman says we, in the trade union movement, too have to rethink our structures and methods, but it is a lot easier to think creatively if one is not constantly having to fight for basic rights.

In closing I would like to reiterate that for trade unions the term globalization means much more than market integration and intensified competition. As the TUAC paper states «it includes social and cultural linkages which pervade civil society». It is thus also about the responsibilities of nations to live up to internationally-agreed standards, of which basic workers' rights are particularly important because they directly affect work performance, production systems and the balance between cooperation and competition in international relations.

Summary and Conclusion of Session I

In the general discussion on global social and economic integration the following conclusions emerged.

Globalisation has become an important issue in the current political and economic debate in the OECD and increasingly in Asia and other non-Member countries, reflecting the accelerating pace of global economic and social integration. Globalisation implies redeployment of production and restructuring of work organisation in firms within and between economic regions. The Asian region has become a net exporter of investment with ensuing transfer of workplaces and restructuring of the workforce. A prominent conclusion of this part of the debate is that the social agenda of globalisation needs to be addressed.

Globalisation is not a new phenomenon and more than a mere acceleration of growth of trade and investment flows. While it is true that market deregulation, especially the globalisation of financial markets as well as new microelectronics-based information and communication technologies have been among the driving forces of this process, globalisation is also increasingly linked to changing firm strategies. In this perspective, the current wave of globalisation results from the end of «taylorist» production systems and the emergence of «flexible» work organisation. The OECD countries are going through a third phase of globalisation whereas most of the Dynamic Asian Economies are currently moving towards the end of the first historical phase of industrial development.

The Asian «economic miracle» is more diversified than that it constitutes a single model. While the «four dragons» Korea, Taiwan, Singapore and Hong Kong have been particularly successful and served as a «model» for other Asian economies, Korea will now face change. Korea has been the first of the so-called «Dynamic Asian Economies» to apply for OECD membership. OECD membership requires more openness and economic as well as financial liberalisation, a commitment to a process of change which will be closely watched by other countries in the region.

In the process of rapid economic change in Asia the social dimension is clearly lagging behind. The discussion of an «Asian set of values» should be regarded in this context. However universal standards apply when it comes to the social sphere of development. Social standards and labour rights as laid down in ILO Conventions have a universal not region-specific character and value.

Another important issue in the debate on globalisation is the decline of

sovereignty of government in core areas of economic policy. Governments can rarely act in isolation whether in setting tax rates, macroeconomic policy management, interest rate or exchange rate policy. To the extent that globalisation implies openness and the need to change countries in Asia will increasingly face the same constraints as the OECD countries from globally functioning financial markets. Globalisation therefore makes international policy coordination even more necessary to regain sovereignty. This requires new rules of the game.

II - PLURALIST DEMOCRACY AND ECONOMIC DEVELOPMENT: KOREA AND ILO-STANDARDS

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International labour standards refer to international legal instruments drawn up by the International Labour Organization. These include Conventions and Recommendations. To date 175 Conventions and 183 Recommendations have been adopted. These Standards are instruments of a universal character aimed at promoting social justice in member countries. Workers would also claim that the fundamental role of Standards is to protect, advance and promote their interests.

Existing Conventions and Recommendations cover virtually all aspects of labour and social security law. These Standards can be grouped within the following subject groupings; basic human rights, employment, social policy, labour administration, labour relations, conditions of work, social security, employment of women, employment of children and young workers, older workers, migrant workers, indigenous and tribal peoples and particular occupational sectors.

Examples of Conventions on basic human rights issues include:

- A. Freedom of association:
 - i) Convention N° 87: Freedom of Association and Protection of the Right to Organise, 1948
 - ii) Convention N° 98: Right to Organise and Collective Bargaining, 1949
 - iii) Convention N° 135: Workers' Representative, 1971
 - iv) Convention N° 141: Rural Workers' Organisation, 1975
 - v) Convention N° 151: Labour Relations (Public Service), 1978.

- B. Forced labour:
 - i) Convention N° 29: Forced Labour, 1930
 - ii) Convention N° 105: Abolition of Forced Labour, 1957

- C. Equality of opportunity and treatment:
 - i) Convention N° 100: Equal Remuneration, 1951

- ii) Convention N° 111: Discrimination (Employment and Occupation), 1958
- iii) Convention N° 156: Workers with Family Responsibilities, 1981.

It would seem from these titles that the Conventions cover various dimensions of human rights issues. Similarly Conventions in the other subject groups also reflect an extensive coverage, which shows that the ILO is adept at establishing International Labour Standards covering various aspects of labour and social security law.

The provisions in the Standards define a set of general framework of rules in a specific area within labour or social security related matter. And these provisions are used as a basis for establishing national legislation, both in adopting labour laws and in modifying legislation.

What is the relevance of International Labour Standards in a national setting? The adoption and adherence to Standards in law and in practice should result in progressive social and labour policy, promote social welfare, arrest increasing inequalities within a nation, promote cohesion within society, provide for basic human and trade union rights, facilitate a fair distribution of wealth of nation, enhance quality of life and civil liberties. In a global context it should arrest increasing inequalities between nations, promote and maintain cohesion of international community.

International Labour Standards are established during the International Labour Conference through a procedure termed «double discussions». Technical reports covering the proposed standards items are examined, deliberated upon and amendments adopted during two consecutive Tripartite Technical Committee meetings comprising of workers, employers and government delegates to the International Labour Conference. The ILO Constitution has established certain obligations on member states in respect to International Labour Standards. After a Convention and a Recommendation has been adopted by the International Labour Conference the new instruments are sent to all member states. The obligation for governments is then to submit the instrument to the competent authority the government is not obliged to propose ratification.

Ratification imposes an obligation on governments to take such action as necessary to make effective the provisions of a Convention. This obligation is both in law and in practice. Ratification substantially means either enacting new legislation or as is common in some cases instituting changes and amendments to existing national legislation in order to give full effect to the Convention. Another important obligation and one which provides for the supervision of ratified Conventions by the ILO is the obligation of member

states to report regularly to the ILO on measures taken to give effect to the provisions of the Conventions which have been ratified. Governments are also required to submit reports on unratified standards. This obligation requires governments to re-examine their position with regard to Conventions not ratified and explain effect given to these and indicate difficulties preventing or delaying ratification.

The commitment of member states to the standards and the extent to which they ratify ILO Conventions and participate responsibly in the work of the ILO is in some measure an indication of their acceptance of the mandate and mission of the organisation. A brief statistical appreciation of ratification of Conventions would provide a useful insight.

Overall as at 31 December 1994 there was a total number of 6160 ratifications and this constitutes 20% of the optimum (30102) possible by the 173 member states. One member country has ratified 124 Conventions (highest) while another has none to its credit. In the context of Asia and the Pacific Region the total number of ratifications amounts to 508 and this represents 12% of optimum of 4176 possible by the 24 ILO member states in this region. This region's single highest ratification by an individual member state is 56 and the lowest is 4. While the overall global rate (20%) is low the ratification rate for this region (12%) is well below the global average.

Workers have retained a strong suspicion that the lack of ratification could be linked to a wish to evade the supervisory machinery including the responsibility of reporting and the risk of comments on the part of the supervisory bodies involved. The low ratification rate in Asia and the Pacific Region has been highlighted in a number of ILO meetings by workers and their organisations and with particular reference to this region's rapid economic growth in the last decade. Workers and their organizations are constantly stressing that economic growth and development should be adequately reflected and should go hand in hand with social progress. There is a growing body of opinion among trade unions in the region that the governments' commitment and adherence to International Labour Standards is an important measure of their commitment to social development. While articulating strong views that economic growth and social progress should be compatible workers and their organisations are urging governments and employers to redress the region's general apathy with respect to ratification of ILO Standards.

At present the emphasis is on the need for ILO member countries in the region to institute effective measures to recognise the importance of Conventions on human rights issues. Conventions on i) Freedom of Association and Protection of the Right to Organise, ii) Right to Organise and Collective Bargaining, iii) Equal Remuneration, iv) Forced Labour, v) Abolition

of Forced Labour, vi) Discrimination (Employment and Occupation), vii) Minimum Age have therefore assumed increasing prominence in current debates on globalisation of economy, liberalisation of trade and International Labour Standards.

Convention 87 provides for workers to establish and join organisations of their own choosing with a view to furthering and defending their interests. It further contains provisions for workers to elect their representatives in full freedom and organise their activities without interference from public authorities. Convention 98 provides for workers to have adequate protection against acts of anti-union discrimination, including dismissal for union membership or participation in trade union activities. This Convention requests ratifying member states to promote the development of voluntary bargaining to regulate terms and conditions of employment. Convention 29, is aimed at the suppression of forced or compulsory labour. Provisions within Convention 105, require governments to institute measures to suppress any form of forced labour or compulsory labour including the use of forced labour as punishment for holding and expressing political view or views ideologically opposed to the established political system or as a means of racial, social, national or religious discrimination. Convention 100 provides for the application to all workers of the principle of equal remuneration for men and women workers for work of equal value. Convention 111 is aimed at promoting equality of opportunity and treatment. It requires governments to declare and pursue a national policy aimed at eliminating all forms of discrimination in respect of employment and occupation. Convention 138 provides for ratifying member States to pursue a national policy designed to ensure the effective abolition of child labour and to raise progressively the minimum age for admission to employment or work to a level consistent with the fullest physical and mental development of young persons.

Adoption and adherence to these Standards should strengthen the development of democratic institutions and pave the way for the establishment of stable industrial relations and the mitigation of conflicts and social tension. Workers and their organisations claim that in this rapidly growing region adherence to these ILO Standards in both law and in practice will effectively promote the translation of economic success into social progress with particular relevance to arresting the growing inequalities in the distribution of national wealth, enhancing civil liberties and improving the quality of life of workers.

The number of ratifications of these basic human rights related Conventions is low in this region. Convention 87 has obtained 112 (64%) ratifications globally as compared to only 7 (29%) out of 24 member states in this region. Similarly Convention 98 has received 13 (54%) ratifications in this region as compared to the overall total of 124 (71%) ratifications. The comparative

figures for Convention 29 is 135 (78%) to 18 (74%), Convention 105 is 114 (65%) to 9 (37%), Convention 100 is 123 (71%) to 10 (41%), Convention 111 is 119 (68%) to 10 (41%) and for Convention 138 it is 6 (26%) to nil.

Basic human rights issues are undoubtedly of fundamental importance for social development and these issues have rightly taken center stage and prominence in recent ILO tripartite discussions.

There is little doubt that the International Labour Standards enumerated above contain a codified body of legal framework for social and economic development. Countries in Asia and the Pacific region thrust as they in what many now claim is the economic centre of the world will stand in very good stead both economically and socially if they will closely and reasonably view the wealth of knowledge and guidance contained in these Labour Standards.

In response Kim Tae-hyun of the non-FKTU trade unions drew attention to the continuing arrest and repression of trade unions that was taking place as a result of the enforcement of labour legislation such as that outlawing third party intervention, which itself had been condemned by the ILO.

I. The Retrospective

At the beginning of the year 1993, trade union leaders in Korea painted a rosy picture of union movement, as the new civilian government was just inaugurated with the banner of «reformation». The reform in the aspect of labour relations seemed to take relevant measures to cleanse Korea's disgrace in the international society, which denounced this Asian country for suppression of trade union rights.

The labour movement was likely to be in a good situation for catch-up in the social field with the Declaration of Democratisation on June 29, 1987 by the then presidential candidate of the ruling Democratic Justice Party (DJP) Roh Tae-woo.

The June 29 Declaration was carefully prepared in consultation with the then President Chun Doo-hwan, who decided to help his own comrade Roh take over the government in the direct Presidential election, which was restored after 15 years of dark age. Without nationwide demonstrations by students and workers demanding freedom and political reform, however, the Declaration would not have been made.

Shortly after the declaration the whole country went through a wave of democratization movement. Among the demands raised in this process was the drastic wage hike that was accompanied with dramatic increases of the union membership, strike and lost production days.

Roh Tae-woo himself could succeed in the election apparently by help of the declaration, but his party lost the majority in the Parliament.

The government of the ruling DJP had to amend the labour law on November 28, 1987 in favour of the union. Among the major changes is the inducement of autonomous adjustment scheme, with which the parties concerned can solve the problems in other way than what are stipulated in Labour Dispute Adjustment Act (LDAA) newly inserted Art. 5-2 LDAA).

With this amendment the function of conciliation — the first step of the dispute settlement scheme — was brought back from the administrative office to the Labour Relations Commission (Art. 18 LDAA). The cooling-off period was shortened to 10 days in case of ordinary business and to 15 days for

«public interest» business (Art 14 LDAA).

The U-tum, however, was stopped in March 1989, when President Roh enacted only the revised Labour Standard Act, while he vetoed the amendments to the Labour Union Act and Labour Dispute Adjustment Act. Those amendments had been passed in the 13th legislation period of the National Assembly which had been controlled by the majority of three opposition parties.

That was the last chance for trade unions to make pressure upon the political parties in the way of recovering workers' rights deprived one by one during the foregoing decades. After the amalgamation of two opposition parties to the ruling party at the dawn of 1990, the situation has been completely changed. The Unified Democratic Party (UDP) lead by Kim Young-sam was one of the opposition parties which joined the ruling camp, which was newly Democratic Liberal Party (DLP).

Even before the political amalgamation, encouraged by Roh's veto, the employers' voice has become louder and louder. They missed the «old good age» that was gone with the massive struggles of workers which resulted in Roh's June 29 Declaration in 1987.

It proved that the short period of progress in labour legislation went to an end, when the Labour Ministry made a ten-point proposal for rewriting the statutes in October 1991. Only two months later after the government worked out the revision plan of the labour statutes, Korea became the 152nd member of the ILO. Just before the government applied for an entry for the international organization, however, the Labour Ministry had to withdraw its own amendment proposal. Turning his back to Park Chong-gun, President of the Federation of Korea Trade Unions (FKTU), who dared to stage hunger strike against the governmental proposal, it was unlikely for the government to submit its application in Geneva.

II. «Reform» — An Episode

The hope for reform in social field was likely to be deranged as soon as the new government under President Kim Young-sam reshuffled his first Cabinet in December 1993. With the reshuffle the ministers who had been relatively active in reform drive were ousted from the posts. Among them were Vice Premier and Unification Minister Han Wan-sang and Labour Minister Rhee In-je.

Minister Rhee tried to change the image of his ministry, which had been often called the Ministry of «Management» instead of «Labour». With these

remarks it can be pointed out that the Labour Ministry had often taken sides with the employers in carrying out labour policies. He was an advocate of self-controlled labour relations.

To make correction of the policies and administrative measures which were inconsistent with the court decisions, was one of his main tasks. As a lawyer he wanted to restore the rule of law in the labour administration.

During the labour dispute at the Hyundai Motor Co. in June 1993 he made efforts to help the parties concerned solve the problems for themselves. However, under the pressure of his colleagues in the Cabinet he had to resort to the controversial emergency adjustment to settle down the dispute in the biggest automobile company in Korea. The prosecution arrested lots of union leaders for violation of the prohibition of «third party intervention», controversial provision which Minister Rhee himself had regarded as a dead clause.

The year 1994 was started under the slogan of «strengthen national competitiveness» and «internationalisation». To this end President Kim proclaimed the year 1994 «the first year without labour dispute».

The negative attitude toward labour dispute in the light of the national competitiveness was likely to lead to denial of the right of collection action guaranteed by the Constitution.

This worry became reality, as the police stormed into the office of the National Locomotive Engineers' Council on June 23, 1994, under the pretext of «prevention of illegal strike», even before the railroad workers took any collective action. They are scheduled to go on strike four days later. Further, the police stormed not only into the university campus, but also into a buddhist temple and the building of Korean Federation of Churches in search for the leaders of the Seoul Subway Workers' Union.

The Kim Young-sam government hoisted another flag at the beginning of 1995. Under the flag of «globalisation» the government continued to push «deregulation» policy forward in favour of the enterprises.

Consequently, the FKTU refused to conclude a «social accord» with the Korean Employers' Federation (KEF) in this year. The social accord, the main point of which was to set up a guideline for wage increase on national level, had been reached for the foregoing two years. In return for taking part in this accord the FKTU had vainly expected the government to make relevant counter-offer for the labour union policy.

The «witch-hunt» continued again in June 1995, as the police arrested the

leaders of the Korea Telecom Workers' Union. Similarly to the Railroad Case in 1994, the crack down began even before the workers took any collective action. The police razzia was incited by President Kim, who denounced the activities of the Telecom Workers' Union as «an act with intention of subversion».

This process and the consequent search for the leaders of the Telecom Workers' Union by the police changed the labour-management relations into the labour-government relations.

The labour-government confrontation turned into the religion-government confrontation, as the police raided the Myongdong Cathedral and Choge-sa Temple, where the union leaders sought their shelter.

This conservative and excessive reaction to the union activities resulted apparently from the political calculation of Kim Young-sam government, who tried to get support from the conservative voters in the provincial and communal elections. The result of the elections, carried out on June 27, 1995, however, was most painful for the ruling Democratic Liberal Party (DLP), as it lost votes not only of the workers but also of the conservative.

As seen above, no significant change has occurred in the social field after the power transfer from ex-general Roh to civilian leader Kim, except for a short period of the starting point with Minister Rhee in 1993. But the short period of reform remained only an episode.

III. The Prospective

In March 1993, shortly after Kim Young-sam took over the power, the ILO sent 11-point recommendation to the Korean government in view of the changes in labour law restricting freedom of association and the right to organise and bargain collectively.

Among them was to amend section 3(5) of the Trade Union Act so as to enable workers to establish and join the organisation of their own choice. As regards the almost 1,500 dismissals of teachers for forming a union, the ILO recommended to take necessary measures to enable public servants and private and public teachers to exercise freely the right to organise. The ILO also called on the government to repeal the ban on third party intervention in the settlement of disputes.

Until November 1993, when the ILO sent its second recommendation, the new government made no significant effort to meet the demand of the international organisation. In June 1994, the ILO called on the government for the third time to ensure that the labour legislation is to be amended in

line with the principles of freedom of association and they lead to a complete reform of the legislation.

In those days the government of Korea only reiterated that the Labour Law Review Committee, which was set up in May 1992, was in the process of conducting a systematic and intensive examination of the said legislation in order to bring it into line with Korea's rapidly changing industrial society. Further, the government replied to the ILO that it planned to submit amendments upon proposal of the Labour Law Review Committee to the National Assembly sometime in 1993 after holding public hearings. All those communications of the government of Korea to the ILO, however, proved to be not realized until now.

The government ratified in December 1992, after year's membership, three conventions: No 73 (medical examination of seafarers), No 81 (labour inspection in industry and commerce) and No 122 (employment policy). After the ratification of the said three conventions, effected by the Roh Tae-woo government, the civilian government has shown no great interest in ratifying further conventions until now. The major conventions for which the working people have the most interest are, of course, No 87 (freedom of association and protection of the right to organise), No 98 (right to organise and collective bargaining) and No 151 (labour relations in public service).

From the viewpoint of the reform in labour relations, an interim conclusion can be drawn that almost nothing has been done also under the civilian leadership. It means that the hope for the reform at the beginning of the year 1993 has been changed in the meantime into disappointment. The government's policy on labour relations is regarded only as a part of economic policy, which is based on the neo-liberalism. The neo-liberalism gives impetus to the labour market demanding deregulation and flexibility. The flexibility strategy of the employers endangers not only job security of individuals but also union activities.

In order to cope with this provocation the union movement tries to reorganise its structure. The structural reorganisation is oriented to establish industrial unions, which, they believe, can overcome the fragmentation of traditional company level unions.

This kind of trial is getting success in some fields of union movement, although the government is reluctant in recognizing the newly amalgamated independent unions on half-industrial or regional level.

The new strategy of the labour unions are found in their demands for social reforms. This dimension, which shows an advanced form of union movement, is, however, unwelcome to the government of Korea.

Kim Young-vae
Executive Director
Korean Federation of Employers

We fully support the promotion of basic human rights and the improvement of labour standards in every country, and are thus very pleased to take part in these discussions on the linkage between pluralist democracy and economic development.

Through the successful implementation of the series of five-year development plans that began in 1962, Korea has changed itself from an economically stagnant agrarian country into a newly industrialised nation. This transformation has been marked by unprecedented growth in national income. Over the last three decades, Korea's gross national product grew by more than eight per cent per annum, and per capita GNP increased from US \$82 in 1961 to US \$8,483 in 1994.

In accordance with economic growth, considerable social progress has been made, especially with regard to labour and trade union rights.

Following the Declaration of Democratisation in 1987, labour laws were amended to expand the legal framework of trade union rights by making it easier for them to organise workers. As a direct result of this revision of the labour laws, Korea saw an increase in the number and severity of industrial disputes. The Minimum Wage and Employment Equality Acts were legislated in 1986 and 1987 respectively. In addition the Employment Insurance Act came into effect on 1 July, 1995, with the aims of stabilising the livelihood of workers by granting them necessary benefits when they are out of employment, and promoting their job-seeking activities, thereby contributing to the economic and social development of the nation.

As a result of a quickly developing economic and social environment, Korea is experiencing rapid changes in the state of its industrial relations. The core of these changes may be described as a transition from hierarchical labour-management relations to horizontal ones where democratic precepts, well-balanced between labour and management, obtain.

The rapid pace of democratisation entailed unparalleled disturbances on the labour front, and wages have soared every year. A national labour shortage, generated by the rapid industrial expansion of the 1980s, brought about a large rise in the workers' bargaining power. Furthermore, today's workers are often disposed to reject an employer's authority or unilateral orders, and no longer wish to devote their lives to the company and their work. In conformity

with these changes, industries have inevitably had to re-examine their personnel management policies. Reforms and rationalisation are being implemented in a way that is improving workers' living standards, boosting employees' morale, and preventing labour disputes.

These developments highlight the fact that there is an obvious correlation between progress in industrial relations policy, and economic success. Social progress has followed economic development in the way that a cart follows a horse.

At the world summit for social development held in Copenhagen this March, we were able to draw the important conclusion that economic growth is a prerequisite for social progress. The goals of poverty alleviation and social integration can only be attained through economic growth and ensuring the creation of productive employment.

The World Bank's 1995 World Development Report states that where there is growth there are gains for workers. The astonishing improvement in living standards, as evidenced by a six-fold increase in real wages over a generation and reduced hours of work, and visible changes in the working environment, have resulted from successful economic development. Professor Gary Fields has also reported that Korea's economic growth has contributed not only to an increase in wages and earnings, but also to the institutionalisation of social protection schemes such as the minimum wage and employment insurance systems.

Now let us turn our eyes to the relationship between economic development and the distribution of productivity gains. In Korea, the «develop first and share later» policy has already lost its ground. During the period from 1987 to 1994, average wages soared by 15.5% annually while the growth rate of productivity kept to a lower level of 11.7%. Higher wages that far outstripped productivity improvements stimulated higher commodity prices as production costs went up, in turn hurting competitiveness both at home and abroad. The positive trade balance was reversed to a deficit in 1990, and this has steadily grown since 1991.

There is no doubt that the more goods and services an economy produces with a given labour input, the greater the gains to be shared between the workers and their employers who have contributed to the improvements in productivity. However, if all the wealth generated by corporate activity is consumed, there will be nothing left to fuel the next round of growth. The problem is to determine how much of the generated wealth should be allocated to investment, and how much should be used to improve the lives and working conditions of the workers.

The distribution of productivity gains should also be considered from the macroscopic viewpoint that an opulent society can be brought about by an equitable distribution of productivity gains. More precisely, an opulent society is one where goods and services of high quality are provided at the lowest price through productivity enhancement, enabling workers, as consumers, to enjoy the gains in productivity.

It is misunderstanding to suppose that there already exists a stock of the fruits of economic growth which can be divided exactly, as if by a sharp knife, through the process of collective bargaining. Collective bargaining should be understood to be machinery for labour-management cooperation, rather than as a fundamental device for the distribution of wealth.

The wealth of nations is created by enterprises. Enterprises must certainly accept their responsibilities for the common welfare but, in order to carry them out, they must be able to fulfil their primary function of providing consumers with high quality goods and services at the lowest cost. If workers demand a too large portion of productivity gains, the consequent cost of artificially high prices will be borne by the consumers, including those workers who produced the goods and services. Furthermore, the competitiveness of the enterprise risks being compromised, and its potential to create or maintain employment will be endangered through unrealistic demands by workers for too high a share of the fruits of productivity gains. We have to bear in mind the fact that workers are not only the supplier of the opulence, but also the final consumer.

The way to raise workers' living standards is not to raise nominal wages, but rather to adopt various policies aimed at maintaining and raising real wages. Increased consumption in real terms will not be brought about by increases in nominal wages, but by the equitable distribution of productivity gains. In this respect, cooperation between labour and management to provide high quality products at low prices can be both the source and the result of an opulent society.

Let me briefly touch on the debate over the revision of current labour laws, which has recently been at the forefront of industrial relations.

In October 1992, the government set up the Labour Law Study Committee through which representatives from labour, management and the public interest were commissioned to propose an acceptable framework of labour law revision.

There is a difference of opinion about the proper direction for any changes in the labour laws. One school of thought calls for amendments to strengthen labour rights, with some unionists claiming that the prohibitions against

multiple unions and third-party intervention, and the restriction on public employees' right to strike do not meet international labour standards. The other opinion is that over-regulated labour standards should be revised to provide more flexibility in the labour market and to enhance the international competitiveness of Korea's industries.

There are a few factors that need close consideration in the debate on labour law revision.

First, overall labour standards in Korea are in excess of the ILO provisions. A monthly day off with pay, menstruation leave with pay for female workers, a shutdown allowance of 70% of the average wage, retirement allowances, and additional 50% payment of the regular wage for overtime, night and holiday work, are well above the prevailing practices of developed Western countries.

On the other hand there are few regulations which do not significantly meet ILO standards. Rather, due to over-protection for the workers, we can detect a loss in the international competitiveness of Korean products. Members of the American Chamber of Commerce in Seoul often complain to me that Korea is one of the worst countries for business because wages and labour standards are too high, and unionists are too militant. We should also note that the number of foreign-invested companies is on a decreasing trend.

Second, the labour market is too tightly regulated. A number of companies are holding on to redundant labour because the labour laws prohibit them from laying off their employees. Current law is too restrictive upon employers, as it does not allow them to hire temporary help service workers or to implement flexitime systems.

It is worth noting that the American system restricts the bargaining right exclusively to a union with a majority vote of support. However, in Korea, the bargaining right is automatically guaranteed without limitation as long as a union is registered.

Finally, industrial relations, like other social phenomena, are greatly affected by the historical and cultural background of the country. Nations have their own cultures, values and customs that are different to those of other countries. It may be seen as unreasonable to approach the issue of trade union rights in Korea without fully understanding the country's unique tradition.

If there is any need to revise the labour laws or reform the industrial relations system, those matters must be judged after considering domestic labour practices, the people's ways of thinking, and the future direction of the Korean economy. Furthermore, any problems should be solved by autonomous dialogue between labour and management, and not on a unilateral basis.

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Ministry of Labour, Sweden
Chairman of OECD Employment, Labour and Social Affairs Committee

This presentation gives some views regarding: firstly, tripartism in general in OECD countries; secondly, the strong link between labour rights and human rights, something which was also stated by the World Summit for Social Development; and thirdly, the importance of universal standards.

And regardless of whether you agree or disagree, I look forward to get your views and to learn from you, and your specific and concrete references to Korea, because a fundamental pillar for democracy and a necessity for developing knowledge is open discussion and debate.

It goes without saying that each country has to determine freely the socioeconomic governing system that is most likely to ensure its own development. But this choice should not be as categorical as it used to be-between polarized alternatives of planned and market economies, public or private sectors, efficiency- or equity-oriented systems.

Within the framework of the market economy there is a variety of examples of so-called mixed economies. There is no pure model for the mixed economy and also among the OECD countries there are big differences.

A common feature of interest to this conference however, is the important role that the civil society plays in the political and economic decision-making process.

When it comes to elements related to the labour force and the labour market the representatives of civil society of course are workers' and employers' organisations. In various manners these organisations are consulted and invited to express opinions on proposals by the governments regarding matters that affect them.

All right - both workers' and employers' organisations often complain that they are not given enough opportunity to channel their opinions and that they do it in vain.

My key point however, is that the two parties are very important and respected actors on the arena.

From the government's perspective I would like to stress two fundamental reasons for these contacts.

Firstly, in the ministry we do not have access to all necessary and relevant information about the realities on the labour market. A Swedish ministry is an ivory tower and I would be surprised if the situation is different elsewhere in the world.

We therefore see information about the opinions and experience of the two parties, we discuss our ideas about major changes in legislation and policy in order to improve our basis for decisions. And of course we also try to convince the parties about the brilliance, and of the budgetary necessity of doing this or that.

The second reason is that the implementation of policy changes is much easier and goes much smoother when the parties are involved and hopefully have a better understanding for the various decisions.

Of course it is impossible always to agree, but after seventeen years in the ministry and eight ministers of different political colour, I know that this process and the critical input from independent workers and employers organisations is indispensable for our decisions.

And I can assure you that in all OECD countries similar procedures are taking place.

My Committee met with a delegation from the Korean Government last Spring to discuss labour market and industrial relations matters as part of the OECD membership process. We got a very interesting presentation from the Korean government, although at the end of the meeting there were question-marks left, and some delegates in the Committee voiced their deep concern over some legislation and practice on your labour market.

There is, however, a process of change going on in Korea, and I am convinced that the Government in cooperation with workers and employers, will be able to find solutions in harmony with the criteria for OECD membership and the expectations among members.

A basic idea with the OECD is to build up a common basis of knowledge about various economic and social policy matters and options, and this is done through analyses and debate.

In this process, we can learn a lot from each other. Our aim should be continuous improvements of policy in order to improve continuously the situation for the citizens of our countries.

Six months ago Heads of States and Governments met in Copenhagen for a UN Conference on Social Development. If anything - the importance of civil

society was stressed at that conference. Employers and workers played a vital role in the work of the conference. And as employment was a key concept in almost all discussions the rights of workers were also a very prominent topic.

A very significant result of the World Summit for Social Development was the explicit mentioning in the final and agreed texts of a set of core ILO conventions to be of specific importance in the discussions of the rights of workers and of human rights.

According to many OECD governments what was decided in Copenhagen was to move certain fundamental ILO conventions from the area of labour rights to the area of human rights, or if you so wish, a «human rights clause» within the framework of labour rights was created.

Personally, I think this will have a very substantive impact on the development of labour rights world wide and we have got the highest possible political support for the international labour standards.

And now as part of the follow-up to the Social Summit the ILO has intensified its dialogue with all those member countries which have not ratified the conventions referred to by the Summit. The Director-General has sent a letter to all countries concerned and a process of establishing this foundation of core labour rights world wide has hopefully started.

The ILO standards have in recent years been criticised on the grounds that they are the product of a single dominant and dominating culture - namely the European Culture. In response to what is sometimes perceived as an expression of European neo-imperialism or «eurocentricity», certain countries particularly here in Asia, contend that their cultural specificities were not taken into account when the basic ILO conventions were devised, and are still disregarded when the application of standards is assessed.

This type of attitude, challenges not only the basic Conventions, but the whole corpus of ILO standards. The somewhat unclear argument seems to be that full implementation of ILO standards might slow down or prevent the economic and cultural revival of some countries with very rich and ancient traditions.

Perhaps, at bottom, there is nothing more than a lack of communication between cultures and the legitimate desire of various civilizations to assert their cultural identity and preserve their comparative advantages.

But from the point of view of ILO standards, I would venture to point out that human beings should be treated the same everywhere, and that, if the notion

of social justice was born in Europe, it was simply that Europe was the cradle of the industrial revolution and nothing else.

Domination, superiority and cultural imperialism are alien to social justice, which is an ideal that should become a reality for all human beings, regardless of the cultures of the societies in which they live and work.

I started out by expressing my strong belief in tripartism, turned over to the connection between labour rights and Human Rights, and ended with a plea for the universality of social rights.

Let me just add to that, that our discussion today here in Seoul could also take place in Paris, because among the OECD members we do not pay attention to quantitative aspects of economic development only, but indeed also to legal and qualitative dimensions of the economy and of life, because of the shared conviction that social progress will not be realized simply through the free interplay of market forces.

To grow or not to grow? That's not the only question.

The relevant question is: How to channel and redirect economic output -and whatever increases come along - in ways that will make it better serve humanity's needs?

Democracy is one of these needs and we should always remember the words of the late American Senator Hubert Humphrey: «Democracy here and everywhere begins in the classroom».

In conclusion I would like to say that I am looking forward to continue our discussion at the time of the next meeting of our Committee in Paris where we will review the labour market and social policies in Korea. This will also include an examination of industrial relations in this country. After the review the Employment, Labour and Social Affairs Committee will have to make a recommendation to the OECD Council on Korea's application for membership.

Lee Won-duck
Korea Labour Institute

The following is a summary of Mr. Lee Won-duck's intervention at the seminar.

In case of existing discrepancies in the Korean labour law there would be a need to change laws and institutions to conform with with ILO standards. However, foreign observers should take a cautious approach when looking at the Korean system. The labour law to some extent reflects the cultural background of the country and is part of a comprehensive system of institutions. It is therefore important to understand the whole structure of the industrial relations system in its integrity all elements of which should be consistent.

Korea's industrial relations system is undergoing a change of paradigm. Cooperative industrial relations are taking hold against the background of a more developed labour movement. We know that under the authoritarian regime laws were not respected. It nevertheless allowed some aspects of working conditions to improve. When we talk about the need to harmonise standards we must also accept that some laws need to be changed downwards to equalise rights between workers and employers.

The challenge of a downward revision of standards in Korea may consist in establishing an exclusive representation system in all matters of collective bargaining, for which the United States provide an example. In the United Kingdom employers have a chance to select their negotiating partners in a «beauty contest» of unions.

The current debate on a multiple union system raises the question at which level - company or sectoral - union pluralism should be allowed. In discussing this one should bear in mind that at the moment union leaders and their staff are paid full-time by their enterprises. Another issue was the special status given to civil servants in Korea because of the North-South divide. Teachers enjoy special respect in Korean society and parents would not like to see them treated as ordinary workers. They should still be given the right to organise, but not the right to strike. Another specific case were essential services in the public sector which should not become disrupted.

It is foreseeable that the «Third Party Intervention» clause in the labour law will be removed. An essential condition for this is that union militancy will calm and violence stop so as to achieve an industrial relations system based on mutual respect and trust.

Stephen K. Pursey
Head of Economic and Social Policy Department
ICFTU

In March 1993 the FKTU and independent trade unions agreed 10 points on labour law reform. These are still very relevant in the context of Korea's application to join OECD. They are:-

- i) The Korean government should agree to implement the recommendations of the ILO Governing Body (Case 1629) regarding the protection of the right to freedom of association for all workers, including those in the public service.
- ii) The FKTU and the independent unions should jointly prepare for the change in law on the registration of trade unions with a view to seeking a new basis for cooperation and the building of unity.
- iii) The Korean government should establish bargaining machinery for the public service.
- iv) Laws restricting union activity should be abolished and replaced by provisions to protect union members and officers from acts of discrimination.
- v) An independent, tripartite advisory, conciliation, mediation and arbitration service should be established to assist in the speedy resolution of disputes.
- vi) The right to strike should be guaranteed.
- vii) Laws to protect and promote equality of opportunity should be strengthened.
- viii) Tripartite consultation machinery should be established for the discussion of matters of economic and social interest, including Korea's ratification and implementation of ILO standards.
- ix) Laws hindering political action by unions should be reformed and security laws revised so as to safeguard the freedom of expression and of association and other basic human rights.
- x) The FKTU and the independent unions should meet at leadership and technical level to continue their dialogue, and work to achieve the above objectives.

The application of principle of freedom of association in Korea will have major effect on current industrial relations system. It will require an easing of the legal criteria for registration of unions and create the possibility of union pluralism which nearly all in Korea are concerned could be disruptive at plant level. Therefore to avoid the danger of such disruption, principles should be worked out for the recognition by employers for bargaining purposes of the most representative unions and/or the development of inter-union cooperation between different unions in the same company or sector.

The three parties - government, employers and unions - should also develop agreed procedures for conciliation, mediation and arbitration with the objective of encouraging the voluntary settlement of disputes and developing effective bargaining arrangements.

Public service unionism is a democratic right and should be respected by Korea. Ensuring that this democratic right is exercised in ways that contribute to the quality of public services and the improvement of working conditions require the elaboration of good systems for bargaining that avoid disputes exacerbating to the point where workers see no alternative to strike action.

If other laws such as those concerned with national security have the effect of forcing «normal» labour-management conflict underground, the effect is that legitimate grievances are not solved, but fester and eventually burst out in all sorts of unpredictable and often unpleasant forms. So for example if the existence of a free teachers' union is defined not as an issue of labour relations but as a criminal offence it deprives teachers of means of expressing their concerns openly and frankly. The same problem arises if union representatives chosen by members are defined as «third parties» and their role made illegal. A sure way to «politicize» labour relations is to make free trade unions illegal.

The Korean Employers' Federation has expressed concern that labour law reform could lead to companies being burdened by intrusive labour legislation and burdensome regulations. This is misplaced. There is a strong correlation between the absence of trade union rights to organize and bargain and the length and depth of labour issues covered by legislation. The problem Korea, and many other developing countries face, is how to shift from a rigid hierarchical labour system to a more flexible decentralized system without exposing large groups of vulnerable workers to exploitation and widening income differences excessively. Strong unions reflecting the diverse interests of a large membership, able to bargain and make good agreements, is the way forward in Korea and in other countries.

Finally, a word on the issue of whether foreigners like the ICFTU should be offering advice on labour law reform. Wouldn't it be better for us to leave

Koreans to sort it out for themselves? Ideally, yes, but it is often the case that the national parties in the industrial relations system hit a blockage when they try to change and adapt to new circumstances. All countries from time to time face the problem of institutional inertia. It is often useful to have the help of an irritating foreigner who keeps asking difficult but relevant questions. It can assist all concerned to move on rather than get stuck in an outmoded and unproductive system. And it can help improve international cooperation by building confidence that different systems share common principles.

Summary and Conclusion of Session II

The first part of the discussion focused on the issue of union pluralism and the question in which areas and at which level «multiple union» structures should be legally allowed. The debate then moved on to discuss conditionality of OECD membership. The central outcome of the debate was the recognition of a distinction between core labour rights and other labour «standards». Increases in wages and earnings, the reduction in working time, the institutional settings for social protection, minimum wages and unemployment insurance were all examples for good labour standards and social progress in Korea. However, core labour rights needed to be brought in line with existing ILO Conventions.

Stephen Pursey (ICFTU) said that it was preferable to avoid «beauty contests» and competition between trade unions within a firm. On the other hand, registration procedures for legal recognition of union organisations should be facilitated. The arguments for restrictions for teachers and other civil servants to unionise had proven counterproductive: the «politicisation» of teachers was a direct consequence of the ban of unions in the civil service as long as union activities were defined as being criminal.

Mr. Lee Bu-Young (Vice-President, Korean Teachers Union, non-FKTU) said in 1989 he and 1600 other teachers had been dismissed for their activities of founding a teachers trade union. Most of his colleagues were reinstated in 1994 whereas his own reinstatement was denied with respect to his «strong involvement» and offices held in the union. He believed that with the entry to the UN and ILO Korea had also promised to acknowledge the values of these organisations. Membership in international organisations implied the commitment to accept and respect both their obligations and rights.

The chair of the session, Mr. Lee Ju-wan, replied that in his view teachers were not an issue of labour standards but one of education policies.

The representative of the Korean Federation of Employers was asked whether the existing limitation of labour rights were not also putting limits to social and political stability. Mr. Kim Young-vae replied that trade unionists were arrested on charges of the criminal law and not on the grounds of their trade union activities. Foreign observers should also bear in mind the North-South divide of the country. The employers were aware that they had to make progress in cooperation with the unions.

The Deputy Chief of the German Mission, Mr. Prinz, said that labour relations would play an important part in the negotiations on OECD membership. He wanted to know whether the non-FKTU unions were in favour or against

Korean membership in the OECD. Mr. Kim Tae-hyun said that the objective of the non-FKTU unions was to build up genuinely democratic union structures from the bottom to the top. This would in some cases require the legal permission of multiple unions both at enterprise and at industry level. In his view, OECD membership of Korea should be made dependent on Korea's full respect of basic labour rights.

Andreas Botsch (TUAC) said that the East-West divide of Germany had never been regarded as a sufficient reason to restrict collective labour rights in West Germany before unification. On the contrary, freedom of association and social partnership in free collective bargaining had been rightly presented as essential elements of a free society in contrast to the oppression of freedoms in the East. The ILO had rejected the Korean government's argument of economic problems as reasons for the delay in labour law reform. The argument that Korea and other countries in Asia were still in a process of economic catch-up with the OECD was not valid either. The different justifications that were given for not implementing basic labour rights could raise a problem of credibility. In a democracy, fundamental rights were not subject to changes according to the business cycle.

II - TRADE UNION RESPONSE TO GLOBALISATION WITHIN THE OECD

Yasuo Iwayama
Vice-President
Japanese Trade Union Confederation (RENGO)

On behalf of RENGO, this presentation sets forth my views on two subjects:- first, the relations between economic development, investment and the adoption of social clause in developing countries; second, the attitude of Japanese trade unions to investment by multinational companies. These topics clarify the priorities trade unions have to address.

As many delegates have already mentioned, holding this TUAC Seminar in Korea has a special significance. Asian countries, especially East-Asian and Southeast-Asian countries, have been enjoying economic development for more than 20 years, and Korea is reaching a stage to become a member of the OECD. I am sure it is not needed to explain the state of economic expansion in this part of the world. Indeed, East Asia and Southeast Asia are, and will be in the coming decades, the center of the world's attention. In this context, I think we have to pay due attention, first of all, to relations among economic progress, investment, and adoption of social clause in developing countries. If I may say without referring to the advisability of such a policy, however from a general historical point of view, most countries turned to a development-dominated economic policy in their early stages of economic progress. Countries in East Asia pursued economic progress as a task to be accomplished and placed it above all other national goals. This went hand in hand with the rising nationalism in the region in the course of winning independency after the World War II.

While we have seen the regional economy expanding spurred by inviting foreign investment, human and trade union rights are subject to restrictions in some countries of the region and, needless to say, this will continue to be a matter of serious concern for trade unions. It is obvious that various forms of intervention and obstruction on the part of governments and employers are key factors that make it hard to organize trade unions in developing countries.

Ensuring human rights and trade union rights, which democracy guarantees, is essential so that the economic wealth produced by workers be distributed to raise their standard of living and be used effectively to promote social

and economic progress. In the Asian region, ICFTU-APRO has adopted the Asian Social Charter and is requesting APEC and other organizations to provide an opportunity for regular dialogue between labour and management.

Rengo has been and is supporting the idea of incorporating a social clause in trade and investment agreements of WTO and others. We have requested the Japanese government to support the social clause incorporation, however, it merely cites consideration of the reality in Asia to excuse its noncommittal response. It is regrettable to see that the Japanese government does not support the deserved claim that global expansion of trade and investment should be accompanied by social progress.

Another approach would be to require multinational companies or investors to follow rules of action. In this respect, the ILO has drawn up the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and OECD has come out with the OECD Guidelines for Multinational Enterprises. It is necessary for trade unions to further push multinational companies to observe the declaration and guidelines. This kind of approach on the part of trade unions is important and urgent because it will take some time for WTO and other international organizations to reach agreement on the issue. We are also aware that there are countries, most of them are developing nations, which are reluctant for imposition of trade sanctions as last resort on the violated countries. In the meantime, world trade has been expanding every year and has reached a stage where globalization has become a reality. Therefore, it is becoming urgently important for us to call on multinationals to abide by action standards in their operating countries.

Let us take a look at the situation in China, for example, which has become the world's second largest recipient of foreign investment. Approach to multinationals in China is highly effective to establish fair labour standards in view of the state of trade unions and the general situation of that country. In fact, trade unions have already started this approach.

Collecting information from the early stages of planning is the key to working out measures to deal with the investment and the relocation of business operations by multinationals. In this sense, the European Works Council to be launched in 1996 will be a good example.

Japanese companies have been increasing overseas investment in recent years. But the rate of overseas production for Japanese manufacturers is still around 6%, much lower than the 10%-20% for their counterparts in Europe and the U.S.. It is certain, however, that the rate will rise due to the recent, further gains of the yen. This is particularly true for industries of electric appliances and machines as well as automobiles. Industrial relations in Japan, as you are well aware, are basically relations between workers and employers

within individual companies and enterprise-based trade unions constitute the basis of trade union activities. Therefore, the overseas investment plan of a particular company is discussed at its labour-management consultation meetings. It is essential for trade unions to encourage their companies to pay attention to the social and labour situation in the countries in which they plan to invest, and also to encourage them to consider respect for basic trade union rights as a key factor of investment. Investment in other countries should contribute to expansion of employment opportunities, improvement of living standard and promotion of education, training and professional skills in their operating countries, rather than simply producing goods at lower labour costs. This is an important point we should address with greater emphasis.

To deal with issues of multinationals, the Trade Union Council for Multinational Companies has been organized in Japan and RENGO is serving as its secretariat, involving ourselves in labour problems overseas.

The Council holds regular talks with representatives of the government and business organizations to exchange views. Let me also refer to some other activities carried out by individual trade unions. They have talks with other enterprise-based trade unions in the world and joint seminars at bilateral basis are organized between trade unions of Japan and developing countries. These talks provide regular forums of consultations between trade unions. I want to emphasize the importance of efforts to prevent labour disputes rather than considering measures to deal with labour problems after they have occurred.

It may be argued that economic progress and development on one hand and standards that should be implemented from social and international points of view are incompatible. It is not the case and I believe that the two ideas can go together. It seems the principles of the market economy tend to be a dominant force, but what is important is to promote the construction of economies and societies in a balanced manner.

Klaus Hermann
IG Metall

For generations, Germany and its industries, especially the metal and electronic industries, where IG Metall has organised 3 Million members, were oriented towards international markets. Globalisation was a steady process, «made in Germany» was an internationally recognized standard for technical excellence and quality.

Within a very few years many elements of our society and economy, one might even say the stability of the German model, came under heavy pressure.

Most of the explanations refer to the steady increase of international competition. But if we don't regard globalisation as a black box we have to look more carefully into its interior life.

The more we do, the more we discover a process leading towards «productivism», a takeover of societies by economies. If we want to avoid this and really design the social organisation of innovation then we need new institutional arrangements.

This seminar can contribute to identify elements for these institutional arrangements, to avoid the extension of mass unemployment, the widening of social differences and the cutting off of whole continents. If we want our global village to survive and develop we need in addition to trade and tariff agreements internationally accepted socio-political and ecological agreements.

Let me first describe the problems we experience in Germany before I try to outline how and where IG Metall engages in finding solutions.

The cohesive power of the institutions including the industrial relations making what was so far called the German model is eroding. On the macro level there are the forces of globalisation on the micro level the restructuring of the production process, both contributing to the erosion of institutions.

We neither deny nor exclude the hard core economic facts behind these processes in our concepts. But we are also aware of the dangers, if we continue to think in the old terms of economic growth. First of all, the base of mass unemployment was rising from cycle to cycle. By further increasing mass production for extended markets, accelerating the production process and rising productivity we will not be able to integrate the unemployed. Due to

enforced global competition even in the core sectors of our industries there is no escape within the old model.

And our German global players - just to mention Siemens as an example -are more and more investing overseas, in production facilities as well as in research and development. It is only within foreign activities, that employment rises, within Germany employment in the industrial sector shrinks permanently.

There is (like in Japan) a continuous net export of investment and employment. This process tremendously weakens the institutions of social welfare, built up during a century. And it creates a rising pressure on our collective agreements and institutions which so far were a productive part of the German model. Nowadays every collective bargaining is accompanied by threats of employers to leave the country, referring for example to the level of labour costs in China.

Another aspect of globalisation is enforcing this devaluation of institutions and agreements: since the fall of the centrally administered economies, but also from other countries, there is a steady influx of labour migrants, undermining the national standards.

Another contribution for weakening national institutions stems from the management of foreign based multinationals, who disregard institutions like co-determination by work councils or trade unions.

Samsung and Goldstar just recently closed plants in Germany and transferred them to Great Britain, explicitly referring to complicated procedures of codetermination and labour law, which do not fit in their management philosophy.

These were only a few of the international aspects weakening national institutions.

The second source of problems enforcing the erosion of institutions is the restructuring of business and industrial production as a response to rising international competition. Since labour costs are high in Germany in comparison to many countries, many enterprises started their version of «lean production». Instead of learning from Japanese concepts and practice they spoiled the most valuable resources necessary for a real restructuring. They just conceived employees as cost factors and therefore reduced them. The more intelligent version, of course, is to conceive employees as creative resources, whose use should be maximized.

The restructuring of the fordistic or tayloristic production machines, which

were good for the system of mass production, is still in its childshoes. It is necessary and we support it.

We need new and intelligent forms of reactions to steadily changing market clusters. Bureaucratic organisational structures are inflexible and slow. They cannot meet these demands and above that, they cannot maximize the use of human creativity.

Therefore we support intelligent forms of labour organisation like group and team work. We have to make use of the immense democratic potential of selfdetermination and thereby enrich the gains from codetermination. Management as well as labour need a democratic working culture.

Meanwhile we know more about the price we have to pay: another risky contribution to the erosion of institutions. The smaller self regulated micro-worlds or semi autonomous groups in labour organisation become, the more differentiate and open are the demands for institutional frameworks. We have to organize learning processes. The normative homogenization of our collective bargaining covering large sectors of industry, is eroding.

We also learned, that employees, especially in those modern branches like information and communication technology, where like in a laboratory experiments with new forms of labour and self organisation are at the forefront, ask us for protecting institutions and support. The experiences for example with IBM and Digital Equipment were a lesson to them.

More and more arises a consciousness, that the uncertainty and speed of developments can be unproductive constraints for intelligent solutions and learning processes, for individuals as well as for institutions.

The more deregulation is demanded from a purely productivity orientation, the more it becomes obvious, that new forms of cooperation and agreements have to replace the historical institutions, on a national as well as on an international level.

One example: since fragmentation of big organisations into market-driven units started, the funds for Research or Vocational training were disputed. Who pays for the overheads?

Now research and vocational training decline, because of narrow productivist conceptions in management. Innovation and careful planning of future define new demands for the state as well as for enterprises, as for the cooperation of both.

Globalisation and restructuring of business is the very challenge. If we want to escape the mere reproduction of old models and thereby driving down a

world wide spiral we need new institutions: A mix of decentral and transnational agreements and institutions.

To conclude I want to give two brief examples for our reactions on the international level:

1. Within the branches we organize we were and are very engaged in building up transnational work councils paralleling the structures of multinational corporations within the international metal workers union. Beside the continuous exchange of information and experiences between the national work councils we build up early warning systems to anticipate consequences and develop solutions, first of all to secure employment, secondly we try to develop best practice programmes and standardize the results and homogenize interests. We are learning to speak with one voice and accumulate our strength.
2. Within the European Union IG Metall was and is very engaged in the establishment of Euro work councils in all enterprises operating at least in two countries. The guideline of the European Commission is transformed now in a legal process into national practice. Great Britain is still outside this process - maybe one of the reasons, why many overseas based multinational companies settle down on this island.

International solidarity is a continuous project of cooperation, let us develop it.

Uh Soo-bong
Director
Research Center of Federation of Korean Trade Unions

Globalisation has become an important issue in Korea and a challenge for trade unions. Employers try to get more flexibility of labour so that they demand more freedom of layoff, more flexible patterns of employment such as part-time homework or labour lease, and more flexible wage schemes. So-called neo-liberalism is ready to prevail in labour-management relations. Neo-liberalists argue that the labour laws should be reformed from the protection-oriented to the contract-oriented system. In this matter, free trade and globalisation become powerful weapons to persuade the government and the public in general.

Globalisation is nothing but a widening of markets, which implies more fierce competition. More competition is a driving force for managers to reform their business in a more competitive way. However, the issue is: which is a more competitive way?

On this issue, trade unions' positions are in sharp contrast with those of the employers. The FKTU views job security and good working conditions as a most important way of improving competitiveness. Job security allows human capital more easily to accumulate at company level, or even at national level. Good working conditions are the base for workers to increase labour productivity through voluntary participation and cooperation. These points seem to be already proved in such countries as Germany and Japan being evaluated to have strong competitiveness in the world markets.

In 1996, Korea is expected to become an OECD Member. Also, Korea wants to play an important role to strengthen APEC. The FKTU therefore strongly supports the ILO Tripartite Declaration and the OECD Guidelines for Multinational Enterprises, which should be respected by all countries. This is particularly relevant for Export Processing Zones where labour rights are limited.

In this matter, the FKTU urges the government to reform first the labour laws, some articles of which are not corresponding to the international standards as pointed out earlier. The FKTU argues further that Korea should improve social welfares and working conditions (e.g. less working hours) in order to be recognised as an advanced country in the world.

Among the basic ILO Conventions which Korea should ratify, the Conventions on child labour is not a major problem in this country. An issue, however, is Convention 87 and the right to collective bargaining, and the challenge is

how to amend the labour law without producing a chaos.

The FKTU is not in favour of union pluralism and is seeking the unification of trade unions in Korea. As far as the structure of unions is concerned, the basic rule is to have a consensus amongst the three parties. But irrespectively of this, in view of the admission to the OECD labour standards should be enhanced further. The FKTU favours OECD membership as it believes that international solidarity of members will be strengthened.

Lee Dong-eung
Deputy Director
Korea Employers Federation

Recently the linkage between labour standards and trade or investment policies has been under discussion. Arguments from certain quarters run that the growth of international trade should not favour countries which benefit from an unwarranted advantage because of a lack of social protection, as this may be considered an element of unfair competition. At the same time these circles aver that the social clauses have little to do with labour costs or the question of comparative advantage.

We fully endorse the promotion of basic human rights, and we totally support improvements in working conditions throughout the world. However, some questions have been raised to us about linkage of labour standards to trade or investment agreements.

First, is it just a coincidence that the renewed drive to link labour standards with international commerce happened at a time when the industrialised countries were experiencing an economic downturn and severe unemployment? If it is not a mere coincidence, there must be some misunderstanding. The OECD's report on job study says that the view of the proponents of the social clauses that imports from low-wage countries cause higher unemployment and drag down the wages of low-skilled workers in OECD countries, seems ill-founded. There appears to be no evidence to suggest that trade with non-OECD countries is significantly contributing to unemployment or undermining OECD workers' working conditions. On the contrary, non-OECD country markets continue to provide a valuable source of employment in OECD countries.

Second, would the application of trade and investment sanctions to the countries which lack in social protection incite them to effectively correct the situation? I think it would not do so because the lower level of social protection is a consequence of under-development. No one can claim that those countries artificially maintain working conditions at a low level simply to be in a competitively advantageous position. Rather, if restrictions are placed on the importation of developing countries' goods and on investments in those countries solely because their low level of social progress cannot meet the expectations of some developed countries, the employment and livelihood of workers in developing countries would be placed at risk. Furthermore, there is evidence to suggest that both trade and investment relations with non-OECD countries are having a positive effect on working

conditions. The UNCTAD World Investment Report emphasises that companies are actually improving their standards in the countries in which they operate without compulsion or regulation.

Third, who is to be responsible for the damage brought about by trade sanctions? The direct impact will be on enterprises, not governments; yet it is governments that are responsible for adequate national labour standards and their enforcement. There are many examples of companies which bestow on their workers working conditions that exceed those demanded by domestic law and practice. Some businessmen in Korea, after consideration of the fairly high level of wages and other conditions of work, argue that they have everything to gain and nothing to lose through the adoption of the social clauses. What happens to these honest companies if a country has trade sanctions imposed against it? Would these companies be exempt from generalised sanctions because they played no part in the infractions? It is very doubtful that individual countries or any international organisations which authorised such sanctions would take the time necessary to examine the labour practices in every company's case. Additionally, while trade sanctions would clearly have a significant economic impact on those companies which produce goods for export, companies producing goods for the domestic market would probably not suffer at all until the effects of long-term sanctions reverberate through the economy at large.

Fourth and last, but by no means least, by whom and how would it be decided to place or lift sanctions? Can the procedures to place sanctions be set up through consensus by the international bodies responsible for questions of international trade or investment? Human rights' issues are not unknown even in the developed world. What would happen if a trade dispute between industrialised countries worsens and one party raises a human rights' issue about the other country in pursuit of economic goals? Japan has a long-standing problem of the right of its fire fighters to organise, an issue that has been pending for more than two decades in the supervisory mechanism of the ILO. The European Union might be tempted to use that infringement of trade union rights against Japan as leverage in order to initiate economic sanctions. Japan, for its part, could then retaliate by using, for instance, the similar case on the freedom of association pending before the ILO for many years that concerns the right of employees at the GCHQ of the UK to organise, or refer to the similarly obstinate case in Germany concerning discrimination of employment on political grounds. It is unrealistic to imagine an impartial and non-discriminatory procedure leading to trade sanctions in order to force countries to take certain social measures. Any friction between nations that is related to the evaluation and recognition of the social clauses is likely to bring international society into conflict and confrontation.

Last May, OECD ministers decided to start negotiations on a Multilateral

Agreement for Investment. In undertaking this project, OECD countries must bear in mind the following points:

Foreign investment creates and preserves jobs in both the home country of the investing company, and in the host country. Furthermore, as mentioned above, investment relations with non-OECD countries are having a positive effect on working conditions in those countries without the compulsion of international rules.

Investment agreements provide legal assurances to foreign investors on national treatment or protection of investment assets. Introducing binding social obligations into investment agreements would alter this important role from one of providing minimum legal protection to one of regulating enterprise management.

If companies are required to abide by social regulation on working conditions which do not correspond to the level of the host country, investment flows to this country would undoubtedly diminish, and, as a result, it is possible that the pace of economic and social development and the plight of workers in that country would suffer. Social clauses in a foreign investment agreement would likely constrain the trend towards improvement in labour standards that is being promoted through economic development.

Great respect should be accorded to the sovereignty of the host countries. DAC Orientations on Participatory Development and Good Governance says: While there are certain universal standards that cannot be compromised, the evolving needs and specific conditions of each country will heavily influence the pattern of social progress, and must be borne in mind in every attempt to help advance that progress. International cooperation should be sought in a way to avoid frictions among governments in a political sense, that will not unduly distort the international allocation of resources in an economic sense.

Trade union responses to globalisation appear to follow different though not mutually exclusive strategies. They range from demands to better international cooperation between governments at multilateral level over a strengthening of existing international institutions and instruments to the demands for new multilaterally negotiated agreements. Before concentrating on two approaches of international cooperation, one should take a look at how globalisation is perceived by ordinary working people.

The current phase of globalisation is constituted by the untamed wave of liberalisation in international trade and investment and by the borderless use of information and communication technology in a geopolitical framework where the former East-West North-South divide has practically ceased to exist. The current shape of globalisation therefore brings about a new quality. It is a phenomenon which few ordinary people know about in detail but many feel uncomfortable with. Many people are worried about their future in globalisation and they have good reasons to do so. Also in Korea, as we have just heard, globalisation is perceived as a threat.

Not a long time ago, the very notion of the marketplace described a square in the center of villages and towns where goods and services were exchanged. These marketplaces were subject to rules which everybody knew and could deal with. Up until two decades ago, national economies basically followed the same functional patterns. There have always been both cyclical and structural changes, winners and losers in the economic process, and the heroes and villains in the marketplace could be easily identified.

Today, these marketplaces in our villages and towns have almost become folklore in the economy. The marketplace has gone global. Economic and financial liberalisation and deregulation in conjunction with unprecedented flows of information has made the whole world what others have dubbed a global village. Today, people and national governments are faced with a loss of sovereignty in national economic policy making. The area of policy making to which governments seem to be confined to is labour market and social policy. These, in turn, are spelled out in the name of economic competitiveness under which large parts of workers then have to suffer. Because global competitiveness is good by definition, they have to bear the burden of globalisation. It has become impossible to identify the economic heroes and villains on a satellite data transmission process.

To the same extent as it did not make much sense in the 19th century to fight against machines, the symbol of capitalism, it would not appear to make much sense today to fight globalisation. One possible solution then appears to slow it down and to give it another direction. The «global marketplace» needs basic rules of the game as did and does the marketplace in our villages. The options today therefore consist in either a weakening or a strengthening of rules and institutions at global level.

Let me draw another perhaps unorthodox analogy. At the origins and throughout the history of the trade union movement there has been the objective to of workers to obtain personal dignity and collectively regain a degree of sovereignty as economic and social actors which each individual had lost being a proletarian in the factories and sweatshops of crude capitalism. Collective solidarity through trade unions has made workers subject of their faith not pure objects of managerial will. Consequently, if economic sovereignty is lost at the national level, the objective must be to regain it at international level.

This can be achieved by two complementary means and approaches. One is policy oriented and consists in policy cooperation between governments for the establishment of «social rules of the game» for international trade and investment and a re-regulation of financial markets. This was largely discussed in Session II by Sven Eric Sterner and Stephen Pursey and taken up by Yasuo Iwayama and Uh Soo-bong.

The second approach is more trade union-oriented. Globalisation means a changed, different role for government - one in which the state encourages internationalisation of its economy by acting as the facilitator. To minimise conflicts between governments, interdependence raises the need not only of policy co-ordination but also of policy convergence and, if possible, harmonisation at regional level. Although many trade unionists in OECD countries actually think that the Guidelines for Multinational Enterprises are weak, they still describe good practice industrial relations between labour and management of the same company acting at global level. Since they have been agreed on by governments, business and labour in 1976, international capital mobility, i.e. foreign direct investment, has skyrocketed and increasingly gone beyond OECD borders. Therefore, within and outside the OECD area, the Guidelines must be made more relevant.

This applies not just for foreign investors originating from OECD countries. In terms of their geographical coverage the OECD Guidelines should be implemented in all countries. Looking at Korea and its intention to join the OECD, there is a certain legal commitment that OECD membership will bring about. When Korea joins the OECD, the Guidelines will have to be applied. This seems particularly relevant for Korean multinationals investing in other

non-OECD countries, such as Indonesia, Vietnam, Pakistan, and in Latin America.

Trade unions and works councils will seek more participation rights and consultation mechanisms at the level of multinational companies. There are already a number of good cooperation cases in the automobile industry, which constitutes the most globalised sector in manufacturing. Multinational enterprises normally sell products but an increasing number of them are geared to sell a positive image attached to their products. The «feel good» factor is potentially more than a marketing strategy and could more widely be used by both management and unions to label products originating from a good industrial relations climate. OECD membership already provides a certain quality label for member countries' willingness to promote social and economic progress. It would therefore not seem too difficult to attach quality labels to multinational companies' labour relations and standards. The case of the lost credibility of Royal Dutch/Shell's commitment for a cleaner environment bears some lessons for labour and trade union strategies as well.

Summary and Conclusion of Session III

Trade union responses to globalisation were found to follow different, but not mutually exclusive strategies. They range from a better use of existing global instruments (such as the ILO Tripartite Declaration and the OECD Guidelines for Multinational Enterprises) to the formulation of a new regulatory framework at global or regional level (such as the social dimension in APEC, social clauses in multilateral trade and investment agreements, or the acknowledged need for new institutions adapted to a post-Taylorist framework). While it became clear that business felt to have difficulties with global rules of the game, trade unions were seeking solutions both in their own court and in internationally agreed government policies. The chair of the session, Rick Jackson (CLC, Canada), pointed to a third option which the Canadian labour movement was pursuing. In cases of bad management practice of multinational companies abroad, Canadian trade unions were threatening not to conclude agreements with the firm in countries where collective bargaining was usual and good practice. This strategy could lead to a damaging image for the firm.

In the ensuing debate Bernd Reddies (FES) said that OECD-based multinational companies could demonstrate their attachment to good industrial relations practice when investing abroad by going beyond national conditions in host countries. South Africa under the apartheid was an example of this. Another case of good practice was introduced in Korea by the management of a German chemicals company who introduced a process of collective bargaining which encompassed both blue and white collar workers and led to a merger of unions in the plant. Substantial wage differentials between men and women workers were gradually eliminated after taking account of military service time for men. The process was regarded as both innovative and challenging for the previously existing practice, but had also shown that multinational company management could positively contribute to the development of labour standards in host countries.

Achmad Marzuki (SPSI, Indonesia) pledged for a social model for multinational companies. Korean and Japanese firms recruited Indonesian workers at very low wage levels and had a bad record in hiring migrant workers without social protection.

Shin Eun-cheol (non-FKTU unions) pointed to the debate on a social clause. Union pluralism was a very sensitive issue, and freedom of association and the right to bargain collectively was often omitted in this. Union solidarity could not be obtained by force and elites could never get control over free

trade unions. The real issue that workers were raising with regard to OECD membership was whether and how the OECD could promote labour standards in Korea. The independent unions had hoped that UN and ILO membership could exert some pressure on the Korean government but so far nothing had happened. Since the ILO had issued its recommendations to the Korean authorities, workers' patience had become more limited. The moves to ratify Convention 138 were positive but not sufficient.

When asked about the procedures and legal weight of the OECD Guidelines for Multinational Companies, Andreas Botsch (TUAC) replied that the OECD Guidelines were not well promoted. There was a need for a new willingness and a new push from the government side to strengthen the commitment to this OECD instrument. The Korean government needed to know that when joining the OECD, it would have to implement them through certain administrative and legal procedures. The Guidelines were voluntary in nature for companies but governments had put their name on them. The OECD Council had decided to implement them and governments had committed themselves to disseminate them and to set up national contact points for all issues arising in relation to them. The respect of the Guidelines could also avoid problems and transaction costs related with them.

Yasuo Iwayama (RENGO) said that local and regional systems of industrial relations needed to be more respected. The existence of «in-house unions» were not necessarily an obstacle to well functioning industrial relations. In Japan, truly industrial and cross-sectoral union cooperation co-existed with this throughout a whole range of sectors, e.g. the metal industry, shipbuilding and steel. At national level, RENGO cooperated with both the Keidenren and Nikkeiren, ensuring good standards of living and distribution of productivity gains for all workers.

John Evans (TUAC) concluded the debate by saying that from a trade union perspective there were currently two views of the world. One was the old Taylorist world with a permanent threat of dislocation and downward pressure on wage costs, which in a context of free capital movement around the world made companies feel that they did neither want nor need trade unions. If one applied this view to Korea, one could get the impression that companies feared disorder if the labour law changed. The second was the post-Taylorist world which was striving for the high road of innovation and high productivity production. It was evident that multinationals which had embarked on this strategy were not locating abroad for the reason of low wage levels. The problem was that most workers and trade unions would like to live in the second world, but found themselves locked in the first one.

IV - LABOUR MARKET AND SOCIAL POLICIES

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The economic recovery has now extended to embrace virtually all OECD countries. Unemployment is, thus, edging down slowly from its peak of 34 million in 1994. But, even if there were continued economic expansion, the unemployment rate for the OECD area could remain high at around 7 per cent in the year 2000, above the level it reached before the latest recession.

The problem of high and persistent unemployment in OECD countries is compounded by the fact that it is very unequally distributed: the less skilled, the less educated and young people all have a much higher risk of becoming unemployed. For many of the unskilled unemployed, the risk of drifting into the ranks of the long-term unemployed is particularly high. In many European countries, over 40 per cent of the unemployed have been out of work for one year or more.

To combat the serious economic and social problem of high and persistent unemployment, OECD Ministers in 1994 endorsed the Jobs Study which set out a balanced and broad-ranging strategy of macroeconomic and microeconomic reforms with the aim of cutting unemployment durably. I would like to emphasize that the Jobs Study put forward a balanced mix of policies across nine broad areas, embracing both macroeconomic policies and microeconomic policies. This reflects the fact that the OECD countries are trying to tackle the problem of high and persistent unemployment and rising income inequality through actions across a wide range of areas.

It is impossible for me in this speech to cover all the nine areas of recommendations. Instead I will confirm my remarks to one key element in this strategy: how best to increase the effectiveness of active labour market policies (ALMPs). This topic has relevance for Korea and some other Dynamic Asian Economies which are beginning to put in place active labour market policies in order to assist their work forces to adapt to globalisation and other structural changes. The experience of OECD countries with active labour market policies may provide some useful lessons for Korea and other Asian economies as they seek to develop their own set of labour market policies.

Assisting the unemployed in effective job search is preferable to simply providing them with passive income support. Undue reliance on passive

income support can diminish work incentives and job-search activity among some of the unemployed, resulting in them becoming overly dependent on social transfers as their basic income support.

Despite the commitment made by OECD Ministers in 1992 to transfer more resources to active labour market policies from passive measures of income support, progress in making this shift has, in many countries, been disappointing. In part, that is due to the rise in unemployment per se; but it also reflects the fact that some programmes have not achieved their objectives. Hence, there is a large premium on making these policies more effective.

Research carried out by the OECD in recent years highlights the central role of the Public Employment Service (PES) in enhancing the effectiveness of active labour market policies. While the PES does not have responsibility for the design and implementation of labour market policies in all OECD countries, it often plays a co-ordinating role and, in cases where a subsistence allowance or subsidy to an employer is involved, it tends to take decisions about the admissions of the unemployed to relevant programmes. It is important to strengthen further this co-ordinating role. Central to this task is the extent to which the functions of job brokerage and counselling, the administration of unemployment and related social benefits, and decisions about who gets placed into which active programme are carried out by the same front office.

Enhanced co-ordination is desirable for two reasons. First, it facilitates the monitoring and support of the job-search activity of those receiving benefits. Second, with high and persistent unemployment, the PES must focus more on placing the unemployed in ALMPs with the objective of assisting them to find regular jobs later.

Integrated systems exist in only a few countries (examples are Austria, which has recently undergone a major reform, Germany, Japan, Norway and Spain). The US system is particularly fragmented, although the current policy debate is partly centred on creating and making more use of so-called «one-stop shops». In a number of other countries, recent reforms have strengthened co-ordination (Australia, Ireland and the Netherlands) and placement and benefit offices have been reintegrated in the United Kingdom.

More needs to be done. OECD studies of the PES have found that the proportion of staff actually engaged in job counselling assistance is low, about one in four. What would be a target for countries to aim at in terms of their PES staffing? One hour of individual counselling per month for each unemployed person is a reasonable target. This implies that there should be at least one qualified counsellor for each 100 unemployed persons. Very

few OECD countries currently meet this target.

A complementary path to enhancing the PES's effectiveness in job-search assistance and their counselling is to encourage competition from private-sector job placement agencies. Indeed, the proposed revision of the relevant ILO convention on the monopoly position of the PES goes in the direction of encouraging both public and private agencies.

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It is one thing, however, to alter the monopoly role of the PES and another to determine whether, and under what conditions, private-sector activity will emerge as a significant factor in placement activity. For example, Denmark and Finland have recently changed their laws to enable private-sector agencies to operate, but start-ups have been few, with the result that the PES monopoly has not been effectively challenged yet. I note that private and public placement agencies co-exist in Korea and that the private sector has a much larger market share than the public sector. As a result of the Employment Security Act, the Korean authorities are committed to strengthening the role of public placement agencies. But one can question if there is a need for this in an economy characterised by excess demand for labour and a thriving private placement sector.

Private sector involvement raises a number of important issues which governments need to consider. First, there is the question of start-up costs to get the private sector going. Should government provide an initial subsidy to attract start-ups and, if so, how much should that be? Second, given contracting out, how should «successful» outcomes be defined and monitored by the PES? Is placement in any job for any length of time the criterion to be used? Third, how might governments act to ensure that private sector agencies do not exacerbate the concentration of unemployment by «cherry picking» those who already have the best job-finding chances and avoiding areas where the local labour market is especially bleak?

Improving the co-ordinating role of the PES and seeking to enhance its effectiveness, perhaps by encouraging greater contestability via private-sector agencies, are important intermediate objectives for policy. The effectiveness of these actions may, however, be limited if ALMPs themselves do not allow for sufficient consideration of local and individual conditions, including the special problems of areas in which unemployment has become deeply ingrained.

For that, it is important to know what active programmes have the best chances of working.

Which active labour market programmes work and which do not? In determining what works and what does not, it is important to be clear about the criteria to use in evaluating ALMPs. There are three main criteria, although their importance can vary considerably across countries and across programmes. These are:

- (i) has the employment and/or earning prospects of programme participants improved as a result of their participation in the programmes, at least relative to similar individuals who were not programme participants?
- (ii) has net employment increased as a result of the programme?
- (iii) has macroeconomic performance improved?

These are difficult questions to answer, especially the third one where there is little comparative evidence to date. However, on balance, the evidence from cross-country evaluations is that, with careful design, good management and an appropriate institutional environment, ALMPs can raise the employability and earning prospects of participants. Provided that ALMPs do not contribute to stronger wage pressure, nor lead to excessive public expenditure, they may contribute to net job gains.

In particular, evaluations from France, the Netherlands, the United Kingdom and the United States of targeted measures of job-search assistance and counselling, which include formally scheduled interviews, back-to-work plans and job clubs, show consistently positive outcomes. The good news is that such measures are fairly simple to organise and not very costly, showing that good returns do not necessarily require large resources.

The bad news for policy makers is that training programmes for the unemployed have had much more mixed results. Positive outcomes have been found for highly targeted, and relatively small, programmes to meet the needs of specific groups, such as some training options in Canada, on-the-job training in the context of US Job Training Partnership Act and centres for vocational orientation and training in the Netherlands. On the other hand, the likelihood is that training programmes which are broadly targeted on the unemployed and for which little counselling is given, will be ineffective, as evaluations in the Netherlands and the United States have shown.

Training programmes for the unemployed, thus, require a very high degree of targeting and adequate resource support if they are to be successful. They

do have a role to play in labour market policy. However, because of the high degree of targeting and the resource intensity required for success, it does not seem to be a sound strategy for labour market policy makers to invest a large proportion of their resources in training programmes for the unemployed.

Direct job creation schemes — temporary subsidies to private-sector jobs, including reductions in social charges to firms hiring an unemployed person; start-up grants for self-employment; bonuses paid to the unemployed who find jobs; and temporary job creation in the public sector — are another important form of ALMPs, accounting for between 10 to 50 per cent of spending on ALMPs in many countries. I note that the Employment Insurance System which was established recently in Korea puts a large emphasis on such wage subsidy measures, e.g. it provides subsidies to prevent lay-offs, to encourage local employment creation and the hiring of older workers.

It is widely agreed that hiring subsidies for private-sector jobs will generate substantial displacement and substitution effects on employment. Displacement arises when, at a given level of aggregate demand, firms taking on subsidised workers expand while others necessarily contract. Substitution arises when employers hire someone who is eligible for a subsidy at the expense of laying-off (or not hiring) someone who is not subsidised. In addition, there may be deadweight effects: firms received a subsidy for hiring someone they would have hired anyway.

Recently, arguments have been advanced which, while acknowledging these effects, suggest that there are net employment gains over the long term, and other economic and social benefits from carefully designed and monitored hiring subsidies which attract a high private-sector take-up. Both Australia and the United Kingdom have adopted this position (other countries with various forms of hiring subsidies include Belgium, France and Germany).

Among the countervailing advantages claimed for hiring subsidies are that: there may be social and efficiency gains from subsidies targeted on disadvantaged groups; that for the long-term unemployed, even a job that lasts a short time will raise their motivation; and, by increasing inflows into, and outflows from unemployment, the subsidies will attenuate the split between labour market insiders and outsiders.

In the long run, such targeted subsidies may increase «effective» labour supply, thereby reducing wage pressures at any given level of unemployment.

In order to evaluate this argument, answers are required to a range of practical issues about which current knowledge is very limited. These include:

- (i) should the subsidy be given to the unemployed job-seeker or the firm?
- (ii) what form should it take, i.e. should it be a lump sum payment or a regular payment spread out over a period of time, and, if so, for how long a period?
- (iii) how high should there be a training component required for any firm receiving a subsidy and if so, how would that be monitored and evaluated so as to avoid cosmetic training courses?
- (iv) would there be a role for the PES to follow-up the employment experience of subsidised workers after the end of the subsidy? and
- (v) how does one avoid subsidies becoming so pervasive that non-subsidised jobs are no longer notified to the PES?

These and other issues highlight the urgent need for more and better evaluations of ALMPs. This process is underway. Many more countries than in the past have recognised the importance of proper evaluation if headway is to be made in enacting reforms which can help to reduce unemployment durably.

As a result, the stock of knowledge about «best practice» ALMPs is growing. One consistent theme runs through that evidence. When ALMPs address clearly identified problems, various targeted measures can be effective in terms of improving post-programme employment and earnings. Such measures include: job-search assistance and counselling; training for skills in demand; well-targeted subsidies for hiring identified disadvantaged groups. The case remains compelling for a switch of resources from passive income support to ALMPs which have proven to be effective.

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Since the collapse of communism and the pre-eminence of market forces in the economic parlance, the ICFTU Asian and Pacific Regional Organisation (ICFTU-APRO) has been alive to the threats posed for workers and their representative trade unions in protecting and promoting their rights as well as interests. In this report to the 15th Regional Conference the APRO General Secretary Takashi Izumi pointed out that the world affairs were fast shifting from ideological warfare and cold war rhetoric to search for pragmatic and practical solutions to economic and social ills.

It is in conjunction with the 15th APRO Conference in Tokyo, in December 1992, that an international symposium was organised in cooperation with the Trade Union Advisory Committee to the OECD on the topic of «Trade Unions in an Increasingly Interdependent World». Summarizing the discussions at this Symposium, Brother John Evans, Secretary-General of the TUAC-OECD said that trade unions, as representatives of workers, want to be partners in economic interdependence - not brushed aside as some irrelevant national economic relic in the brave new world of globalisation. He added: Indeed, vibrant trade unions are an essential requirement for economic and social progress and are relevant to the process of economic integration. Dialogue is an essential element in coping with the impact on society of increasing global and regional economic linkage.

The main theme of the APRO Conference itself was «Trade Unions Response to Increasing Globalisation». The Conference in its «Tokyo Statement» recorded that despite good economic growth in some parts of the Asian and Pacific region - the region was then forecast to be the most dynamic growth region in the 21st century - social injustice was very widespread. It listed a number of social ills, namely child labour, gender inequality, abject poverty, homelessness, malnutrition and disease, unemployment and underemployment, and the marginalisation of workers through casualisation, contract and sub-contracting as an alarming and increasing practice in the region. In this context, the Conference identified the need for a «Social Charter» to be developed for the countries of the Asia-Pacific region.

The ICFTU-APRO governing bodies have since adopted a «Social Charter for Democratic Development». This Social Charter is concerned with how unions should work together to promote the recognition and respect for the fundamental right of workers. The Social Charter spells out the considered views of trade unions in the region in two parts - Part I speaks of Justice at the

Workplace in a Global Market Economy, and Part II provides a Guideline for Social Dialogue.

Since the Tokyo Conference, the ICFTU-APRO has taken various follow-up action to further articulate the issues involved and views held on the challenges and opportunities of a globalising economy for workers and their representative trade unions, especially in the newly industrializing and developing countries in the region. An Economic Conference was held in Phuket, Thailand in June 1993 in which veteran trade union leaders presented papers and discussed issues of topical interest. In October 1993 in conjunction with the APRO Executive Board meeting, a Regional Conference on Trade Union Rights was held again in Phuket. In November 1993, an Asia Pacific Seminar on Economic and Social Development was held in Singapore. Another important event was an APRO Conference on the Roles of Trade Unions on the Protection of Migrant Workers held in Singapore in January 1994. Finally in that series of events, a Regional Seminar on an Increasingly Globalising Economy with Human Face was held in Singapore in November/December 1994. Early August this year, the APRO organised in collaboration with the Japan Institute of Labour (JIL) a Regional Symposium on «International Competitiveness in Trade and Investment - Challenges and Opportunities for Trade Unions» in Singapore. This subject was one of the agenda items for discussion at the APRO Executive Board later in August. In this series, recognising the need for increasing the representative character and strength of trade unions in the region, the APRO will be organising in November this year a Regional Workshop on «Organizing the Unorganized - Trade Union Strategies in an Integrating World».

The conclusions of all the above events point out to the need for trade unions to seek avenues for social dialogue with government and employers, and to be social partners in the development of the country, in order to ensure that the social dimensions of economic growth are not lost sight of.

Labour Market and Social Policy

Among the measures resorted to by governments in the region in the name of integrating their economy into the global economy, the most worrying for workers and their trade unions is the call for labour market liberalisation, for whatever it means in a given country at a given situation. The labour market liberalisation takes many forms, including the so-called «exit policy», flexible wage system, resort to migrant labour, and the most unacceptable and morally reprehensible resort to child labour.

On the given topic of Labour Market and Social Policy, the APRO Social Charter states, as justice at the workplace in a global market economy, the trade unions' belief that the foundation for regional cooperation should be a shared

commitment to the elimination of repression, discrimination and exploitation at the workplace. It is therefore urged that all States which have not already done so to ratify and implement, in particular, the ILO Conventions on Freedom of Association and the Right to Organise and Bargain Collectively (Nos 87 and 98), equality and non-discrimination (Nos 100 and 111), forced labour (Nos 29 and 105), and child labour (No 138).

The guidelines for social dialogue in essence covers the issues of labour market and social policy. The guidelines provided mainly relate to employment, wages and working conditions, vocational training and retraining, industrial relations, safety health and environment, women workers, multinational companies, economic migrant workers, and social security.

Owing to time constraint, we shall focus attention to two areas of growing concern to trade unions in this region, namely, economic migrant workers and women workers.

Migrant Workers

Contrary to the spirit of the Philadelphia Declaration of the ILO which as a fundamental principle states that labour is not a commodity, we now see that in their anxiety to keep the tempo of economic growth in an integrating economy, many countries in this region taking recourse to migrant labour, both for purposes of competitiveness as well as for short-term economic gains. The Government of Korea has initiated steps to enhance its economy's international competitiveness through the 1995 budget by investing more in infrastructure and by promoting high potential industries. With the Korean workers shunning the three-D (difficult, dangerous and dirty) jobs, the employers are taking recourse to more and more of migrant labour. And in recent months, we also hear of agitations by foreign workers and the resultant social tensions. The most appalling news we heard recently was about the death of 42 migrant workers at an Immigration Camp in Malaysia and the shocking and disgraceful conditions in these camps. It is also noted that many governments in this region, including Korea, are entering into bilateral agreements with certain developing countries for increased «intake» for guest workers.

The APRO Conference on the Roles of Trade Unions on Protection of Migrant Workers after deliberations concluded that migration for work in the Asia Pacific region is on the increase, particularly to the dynamic economies of South East Asia, the Republic of Korea, Japan and the countries of the gulf region. These migrants are frequently ill-informed and exploited and generally have worse employment, living conditions, wages and job security than nationals. This situation is rejected by all trade unions, both to uphold

the basic human rights of migrant workers as defined in the relevant ILO and UN Conventions and because these workers could be a negative force with regard to wages and working conditions for the whole labour market unless they are effectively protected, including through their organisation into trade unions.

The Conference enumerated the actions by trade unions in sending as well as receiving countries, and also actions by all trade unions, nationally and internationally. Since Korea is mainly a receiving country, the actions by trade unions in receiving countries are quoted here:

- (i) Unions should work actively to achieve the equal treatment of migrant workers with regard to conditions of employment, social security, non-discrimination and other rights as defined by ILO Conventions. This will require representations to government, active use of the media and collective bargaining to improve the situation of migrant workers.
- (ii) Unions should make full use of legal guarantees of the rights of migrant workers including through the prosecution of employers which do not respect such legislation.
- (iii) Unions should seek to organise migrant workers, in some countries requiring a change in laws which at present forbid migrant workers from joining unions. This will require measures such as preparation of material in the language of migrant workers, recruitment of union officers of their nationality, and attention to particular problems they may face including gender discrimination and sexual harassment, observance of religious dietary requirements and ceremonies and cultural interests. Some categories of migrant workers, such as domestic workers, may need to be assisted through setting up special contact units in view of their atypical status.
- (iv) Unions should inform migrant workers concerning their rights and assist them with legal services and education in different areas including vocational training. In some cases it will be possible to cooperate with non-governmental organisations, women's organisations, community organisations, associations of migrants and government agencies to achieve this.

The ICFTU-APRO Executive Board, which met last month in Taipei, adopted a Resolution on Economic Migrant Workers. It expressed its great concern at the increasing prevalence of ill treatment and abuse of economic migrant workers in the host country. It deplored (a) the attitude of some governments and employers towards foreign workers, including women, which results in their being treated as a second class, disenfranchised workforce; (b) the reluctance of many governments to extend and enforce even minimum legal,

social, political and economic rights of migrant workers; and (c) that in addition to being victims of discrimination, women migrants are particularly vulnerable to sexual exploitation and violence. The Executive Board welcomed the commitment of governments at the UN World Summit for Social Development, Copenhagen, Denmark, 6-12 March 1995, for ensuring that migrant workers benefit from the protection provided by relevant national and international instruments, and that the governments will take concrete and effective measures against the exploitation of migrant workers. Trade unions were urged (a) to undertake special recruitment initiatives to bring migrant workers under the protection of the established union movement, and (b) to establish task forces to strengthen, assist and monitor follow-up, and full implementation by governments of their commitment to migrant workers.

It may be made clear that trade unions as such are not against migrant workers, though the need for foreign labour has been questioned by trade unions in many countries. However, in the labour field they should have -as is their right - all the rights and equal conditions with the host country workers. Here, the Federation of Korean Trade Unions (FKTU) deserve our commendation that they have demanded of the government that migrant workers once enrolled for employment by the employers for certain period of time should be treated at par with local workers and given all wages and working conditions.

Women Workers

In regard to women workers, the APRO Executive Board recognised that globalisation has opened new employment opportunities for women both in formal and informal sectors, and that the free market does not necessarily guarantee a fair share of profits to working people, in particular millions of women and girls toiling in industrial sectors, formal and informal, and in export processing zones.

The UN Human Development Report 1995 points out continuing inequalities, such as women being the first to get the chop when poorly-run state-enterprises rationalise their operations. There is still a clear preference for male heirs when social and political pressures limit family size, or when inflation pushes up dowries. The UN human development index also shows that Asian women consistently score lower averages than males in such diverse areas as literacy, employment, legislators and cabinet positions.

It is in this context that the APRO Executive Board again welcomed the commitment of governments at the UN World Summit for Social Development to ensure full involvement and participation of women at all levels of decision-making and implementation.

Child Labour

Another issue of labour market distortion is the growing child labour in many countries of this region. Though we do not hear of child labour in any significant level in Korea, there are certain Dynamic Asian Economies, such as Thailand, Indonesia, Malaysia, and the Philippines where millions of children are employed both in the formal and informal sectors. According to United Nations estimates, in some developing countries, as many as 20 to 30 per cent of children between the ages of 10 and 14 are full-time workers. In some countries in Asia, children account for up to 11 per cent of the workforce. Ironically, child labour is rampant in countries where there is abundance of adult labour force who are unemployed.

ICFTU-APRO considers child labour as a social scourge and an affront to human dignity. It reaffirms its utter condemnation of child labour as a gross violation of the right of all children to human fulfilment. At its last meeting in Taipei, the APRO Executive Board expressed its concern that despite continuous efforts by national and international organisations, especially trade unions and non-governmental organisations, in combating child labour, the problem still exists as a major challenge against trade union movement. It welcomed the recent moves and initiatives by the governments and employers' groups in the region in their devising programmes to eradicate child labour, and called on trade unions in industrialised countries to seek to exert pressure on multi-national companies to establish a code of conduct which bans the use of child labour at every level of the production process, including the use by their sub-contractors.

Summary and Conclusion of Session IV

Harry Kamberris of the AFL-CIO's Asian-American Free Labour Institute, gave a warning to Korea not to follow a pure deregulatory approach to labour markets as this could lead to the negative effects of North American labour market flexibility - growing poverty in work, inadequate training and low productivity growth.

Yoon Woo-hyun of the non-FKTU trade unions also gave an account of the social costs of some of the recent rapid growth in Korea and problems ahead. After a wide ranging discussion which revisited many of the points of discussion of the previous two days the following points of conclusion emerged.

The rapid period of industrialisation has meant that Korea has faced different problems from most OECD countries over the last two decades -problems of labour shortage rather than unemployment. However, with structural change likely some of the OECD experience in such areas as active labour market policies and the role of public employment services would be relevant to Korea. From a trade union point of view the lessons of the negative OECD experiences of growing unemployment and growing insecurity should also be learnt. Some OECD experience of policies for handling the integration of migrant workers were also relevant.

OECD countries could learn from some experiences of Korean development notably the importance of a high quality «mass», non-elitist education system.

V - CONCLUSIONS

The following conclusions of the seminar were presented by Bernd Reddies, Representative of the Friedrich Ebert Foundation in Korea, who acted as rapporteur at the seminar.

GLOBAL ECONOMIC AND SOCIAL INTEGRATION - ASIA AND THE OECD

1. Globalisation has become an important issue in the current political and economic debate in the OECD and increasingly in Asia and other non-Member countries, reflecting the accelerating pace of global economic and social integration. Globalisation implies redeployment of production and restructuring of work organisation in firms within and between economic regions. The Asian region has become a net exporter of investment with ensuing transfer of workplaces and restructuring of the workforce. A prominent conclusion of this part of the debate is that the social agenda of globalisation needs to be addressed.

2. Globalisation is not a new phenomenon and more than a mere acceleration of growth of trade and investment flows. While it is true that market deregulation, especially the globalisation of financial markets as well as new microelectronics-based information and communication technologies have been among the driving forces of this process, globalisation is also increasingly linked to changing firm strategies. In this perspective, the current wave of globalisation results from the end of «taylorist» production systems and the emergence of «flexible» work organisation. The OECD countries are going through a third phase of globalisation whereas most of the Dynamic Asian Economies are currently moving towards the end of the first historical phase of industrial development.

3. The Asian «economic miracle» is more diversified than that it constitutes a single model. While the «four dragons» Korea, Taiwan, Singapore and Hong Kong have been particularly successful and served as a «model» for other Asian economies, Korea will now face change. Korea has been the first of the so-called «Dynamic Asian Economies» to apply for OECD membership. OECD membership requires more openness and economic as well as financial liberalisation, a commitment to a process of change which will be closely watched by other countries in the region.

4. In the process of rapid economic change in Asia the social dimension is clearly lagging behind. The discussion of an «Asian set of values» should be regarded in this context. However universal standards apply when it comes

to the social sphere of development. Social standards and labour rights as laid down in ILO Conventions have a universal not region-specific character and value.

5. Another important issue in the debate on globalisation is the decline of sovereignty of government in core areas of economic policy. Governments can rarely act in isolation whether in setting tax rates, macroeconomic policy management, interest rate or exchange rate policy. To the extent that globalisation implies openness and the need to change countries in Asia will increasingly face the same constraints as the OECD countries from globally functioning financial markets. Globalisation therefore makes international policy coordination even more necessary to regain sovereignty. This requires new rules of the game.

PLURALIST DEMOCRACY AND ECONOMIC DEVELOPMENT: KOREA AND ILO-STANDARDS

6. This session discussed the linkage between core trade union and human rights, the establishment of pluralist democracy, civil society and economic development. The discussion included a review of development strategies, export promotion and investment flows as well as the distribution of productivity gains throughout the economy.

7. Korea has undergone enormous economic development over the past thirty years. Since the end of military rule in 1987 a process of political democratisation has started. This has allowed for a broader sharing of economic development gains throughout the society. Wages have been rising substantially, a modernised social security system has been put in place and overall working conditions improved, including provisions for paid leave. Social and labour standards have considerably risen but basic labour rights remain a problem to be solved.

8. Basic labour rights need to be brought in line with ILO standards. With membership status in the International Labour Organisation Korea has implicitly subscribed to the ILO's basic human rights conventions even without ratifying them explicitly. The use of ILO standards of freedom of association and collective bargaining would help to reform the Korean labour legislation and make it compliant with the ILO Freedom of Association Committee's recommendations to the Korean government (Case No. 1629). The priorities for labour law reform formulated in the conclusions of the joint ICFTU/FKTU/ICFTU-APRO conference held in March 1993 are still valid and should be implemented now.

9. With a view to the increasing international attention given to Korea, the implementation of the ILO recommendations on labour law reform would improve Korea's international standing and image as it would help to reconcile the domestic conflict. For the extent to which these tensions have become internationally prominent and can no longer be regarded from a purely domestic angle, a reform of the labour law is in Korea's own interest.

10. After the presidential elections in 1992 labour law reform was put up high on the policy agenda. Participants expressed worry and concern that labour law reform has been moved off the agenda recently. This would give the wrong signals to Asia and the international community.

11. Korean labour law reform has also become an essential part of discussions within the OECD. While the OECD Employment, Labour and Social Affairs Committee (ELSA) has recognised the quantitative and quantifiable efforts that the Korean government has made in labour market and social policy, the qualitative aspects of labour market reform appear even more important in the OECD context. The OECD ELSA has a serious interest in Korea and would welcome Korea as an active promoter of human and trade union rights.

TRADE UNION RESPONSE TO GLOBALISATION WITHIN THE OECD

12. Economic globalisation shows the need for governments to coordinate their policies and requires an increasing cooperation of trade unions at the global level. Neither governments nor unions can solve globalisation related problems nationally. Building regional groupings can assist in this, but are no substitute for global solutions.

13. The loss of sovereignty in the determination of national economic policy can be regained through some international re-regulation of financial markets. An international tax on currency transactions would constitute one element among others in limiting speculative attacks on currencies and could re-link financial capital to more long-term productive investment.

14. Social concerns are not being adequately addressed in the process of globalisation and workers and trade unions risk becoming victims of the globalisation process. Unfair trade policies of countries seeking competitive advantage in world trade through the ban of trade unions have given rise to the demand for social clauses to be incorporated in multilateral trade and investment agreements and in the constitution of the WTO. Core labour rights are equally relevant for all countries, irrespective of their level of economic

development and should be applied everywhere. These are codified in ILO Conventions and include freedom of association and protection of the right to organise (Convention 87), the right to organise and bargain collectively (98), freedom from forced or compulsory labour (29) and the abolition of forced labour (105), freedom from child labour (138), and freedom from discrimination in respect of employment and occupation (100 and 111).

15. For many people globalisation is synonymous with job displacement, unemployment and insecurity, not with expanded opportunities and rising living standards. Interdependence which reduces social provision also reduces the means to cope with the risks and market failure of interdependence. An international competitive race for international investment risks to increase the downward pressure on wages, to further loosen social security and employment protection and to further deregulate labour markets. The OECD Guidelines on Multinational Enterprises although voluntary by nature provide an international instrument for «best practice» of companies investing abroad including the non-OECD area. They will have to be applied also by Korean companies as the Korean government is expected to subscribe to them in the course of membership negotiations.

16. Trade unions will have to become more actively involved in the international activities of companies and the ensuing restructuring of the production process. They will have to ensure they develop responses that are both economically and socially acceptable by maintaining and further developing the cohesive power of social institutions including industrial relations. This requires the acceptance of a learning process and the adaptation to new forms of work organisation both inside and between firms. New forms of agreements and institutions will have to consist in a mix of decentralised and transnational structures. This includes the establishment of works councils at the level of multinational companies.

LABOUR MARKET AND SOCIAL POLICIES

17. The rapid period of industrialisation has meant that Korea has faced different problems from most OECD countries over the last two decades - problems of labour shortage rather than unemployment. However, with structural change likely some of the OECD experience in such areas as active labour market policies and the role of public employment services would be relevant to Korea. From a trade union point of view the lessons of the negative OECD experiences of growing unemployment and growing insecurity should also be learnt. Some OECD experience of policies for handling the integration of migrant workers were also relevant.

18. OECD countries could learn from some experiences of Korean development notably the importance of a high quality «mass», non-elitist education system.

PART III

RECENT DEVELOPMENTS IN THE KOREAN TRADE UNION MOVEMENT

In the months following the seminar in September 1995, the Korean trade union landscape continued to change. On 4 November, a new industrial federation, the Korean Automobile Workers' Federation (KAWF), was founded at a congress held in Seoul by 27 company based unions from car manufacturing, representing 54.000 workers. The Korean automobile industry now ranks at the fifth position in the world with 3.4 million cars produced in 1995.

On 11 November, 866 company based unions representing 420.000 individual trade union members, founded a second national trade union center, the Korean Confederation of Trade Unions (*Minju Nochong*, KCTU), at an inaugural congress. The congress delegates elected Mr. Kwon Young-kil to the first KCTU president, Mr. Yang Kyu-heon as first vice-president and Mr. Kwon Yong-mok as General Secretary. Two out of the eight vice-presidents elected by congress were imprisoned at this time. The KCTU was duly established by democratically electing its representatives and adopting a constitution. The congress voted in favour of an international affiliation of the KCTU to the International Confederation of Trade Unions (ICFTU).

Foreign observers present at these two events have noted that these were all signs of a lively trade union movement in Korea. It was hoped by that time that the Korean authorities would tacitly accept the new factual situation and subsequently recognise the need to adapt existing labour legislation to it in practice, not just in words. After repeated condemnations of the Korean labour legislation by the ILO², the United Nations Committee on Economic, Social and Cultural Rights had issued its Concluding Observations on the report submitted by the Republic of Korea on its compliance with articles 1 to 15 of the UN Covenant at its meeting on 18 May 1995³ which give further evidence of the need to reform current legislation.

Among the principle subjects of concern, the Committee was of the view

«that restrictions concerning the right to form trade unions are not consistent

2 ILO Official Bulletin, Vol. LXXVII, 1994, Series B, No. 2. Extracts of the ILO recommendations are attached.

3 E/C.12/1995/CRP.1/Add.1, pages 5-10

with the obligations assumed by the Republic of Korea under article 8 of the Covenant. (...) Similarly, the regulations concerning the right to strike are excessively restrictive and would appear to leave to the authorities an almost absolute discretion in the determination of the legality of incidents of industrial action. (...) The Committee is also greatly disturbed by reports of dismissals for engaging in industrial action and of police attacks on trade unionists engaged in peaceful activities. (page 6-7).

The Committee also brought into light the discriminatory practices against women and immigrant workers and the high rate of occupational accidents in Korea.

The International Covenant on Economic, Social and Cultural Rights puts an obligation on members to ensure the status of the Covenant in the field of economic, social and cultural rights as superior to all national law. In addition to the factual situation in Korea, the difficulties of the Korean government to produce a report which the Committee could work on in the appropriate manner⁴ may have sharpened the tone of the Committee's recommendations:

«The Committee recommends that the Government immediately amend its laws and regulations concerning the freedom to form trade unions and the right to strike in order to bring them into compliance with the Covenant and with other applicable international standards. In particular, measures should be taken to ensure that teachers, civil servants and others have the right to form trade unions and to take strike action.» (page 9)

The policies of the Korean government are going in the opposite direction. A hard stance on basic labour rights has characterised the actions taken against the KCTU and its affiliated federations after the inaugural congress. On 23 November, the KCTU submitted its establishment report to the Ministry of Labour in accordance with article 13 of the Trade Union Act. Trade union registration by the authorities is required in Korean legislation. The Ministry of Labour returned the report without registration, stating inter alia that the KCTU was pursuing the same objectives as the already existing trade union confederation, the Federation of Korean Trade Unions (FKTU), and that KCTU constituent organisations were unlawfully established organisations and did not conform with the Trade Union Act with the exception of some registered federations. The request for registration of both the Korean Automobile Workers' Federation and the Korean Metalworkers Federation was denied by the Ministry of Labour. The Korean Teachers' Union is forced to continue to operate in illegality.

⁴ *«The Committee, however notes, that the report [provided by the Korean government] although comprehensive in form provided information which in many areas was excessively general in content.» (page 5).*

On the same day, Kwon Young-kil, the president of the KCTU, was arrested by the police. An arrest warrant had been issued against him in summer 1994 on the charge of «third party intervention», and thereby violating the Korean Labour Dispute Adjustment Act, during an industrial dispute in the railway sector in June 1994. Yang Kyu-heon, first vice-president of KCTU, was arrested on 1 February 1996 on the same charges, after more than one and a half years in hiding.

The charges of «third party intervention» in Korea are in reality nothing else than the peaceful exercise of legitimate trade union activities. The prohibition of «third party intervention» has been used to deny trade unionists their rights to freedom of association and expression. Kwon Young-kil has been charged with giving advice to trade union members in speeches he made in May and June 1994. In his speeches he criticised the Korean government for using armed police forces to arrest striking workers and expressed support for workers engaged in industrial disputes at the Daewoo Shipyard, Hyundai Heavy Industry and Seoul Subway. Several charges relate to his statements about the strike at Korean National Railroad in June 1994. In this case, workers had only taken strike action after the railroad management refused to negotiate with the union and there is evidence that Kwon Young-kil had made efforts to bring about a peaceful end to the dispute.

In a visible effort to offset the anticipated wave of domestic and international protest against the arrest, the Korean authorities added three, however minor charges against the KCTU leader. These refer to an alleged interference with traffic flow at a workers rally held in conjunction with the KCTU inaugural congress, although the KCTU had obtained permission to hold the demonstration. This rally is said to have resulted in violence, however there is no evidence that Kwon Young-kil had used or advocated violence. The holding of the inaugural congress at Yonsei University and raising funds for the KCTU from its members have been the other charges brought against Kwon Young-kil.

The substance of these charges and the circumstances of the arrest of the two union leaders are alarming signs of a worsening trade union rights situation in the Republic of Korea. It has also put at risk the international credibility and the commitment to democracy of the Korean government, who promised to reform Korean legislation in accordance with international standards. Following the arrests, a wave of domestic and international protest reached the president of the Republic of Korea, Kim Young-sam, and his government. Most significant in this context was a statement made by the Federation of Korean Trade Unions (FKTU) which said the arrest of Kwon Young-kil would «adversely affect the development of the labour movement and industrial relations»⁵. The FKTU has urged the authorities to immediately release the KCTU president.

⁵ FKTU Statement to the Press, 29 November, 1995

The international trade union movement and human rights organisations are deeply concerned about the recent developments in Korea. The ILO will again have to deal at its June 1996 Conference with violations of basic worker rights (violation of ILO Convention 87 on Freedom of Association) by the Korean government, following complaints by the KCTU, ICFTU and others. Human Rights Watch/Asia has urged the OECD to «weigh Korea's labour laws and its labour rights practices carefully when evaluating its application for admission.»⁶ Amnesty International has adopted Kwon Young-kil and Yang Kyu-hun as prisoners of conscience, held for the non-violent exercise of their trade union activities, and has called for their immediate and unconditional release⁷.

The ambassadors of the 15 European Union countries in Korea have issued a report on labour conditions in Korea⁸ which enumerates a number of legal provisions in the Republic of Korea which violate international core labour standards.

The TUAC at its Liaison Committee meeting with the OECD Council in November strongly expressed the trade union view that the respect for the OECD's «basic values» including human rights and pluralist democracy must be a condition for membership of the Organisation. These were the basic values that the OECD Ministerial Council itself had subscribed to at several occasions. The TUAC has written letters in this sense to President Kim Young-sam of Korea, to the OECD Secretary-General Jean-Claude Paye and Heads of Delegations to the OECD.

TUAC's view is that Korea must free the trade unionists who have been arrested and reform its labour legislation to bring it into line with international standards of freedom of association before it can become an OECD member. It has much to gain and little to fear from this, it will open the way to full responsibility and membership of the international community.

6 Human Rights Watch/Asia, November 1995, Vol. 7, No. 14, page 30

7 Amnesty International, Republic of Korea. Arrest and Trial of Trade Union Leaders, 2 February 1996.

8 European Heads of Mission in the Republic of Korea, Labour Conditions in Korea, November 1995. Extracts of the European Union report are attached

Case No. 1629 (Republic of Korea)
THE COMMITTEE'S RECOMMENDATIONS

274. In the light of its foregoing conclusions, the Committee invites the Governing Body to approve the following recommendations:

- (a) Reminding the Government that the prohibition of third party intervention constitutes a serious restriction on the free functioning of trade unions and should therefore be repealed, the Committee urges the Government to release Messrs. Kwon Yong-Mok, Lee Hong-Woo, Hong Young-Pyo and Oh Jong Sahe who remain in prison and to withdraw the charges against Messrs. Dan Byung-Ho, Lee Shang-Hyun, Lee Su-Won, Hwang Ho-Nam and Choi Jong-Ho who are still wanted by the police. It requests the Government to keep it informed of developments in this regard.
- (b) The Committee requests the Government to refrain in future from having recourse to the Emergency Adjustment Provisions contained in the Labour Dispute Adjustment Act (LDAA) in services that are not essential.
- (c) The Committee requests the Government to take steps to ensure that article 12(2) of the LDAA which prohibits the right to strike for public officials be amended in line with freedom of association principles as soon as possible and requests the Government to keep it informed of developments thereof.
- (d) The Committee requests the Government to take steps to ensure that article 4 of the LDDA is amended so that the right to strike in public enterprises is restricted only in essential services in the strict sense of the term.
- (e) The Committee requests the Government to take steps to ensure that articles 16, 21, 26, 30 and 34(3) of the Trade Union Act (TUA) are amended and applied in conformity with the freedom of association principles enunciated in its conclusions.
- (f) The Committee reminds the Government that while organizations should respect the law of the land, the law should respect freedom of association principles.

- (g) The Committee urges the Government not to delay any longer proposed amendments to labour-related legislation which it trusts will be in line with the principle of freedom of association. It reminds the Government once again that the technical assistance of the Office is at its disposal in giving effect to this recommendation.
- (h) The Committee notes with interest that 16 detained unionists as well as Mr. Shin Seung-Chul have been released. It regrets that three detained unionists have not yet been released but notes the Government's statement that they may be pardoned. It insists that they be released immediately and requests the Government to inform it of developments in this regards.
- (i) Deploring that the almost 1,500 Chunkyojo teachers who were dismissed could only apply for reinstatement in their posts after having been obliged to give up their Chunkyojo membership, and considering that this government pressure seriously violates freedom of association principles, the Committee urges the Government to ensure in future that no person is dismissed or discriminated against for exercising his right to form and join an organization of his own choosing and that teachers have the right to establish and join organizations of their own choosing.
- (j) As regards the death of the KTUC Vice-President, Mr. Park Chang-Soo, the Committee insists that the Government initiate an independent judicial inquiry and requests it to keep it informed of the results thereof.
- (k) The Committee requests the Government once again to take action to give effect to the results of the investigation on alleged unfair labour practices engaged in by an employer against KTUC or KFCTU members, with the firm intention that those responsible for any such practices that might have occurred should be punished, and to keep it informed in this respect.

Extracts from
Report of the EU Heads of Mission in the Republic of Korea
LABOUR CONDITIONS IN KOREA
November 1995

II.4. INDUSTRIAL SAFETY AND OCCUPATIONAL HEALTH

a) Background

In line with the rapid industrialization of the ROK, long-term statistics show a considerable increase in industrial accidents, especially during the seventies and early eighties although the ratio of industrial accidents compared to the number of workers employed has dropped since the early stages of industrialization. To a certain extent, these statistics are influenced by a revision of the definition of «industrial accident», which has been extended to include injuries requiring 4 or more days of treatment. However all parties involved (government, employers and trade unions) recognize that the number of permanent disabilities and deaths caused by work accidents is a matter of serious concern.

Occupational diseases also show a certain increase over the years, but their absolute number (about 1,500 a year) is relatively limited compared to injuries caused by work accidents (37,400 during the first six months of 1995).

In 1991, 47% of injuries occurred in the manufacturing industry while 33% happened in the construction industry. In terms of fatal accidents, the highest rate (62,9%) happened in the mining industry, where expenditure for safety has clearly been insufficient: 6,457 total accidents on a basis of 7,053 workers.

As less experienced workers are more frequently involved in accidents, the high number of industrial accidents seems also to reflect an insufficient training of the employees.

...

It is clear however that both government and employers are under pressure to do more. A number of dramatic accidents have recently made safety problems a high priority. Trade unions have set guarantees for safety in workplaces as one of their priorities for collective bargaining next year. They are expected to emerge as an important issue between labour and management, as well as in parliament.

...

d) Comments

It might be tricky to compare the safety record of Korean industry to that of the average OECD country (indeed it might even be tricky to compare Korean safety records from one year to the next). However, the general feeling is that the ROK clearly faces a problem on the level of implementation of safety standards. On the other hand it should be recognized that significant progress has been achieved, and that the authorities are actively looking for solutions.

III. REPRESENTATION OF WORKERS: TRADE UNIONS

III.1. INTRODUCTION

In the field of representation of workers there are internationally recognized core labour standards. They include freedom of association, the right to organize and strike and collective bargaining. These standards are covered by the International Covenant on Economic, Social and Cultural Rights, and more particularly by ILO Conventions N° 87 and 98. Although joining the ILO in December 1991 Korea has not yet ratified the latter two conventions but they apply to all ILO members, irrespective of whether they specifically ratified these conventions.

Under the military governments before 1987 trade unions were severely suppressed. Trade unions were required to receive formal government approval before engaging in wage negotiations. This was only granted at company level. In practical terms this meant a severe restriction on collective bargaining. After 1987 democratization trade union membership and activities rose dramatically. Consequently a number of repressive labour laws were amended. Strikes which had numbered about 200 cases annually in the past, increased to more than 7000 in the period from 1987 to 1989. Since then figures have fallen to 200-300 cases annually again. Many labour disputes in Korea have been characterized by disturbing cases of extreme violence between anti-riot police and striking workers followed by common arrests of trade union leaders, allegedly for criminal offences. The civilian government under President Kim Young-Sam promised to change labour laws to meet international core labour standards but it has not yet done so. A number of violations are detailed in the following.

III.2. FREEDOM OF ASSOCIATION AND THE RIGHT TO STRIKE (ILO Convention 87)

...

Situation in Korea

- The Constitution of the Republic of Korea (art. 33) guarantees: «Workers shall have the autonomous right of organization, collective bargaining and collective action in order to improve working conditions».
- The Trade Union Act (article 3 N° 5), however, expressly prohibits the establishment of more than one trade union in one establishment.
- Up to 1993 only two trade union federations had been recognized by law. Since then four additional federations were recognized. Restrictions on establishment of unions continues to be a major source of tension. According to the ILO restrictions on establishment continue to be very serious in practice. Many trade unions have been denied recognition. Other trade unions have been outlawed, for instance the Korea Trade Union Congress, the Korea Conference of Independent Industrial Federations or the Association of Shipbuilding Trade Unions. There have been prominent instances of strikes by unrecognized trade unions being broken up by riot police, with a number of strikers arrested, notably at Hyundai Heavy Industries in Ulsan and Korea Telecom in Seoul. The Trade Union Act also prohibits all public officials, including teachers from forming or joining trade unions (article 8). However, the Korean government has said that it is studying the possibility of amending the Trade Union Act in order to allow public officials and teachers to organize.
- Trade unions have to register with the Ministry of Labour which can withhold and has withheld permission in a number of cases. The largest federation, the Korea Council of Trade Unions, which claims membership by almost 1,400 individual company unions, has not been recognized by government.** Although the Korean Government has not recognized several country-wide labour unions in practice, however, they enjoy some kind of possibilities for limited operations. They have organized themselves with the Government's tacit approval. Also the Korean Federation of Employers has had a permanent dialogue with them.
- In the Trade Union Act and in other legal instruments there are numerous provisions allowing government interference in trade union activities, e.g. government is entitled to request a change or amendment of statutes or even resolutions and other dispositions,

or the right to appoint a convener of extraordinary union meetings, or the right to order a trade union to change or to abolish a contract reached by collective bargaining.

- Furthermore, it should also be noted that foreign labour unions have already for many years been allowed to render training courses to their Korean counterparts in Korea. Such assistance has been given by some EU countries' labour organizations, too.
- The right to strike is limited by requirements of prior notification and mandatory cooling-off-periods. The laws prohibits «third party intervention» which is aimed at unrecognized trade unions that are regularly denied the right to intervene in labour disputes. In the past this resulted in massive numbers of workers being dismissed, sentenced, imprisoned and put on the police wanted list, practices not yet fully eradicated under the present democratic government.
- It should be noted that despite the legal provisions, this has not prevented Korean unions from engaging in strike action far more frequently than their European counterparts.

III.3. PROTECTION OF UNION MEMBERS AND COLLECTIVE BARGAINING RIGHTS (ILO Convention 98)

Situation in Korea

The major criticism of Korean labour law are those provisions which restrict the number of unions in each company to one, the prohibition on «third party intervention», which prevents independent trade unions from participating in collective bargaining and the prohibition of collective bargaining in state-owned companies and the defense industry. Acts of discrimination against members of unrecognized unions are another source of criticism and occasional use of force in particularly long-lived labour disputes e.g. in bringing to an end or breaking strikes and arresting union leaders.

The long-lived partition of Korean peninsula, the hostile attitude of North Korea towards the South Korean Government and the former's attempts to communize and to encourage all possible antigovernment forces in South Korea has perpetuated the existence of the National Security Law in South Korea. This law also gives considerable leeway for the South Korean Government in the management of labour relations. Some labour leaders have been accused of breaching this law even recently. It is difficult to acquire credible evidence whether this really has been the case or only used as an excuse by the Government.

These provisions are undoubtedly used by employers and government to impede true collective bargaining though at the same time they seem to have played into the hands of militant activists who have frequently used intimidation and violence in pursuit of their claims. In this sense a large number of EU banks and companies established in Korea have suffered from such tactics in labour disputes even when the unions concerned are legally recognized.

III.4. SUMMARY

Decades of military rule and short industrial experience have left a legacy of problems in industrial relations and workers' rights. Today Korea's state of economic development should facilitate improvements in its industrial relations system.

Korea's violation of core labour standards has been criticized by U.N. ECOSOC, the ILO and the international labour union federation. Restrictions concerning the right to form trade unions are not consistent with international standards. Neither is the ban on formation of trade unions by groups like the teaching profession or civil servants.

Regulations concerning the right to strike are restrictive and appear to leave the government much discretion in the legality of labour actions and strikes. It is also incommensurate with international standards that trade unionists are dismissed for peacefully engaging in industrial actions. As long as the National Security Law is in force in South Korea the reform of the labour law will not be sufficient for achieving a fully satisfactory level in labour and union rights.

Even though there are sometimes severe restrictions on the activities of trade unions, they have managed to secure considerable advances for workers in Korea, partly because the economic boom has led to a labour shortage which gives workers immense leverage in all negotiations. Above all foreign banks and firms are rarely given protection by the authorities against unreasonable union tactics. One consequence has been a reluctance of many EU companies to establish or maintain investments in Korea where the labour situation is generally perceived to be less satisfactory than either within the EU or in other Asian countries.

IV. CONCLUSIONS

Labour market conditions in Korea have improved since the 80's with economic development and industrialization and especially after the replacement of the military regime in 1987.

The amendment of the old labour legislation together with the introduction of new regulations and laws in different areas of the labour market have contributed to the achievement of better labour conditions for Korean workers. Considering the short history of industrial relations in Korea the rapid positive developments of the last ten years in wages, working hours, workers welfare and equal opportunities should be regarded as a major breakthrough. In fact they have already achieved a relatively satisfactory level, which is no worse than that of EU countries with a lower relative wealth. Consequently the main remaining problems lie elsewhere.

Although since 1987 the labour movement has expanded and working standards have much improved, Korean legislation on freedom of association, protection of union workers, collective bargaining and the right to strike are still in need of further reform which balances the interests of employees and employers. The present Korean government has been surprisingly slow to introduce legislative changes. Despite some plans, the necessary legislative changes await their introduction. At present there is no information about significant changes in the labour law.

This situation has met major opposition from the unrecognized Korean trade unions which have demanded a reform of the labour laws in order to develop an industrial relations system where recognized core labour standards are fully respected.

Removing the restrictions concerning the right to freely form or join trade unions, discrimination against union workers and the restrictive regulations affecting the right to strike will be essential for Korea to adapt its labour standards to international ones. Steps should be taken, at the same time to avoid militant minorities to call strikes without support.

Annex

LIST OF PARTICIPANTS AT THE TUAC SEMINAR
Seoul, 13 - 14 September, 1995

PARTICIPANTS

| <u>Name</u> | <u>Organisation</u> |
|--------------------|---------------------------------------------------------|
| Evans John | TUAC-OECD |
| Botsch Andreas | TUAC-OECD |
| Park, Chong-keun | Federation of Korean Trade Unions |
| Reddies Bernd | Friedrich-Ebert Foundation (Korea) |
| Lee, Dong-eung | Korean Employer's Federation |
| Oman Charles | OECD |
| Sterner Sven Erik | ILO |
| Jonzon Björn | Ministry of Labour, Sweden |
| Iwayama Yasuo | RENGO, Japan |
| Schweisshelm Erwin | Friedrich-Ebert Foundation (Germany) |
| Hermann Klaus | IG-Metall |
| Kamberris Harry | AFL-CIO |
| Jackson Rick | Canadian Labour Congress |
| Choo, Hak-chung | KDI, Center for Economic Education, Korea |
| Martin John | OECD |
| Kim, Tae-hyun | Non-FKTU, Korea |
| Uh Soo-bong | Research Center of Federation of Korean Trade Unions |
| Nagarajan N | ICFTU-APRO |
| Yoon Woo-hyun | Non-FKTU, Korea |
| Lee, Kwang-taek | Kookmin University |
| Kim, Young-bae | Korean Employer's Federation |
| Lee, Won-duck | Korean Labour Institute |
| Lee, Ju-wan | Federation of Korean Trade Unions |
| Purseby Stephen | ICFTU (Brussels) |

OBSERVERS

1. International Trade Unions

| | |
|--------------------|------------------------------------------|
| Ishimoto Hidehiko | RENGO, Japan |
| Leung Apo | Hongkong Confederation of Trade Unions |
| Yoshizawa Hirohisa | PSI |
| Subramaniam Siva | Malaysian Trade Union Congress |
| Wen Huang Kuan | Chinese Federation of Labour |
| Sinnakaruppan R. | National Trade Union Congress, Singapore |
| Achmad Marzuki | All Indonesian Workers' Union |
| Choi Jay | FIET-KLC |

2. Korean Trade Unions

| | |
|-------------------|------------------------------------------------------|
| Kim, Bong-suk | Federation of Korean Trade Unions |
| Kim, Sung-jin | Federation of Korean Trade Unions |
| Kim Tae-hee | Federation of Korean Trade Unions |
| Cho, Han-cheon | Federation of Korean Trade Unions |
| Nam, Il-sam | Federation of Korean Trade Unions |
| Kim, Soon-hee | Federation of Korean Trade Unions |
| Ryu, Kyung-suk | Federation of Korean Trade Unions |
| Won, Jung-yeon | Federation of Korean Trade Unions |
| Kang, Ik-koo | Federation of Korean Trade Unions |
| Choi, Dae-yeol | Federation of Korean Trade Unions |
| Kanf, Hoon-jung | Federation of Korean Trade Unions |
| Lee, Jung-sik | Federation of Korean Trade Unions |
| Bae, Suk-bum | Korean Federation of Construction Workers' Unions |
| Han, Sang-bum | Korean Tourist Industry Workers Federation |
| Kim, Sook-kyi | Korean Tourist Industry Workers Federation |
| Kim, Eun-im | Federation of Korean Chemical Workers' Unions |
| Kang, Yeon-bae | Federation of Korean Chemical Workers' Unions |
| Park, Yeon-jung | Korea Automobile & Transport Workers' Federation |
| Kim, Soon-ho | Korea Automobile & Transport Workers' Federation |
| Nam, Kwang-won | Korean National Electrical Workers Union |
| Park, Soon-kwan | Korean National Electrical Workers Union |
| Lee, Keun-Koo | Federation of Korean Textile Workers' Unions |
| Chung, Young-sook | Federation of Korean Metalworkers' Trade Unions |
| Noh, Jin-kwi | Federation of Korean Metalworkers' |

| | |
|------------------|---------------------------------------------------------|
| | Trade Unions |
| Kang, Choong-ho | Federation of Korean Taxi Transport Workers' Unions |
| Chung, Chang-ho | Federation of Korean Taxi Transport Workers' Unions |
| Ko, Kwang-jo | Federation of Korean Seafarers' Unions |
| Lee, Min-woo | Federation of Korean Seafarers' Unions |
| Lee, Bu-young | Korean Teachers & Educational Workers' Union |
| Lee, Dong-jin | Korean Teachers & Educational Workers' Union |
| Shin, Eun-cheol | Non-FKTU |
| Kim, Yoo-sun | Non-FKTU |
| Son, Suk-choon | Korean Federation of Press Unions |
| Ohm, Ju-woong | Korean Federation of Press Unions |
| Yang, Kyung-kyu | Korean Federation of Professional & Technicians' Unions |
| Park, Tae-joo | Korean Federation of Professional & Technicians' Unions |
| Chung, Mi-kyung | Hyundai Group Trade Union Federation |
| Lee, Su-bong | Hyundai Group Trade Union Federation |
| Choi, Kyung-sook | Korean Federation of Hospital Workers' Unions |
| Lee, Sang-choon | Korean Federation of Hospital Workers' Unions |
| Chae, Hi-suk | Korean Federation of Trade Unions of Foreign Companies |
| Park, In-soo | Korean Federation of Communications Trade Unions |

3. Labour Research Institutes

| | |
|-----------------|--------------------------------------------------------------|
| Lee, Won-bo | Korean Labour & Society Institute |
| Park, Seok-woon | Korea Research Institute for Workers' Human Rights & Justice |
| Yoe, Sang-tae | Korea Labour Education Institute |
| Choi, Dae-sik | Korea Labour Education Institute |
| Lee, Kyo-soo | Korea Labour Education Institute |
| Hwang, Suk-man | Research Institute of Federation of Korean Trade Unions |
| Kim, Chang-jung | The Korea Labour Research Institute |

4. Government

| | |
|-----------------|--------------------------------|
| Kim, Yoon-cheol | Ministry of Labour |
| Kim, Dae-hwan | Ministry of Labour |
| Lee, Byung-ho | Ministry of Labour |
| Won, Dong-jin | Ministry of Trade and Industry |

5. Academicians

| | |
|------------------|------------------------------------------------------|
| Lee, Hye-kyung | Yonsei University |
| Kim, Young-kyo | Sogang University |
| Park, Young-ki | Sogang University |
| Kwon, Young-hoon | Hanyang University |
| Wang, Yoon-jong | Korea Institute for International Economic Policy |
| Lee, Hyun | Research Institute for Industrial Society |
| Kim, Hyo-kyung | Research Institute for Industrial Society |
| Park, Sang-bok | Kookmin University |
| Yoo, Jung-yup | Kookmin University |
| Kim, Soo-kon | Kyunghee University |

6. OECD and non-OECD Governments

| | |
|-----------------------|---------------------------|
| Prinz Karl | German Embassy |
| Connors Kerry | Australian Embassy |
| Mullie Marc | Embassy of Belgium |
| Ok Myung-jo | Embassy of Canada |
| Woods M. | Embassy of Canada |
| Villar Fernanco | Spanish Embassy |
| Martin Mike | United States Embassy |
| Vuorinen Anneli | Embassy of Finland |
| Soemarno Sunu M | Indonesian Embassy |
| Budiarto Hari | Indonesian Embassy |
| Di Virgilio Donatella | Embassy of Italy |
| Siraishi | Japanese Embassy |
| Peral Jose Antonio | Mexican Embassy |
| Myhre Inger M | Embassy of Norway |
| Kim M.S. | Royal Netherlands Embassy |
| Butler Patrick | British Embassy |
| Leuz W | Embassy of Switzerland |

7. Journalists

Noh, Yoo-kyung
Oh, Sang-suk
Prede Nikolaus
Chae, Woon-seok
Moon, Jae-kap
Park, Sin-woong
Lee, Chung-kyung
Hwang, Eui-taek
Bae, Su-nam
Park, Sung-joon
Chang, Sang-yong
Choi, Young-kyu
Song, Byung-choon
Chang, Chong-hwa
Ra, Hyo-yoon
Kwak, Jung-ryul
Kim, Dong-won
Oh, Jin-sook
Bang, Mi-jin

The Korea Times
Han Kyoreh Shinmun
Deutsche Presse Agentur (DPA)
Yonhap TV-News
Naeil Shinmun
Naeil Shinmun
Monthly Magazine «Labour-Law»
Monthly Magazine «Labour-Law»
Monthly Magazine «Labour-Law»
Monthly Magazine «Labour»
Monthly Magazine «Labour»
Seoul Economy Daily
The Korea Labour News, Weekly
The Korea Labour News, Weekly
Daily Labour News
The Labour Economy News
Media Today (Press Unions)
Newspaper of Teachers' Unions
Newspaper «Labour-Relations»

8. Other Organisations

Cho, Seung-hyuk
Lee, Woon-ki
Song, Chang-kyu
Brooks Peter
Cho, Sun-won
Kim, Eun-young
Langley Terrence
Maing, Ic-young
Moon, Eui-keun

Korean Association of Industrial Relations
Korean Employer's Federation
Korean Employer's Federation
Citibank
WCL

William M. Mercer
UTC
FNBC

