

RECENTLY RESTARTED MECHANISM OF SOCIAL DIALOGUE IN KOREA: ITS SIGNIFICANCE AND PROSPECTS

I. RECENTLY RESTARTED MECHANISM OF SOCIAL DIALOGUE IN KOREA

(1) OVERVIEW

- In January 31, 2018, the representative of six parties including the Ministry of Employment and Labour, two organizations of labor sector, two organizations of management sector, and the Economic and Social Development Commission (ESDC) agreed to resume mechanism of social dialogue and establish a new social dialogue body.
- On January 11, 2018, Chairman of the ESDC, the head of current social dialogue body in Korea, suggested to be held a tripartite talk and the last five representatives of labor, management and the government positively responded. As a result, the first round of tripartite talk is finally had taken place.
- With this agreement, the basic framework for discussing the composition, agenda, and operation methods of future social dialogue body has been set up.

List of Agreed Resolution of the Tripartite Talk (2018.1.31)

□ Agenda

- Reform measures of social dialogue body
- Selection of agenda to be discussed in the social dialogue body
- Details for the establishment and operation of Committee at the sectoral level
- Other topics jointly issued by the representatives

□ Operation Methods

- (Operation period) The tripartite talk will be held as occasion demands, and operating duration and period will be decided through mutual consultations.
- (A Steering Committee) For the effective operation of the tripartite talk, a Steering Committee will be formed and joined by at the level of vice representatives of six parties.
- (A Working-level Consultation) For supporting policy making and administrative affairs such as hosting of the tripartite talk, the Committee will be operated.

- **Parties for the Agreement (six people): six people in total including two representatives of labor, management, and the government respectively.**

*Coordinator :Vice Chairman of the ESDC

(2) SIGNIFICANCE

- The social dialogue which had been halted gained momentum and discussion on the reform of the Commission was started.
- Composition, agenda, and operation methods and even the name of the Commission will be dealt with from the beginning.
- Unlike the previous tripartite talk, unilaterally issued agenda will not be adopted in advance, and labor and management will decide agenda through in-depth consultations.
- Discussions will be made under the common understanding on the direction of 'making a society that respects labor', 'tackling the polarization', and 'securing basic labor rights'.

(3) PROCESS

- **(gov.)** In May 2017, President Moon Jae-in government was launched by adopting a slogan of 'a labor respecting country'.
- In his presidential pledges, establishment of a new social dialogue body was included.
- To promote and lay the groundwork for the restart of a tripartite talk, President Moon hosted a series of meeting by inviting labor and reiterated the necessity of social dialogue and the grand compromise among labor, management and the government.
- Also, in response to accept the claims of labor, the government scrapped controversial guidelines adopted during the previous government and dramatically increased minimum wage and turned non-regular workers as regular.
- **(labor)** In September 2017, the FKTU proposed an eight-party meeting including President Moon, the FKTU, KCTU, KCCI, KEF, the Ministry of Employment and Labor, the Ministry of Strategy and Finance, and the ESDC.
- The KCTU, one of the umbrella unions of labor, used to take the position of the hard-line in the current social dialogue regime, however, the new leader of the KCTU who claims positive position on the social dialogue was elected in December 2017.
- **(Management)** The KCCI, one of the umbrella organization of businesses, also expressed positive position and pledged to communicate constantly with the FKTU.
- **(Suggestions by the ESDC)** Under the favorable circumstances, the ESDC suggested to be held a tripartite talk on January 24, 2018, aiming to discuss on the reform of social dialogue body on Jan. 11.

* In the process, seven times of meetings and consultations including director-general level discussions were held.

- At the same, given the fact that criticism on the ESDC may be raised, the ESDC expressed its strong willingness to accept any kinds of reform measures of a new social dialogue body.

- In response, management, the government and the FKTU spontaneously expressed its intention to take part in a meeting.

○ For the success of the proposed tripartite talk, the date had been postponed.

- The KCTU expressed its intention to return to the talk but insisted that they could not attend the scheduled meeting on Jan. 24.

- Take into account the KCTU's participation, the talk is delayed to be held on Jan. 31 from Jan. 24 through the consultation with labor, management and the government.

- On Jan. 30, just one day before of the tripartite talk, the KCTU determined to take part in the scheduled talk on Jan. 31.

○ During the tripartite talk, representatives of labor, management and the government agreed composition, agenda, and operation methods of the tripartite talk.

The Preamble

On January 31, 2018, the Federation of Korean Trade Unions(FKTU) President Kim Ju-young, the Korean Confederation of Trade Unions(KCTU) President Kim Myung-hwan, Korea Employer's Federation(KEF) Chairman Bahk Byong-won, Korea Chamber of Commerce and Industry(KCCI) Chairman Park Yong-maan, Employment and Labor Minister Kim Young-joo, and the Economic and Social Development Commission(ESDC) Chairman Moon Sung-hyun, had a tripartite talk at headquarters of the ESDC.

Representatives of labor, management, and the government unanimously agreed that the challenges of this era such as creating decent jobs, tackling social polarization, securing basic labor rights guaranteed by the Constitution, responding issues of the 4th industrialization, low-birth rate, and aging shall be dealt decisively through the resumption of the tripartite talk.

In the tripartite talk, it was agreed to discuss measures on the reform of social dialogue body, selection of agenda to be discussed, and details for the establishment and operation of social dialogue committee at the sectoral level, and other topics jointly issued by the representatives.

For the effective operation of the tripartite talk, the parties shall hereafter organize a Steering Committee joined at the level of vice-representatives of six parties and support policy-making and administrative affairs through a Working-level Consultation.

The tripartite talk shall be held as occasion demands, and its operating duration and hosting period shall be decided through mutual consultations.

(4) Future Prospects of Social Dialogue and the Direction of New Social Dialogue Body

○ The Tripartite talk laid foundation to initiate social dialogue and establish a new social dialogue body.

- For organizing the 2nd round of a tripartite talk, consultations are continuing by each participatory actor.

○ In the process of consultations, a new social dialogue body will prioritize to expand mutual understanding by accumulating mutual trust rather than hastily draw conclusive results.

○ Among than others, representatives of labor and management will take the lead in the process of new social dialogue and those of the government will rather play a supportive role.

II. Industrial Relations and the conventional mechanism of social dialogue in Korea: Features and its limitations

(1) Outlook of labor and management unions taking part in social dialogue

□ Labor

○ 1,966,000 of the total workforce (19,172,000) belongs to labor unions, resulting in a union membership rate of 10.3%.

* Those public officials(level five and above, soldiers, police officers) and teachers(principal, and vice principal) who are prohibited by law from becoming union members are excluded in the total workforce.

- Among total numbers of union membership, 42.8% (842,000) belongs to the Federation of Korean Trade Unions (FKTU) and 33.0% belongs to the Korea Confederation of Trade Unions (KCTU), and both trade unions account for 75.8% of total labor union membership.

□ Management

○ In Korea, the number of corporate businesses amounts to 835,000. The Korea Employers Federation(KEF) and the Korea Chamber of Commerce and Industry(KCCI) are taking part in the ESDC.

- KEF, a non-profit organization accredited by the Ministry of Employment and Labour, was established under the aim of resolving labor and management disputes and has 4,284 member companies.

- KCCI, an economic and legal organization, has 135,000 members comprise of large corporate and SMEs.

(2) The Conventional ESDC as social dialogue body

□ Launch as an official social dialogue body for the first time in Korea

○ In January 1998, twenty years ago, the ESDC(former Tripartite Commission) was established to overcome the unprecedented economic crisis after Korea's industrialization.

- In February 1998, with the participation of major union confederation, the KCTU and the FKTU, which accounts for the most of membership in total trade unions, the 'Social Pact to Overcome the Economic Crisis' was concluded.

* As of 2000, among 1,572 eligible workers to join union membership in total, 872,000(57.1%) and 615,000(40.3%) were the union members of the FKTU and the KCTU, respectively.

- The grand compromise among labor, management and the government played a crucial role to pay back the bailout three years earlier than its expectation and to bring rapid economic revival from its acute crisis.

□ Unstable operation of the ESDC

○ In February 1999, the KCTU declared its withdrawal of the participation due to the prolonged legal status of the Korean Teachers and Education Workers Union, which was included as agreement.

- Since after the KCTU left, the FKTU has usually represented labor sector, but it repeatedly dropped out and participated in the tripartite talk.

- In fact, the tripartite talk in Korea has long-stalled after the withdrawal of the FKTU in January 2016 which happened due to unilateral implementation of agreement by the government and ruling party on structure reform of Labor Market in September 2015.

○ For now, some tentative social dialogue body has been established outside of the ESDC such as the tripartite representative talk for the reform of major industrial relation laws and practices.

- In the process, the KCTU also repeatedly left and re-entered in the social dialogue body.

□ Evaluation

○ The ESDC contributed to overcome economic crisis and develop employment and policies and measures on labor through 76 lists of agreements and 43 items of recommendations including 'Social Pact to Overcome the Economic Crisis' in 1998.

○ However, lack of trust between labor, management and the government which was attributed to the weakness of representativeness, obsessive intervention of the government, and result-based consensus needs to be recovered.