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***and Similar Institutions***

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**Social Dialogues in Korea and the Economic and Social Development Commission**

**Economic and Social Development Commission of the Republic of Korea**

1. **Social dialogues in Korea**

In Korea, the state-led labor relations, which is also characterized by corporate welfare-orientedness and favoritism and had persisted throughout the 30 years of industrialization, came to an end in 1987, the year of the Grand Struggle for Democratization, and gave way to a new paradigm of labor relations involving social dialogues in the 1990s in step with the trends of globalization and information society.

**1) Democratization Struggle (1987)~ shortly before the foreign exchange crisis (1997)**

***□ National Economic and Social Council***

In April 1990, based on the proposal of the Federation of Korean Trade Unions (FKTU), the National Economic and Social Council was inaugurated as a primitive body of tripartism which consisted of the representatives from employers, workers and public interests. The Council held two ‘discussion forums for social consensus”, respectively in March 1991 and February 1992, both hosted by the President. However, the Council failed to gain sufficient public support, partly because the government was not part of the social dialogues and partly because many organized workers remain suspicious about the government’s intention to take advantage of the Council as a policy means of wage control.

***□ National Wage Agreements***

In the wake of the 1987 democratization movement, there occurred an eruption of labor disputes and the rise of wages at a faster rate than productivity growth. In a response, the government adopted the total wage system, only to face the persistent protest from trade unions and undermine the autonomy in the labor relations. Once the total wage system failed to achieve what it was intended for, FKTU and Korea Employers Federation (KEF) concluded two National Wage Agreements, respectively in April 1993 and March 1994.

However, these agreements did not show such strong effect of wage restraint as had been expected. The reasons might be that the national labor organizations were not able to control their unit unions while the employers, in fear of unions’ strikes, resorted to an irregular way of increasing wages.

***□ Labor Relations Reform Commission***

Afterwards, the government, in a bid to cushion the shock of the ever-growing globalization and meet the global standards listed by OECD and ILO, proceeded with the labor relations reform within the framework of social dialogues among the three parties – employers, workers and public interest members.

In May 1996, the Labor Relations Reform Commission was launched, composed of the representatives from the Korean Confederation of Trade Unions (KCTU), then non-legal labor organization, FKTU, KEF and public interests, for the purpose of drafting a plan for labor relations reform which could meet both the need of increased flexibility in the labor market in the age of globalization and the demand for democratization in the labor relations. The consequent plan for labor relations reform served as a basis of the revised Labor Relations Act of 1997, which in turn allowed the non-legal labor organizations to come into the legal fold and laid the institutional foundation for more flexibility in the labor market.

**2) Social dialogues in post-crisis years**

***□ Economic and Social Development Commission (ESDC)***

The foreign exchange crisis which began in end-1997 acted as an economic variable which prompted the efforts for inclusive social dialogues in economic and social terms. Faced with an unprecedentedly serious level of economic difficulty, the government asked for a bailout program from the International Monetary Fund (IMF). The crisis recovery solutions suggested by IMF included the actions to increase flexibility in the labor market, including massive layoffs for economic reasons.

In an effort to ride over this national crisis with tripartite cooperation, the Korean Tripartite Commission was founded in January 1998. The Commission made a substantial contribution to the economic recovery of this country, especially by concluding the ‘Social Accord to Overcome the Economic Crisis’, a 90-point agreement for structural reforms in four areas – financing, public sector, companies and labor.

In the initial years, the Commission was composed of the representatives from FKTU, KCTU, KEF and the Federation of Korean Industries (FKI), two ministers of the government (Minister of Finance and Economy and Minister of Labor) and four political party representatives. When compared to the previous Labor Relations Reform Commission, the Tripartite Commission was a much advanced body of social consultation, especially in terms of representation and enforceability.

At present, the Economic and Social Development Commission (into which the Tripartite Commission has been transformed) plays a pivotal role in the social dialogue efforts in Korea. ESDC, which brings together the representatives from workers, employers and the government (FKTU, KEF, the Ministry of Knowledge Economy, the Ministry of Strategy and Finance), the public interest members from the academia and the representatives from civic organizations, is a social consultative body in which the participating stakeholders have the opportunities to exchange their views, cooperate with each other for mutual benefits, and engage themselves in the processes of revising the labor relations legislation and making public policies associated with the labor market and social welfare

***□ Regional Four-way Partnership***

In addition to ESDC for national-level social dialogues, there are bodies of four-way partnership in which the government, employers, workers and citizens have social dialogues at local level.

Thus the Regional Four-way Partnership is a local-based system of social dialogues within which the local players, along with the public interest representatives of the region, work together to discuss and address the labor or economic issues at local level, for the ultimate goal of promoting the growth of the local economy and contributing to a balanced development of the national economy. At present, the bodies of Regional Four-way Partnership are in operation in 101 local areas.

Korea is frequently quoted as a model case of social dialogues among many Asian nations. Indeed, the tripartite delegations of more than a dozen Asian countries, including the Philippines, Mongolia, India, Indonesia, Malaysia, Vietnam and Thailand, visit ESDC every year to benchmark the Korea experiences and know-how in social dialogues.

1. **The history and current status of ESDC**
2. **The evolution of ESDC**

The Korean Tripartite Commission was inaugurated in January 1998, in a way to overcome the economic difficulty triggered by the end-1997 global foreign exchange crisis. Since then, the Commission has gone through a series of changes in its nature and status, reasonably in step with the changing environment of the labor relations.

***□ Phase 1 (January ~February 1998)***

The Tripartite Commission in Phase 1 started as a tripartite consultative body for economic crisis recovery and social integration under the direction of then President-elect KIM, Dae-jung. The Commission consisted of the representative from employers, workers, the government and political parties and dealt with encompassing, macro-level and national agenda, even including conglomerate reforms.

***□ Phase 2 (June 1998~ August 1999)***

The Commission in Phase 2 , based on the Regulation on the Tripartite Commission (Presidential decree) which was enacted on March 28, 1998, consisted of the representatives from employers, workers, the government, political parties and public interests and carried out social consultations with a particular focus on the ongoing restructuring in the areas of financing, public sector and businesses.

***□ Phase 3 (September 1999 ~ April 2007)***

The Commission in Phase 3 was governed by the ‘Act concerning the Establishment, Operation, etc. of the Tripartite Commission’ of May 1999. In this phase, political parties withdrew from the Commission, which consequently comprised the representatives from employers, workers, the government and public interests. This type of composition has remained unchanged until now. The discussions at the Commission were usually about how to improve the employment situation, working conditions and the labor relations institutions, although restructuring and social policies were also part of the agenda.

***□ Phase 4 (April 27, 2007 ~ present)***

In Phase 4, the Tripartite Commission was renamed to ‘Economic and Social Development Commission’ in January 2007, and the Commission law was also revised to reflect the changes, including the introduction of agenda-specific and industry-specific committees.

1. **Composition and operation of ESDC**

ESDC is a Presidential advisory body on labor policies and, at the same time, an independent body of tripartite policy consultation. Its main function is to discuss not only the labor policies to secure job stability and upgrade working conditions and the labor relations, but also the industrial, economic and social policies which have a significant influence on the labor affairs.

With regard to the organizational structure of ESDC, it includes the ‘Plenary Committee’ as the highest decision-making apparatus; ‘Standing Committee’; ‘committees by agenda’ and ‘committees by industry’ where working-level discussions are made about the relevant agenda; the ‘secretariat’ which provides administrative supports for the operation of the committees; and the ‘Committee for Assessing Implementation’ in which the members representing employers, workers, the government and public interests work together to assess the implementation of the agreed-on points.

The committees by agenda currently in place are: Committee on Reduction of Hours Worked; Committee on Win-win for All Generations; Committee on Make-Work-Pay Social Security; and Committee on Occupational Accident Prevention System.

The participants of the Plenary Committee include: ESDC Chairman, also as the Committee Chairperson; ESDC Vice-Chairman; FKTU Chairman, as a worker member; Chairman of Korea Employers Federation and Chairman of Korean Chamber of Commerce & Industry (KCCI), as employer members; the Minister of Employment and Labor, the Minister of Strategy and Finance and the Minister of Knowledge Economy, as government representatives; and college professors and President of Korean National Council of Women (KNCW), as public interest members.

ESDC, since its foundation in January 1998, has so far concluded 168 major social agreements, making substantial contributions to overcoming the two economic crises, upgrading the labor relations systems and resolving social conflicts. The list of the major agreements concluded is appended at the end of this writing.

1. **ESDC’s efforts for advanced social dialogues in Korea**

First, ESDC is trying to reinforce the representation of social dialogue participants. As the participants in social dialogues of this country are currently limited to the representative from employers, workers, the government and public interests, all the interest groups are not properly represented in a variety of agenda.

Fully aware of this problem, ESDC is making efforts to work out a mechanism by which a range of social classes, including unorganized workers and SME employers, are evenly represented, and extend the scope of public interest members, which is now confined to the academia, to include civil and social organizations and journalists.

Second, ESDC is working hard to broaden the boundary of the agenda for social dialogues.

Although the ‘ESDC Act’ provides that the Commission may “discuss labor policies and relevant economic, social and industrial policies”, the discussions in ESDC are, in reality, generally focused on the agenda concerning labor policies.

Therefore, ESDC is trying to ensure that discussions and consultations in the Commission cover a wide range of agenda which are in line with public demands and fully reflect the pressing and future-oriented issues closely associated with ordinary people’ livelihood, such as social polarization, low birth rate and population aging.

Last but not least, ESDC is exerting efforts to establish the system of promoting and assessing the implementation of the agreements concluded.

More specifically, ESDC is running the Committee for Assessing Implementation to evaluate the progress in the implementation of the agreements that it has concluded. However, it is criticized that the participating representatives are often too focused on reaching agreement, end up signing a simply theoretical, abstract or ambiguous agreement, making it difficult to check and monitor its implementation and undermining public confidence in the agreement.

In response, ESDC is working to ensure that, with regard to the agenda on which agreement can be reached, the agreement includes the contents and timetable of implementation for each of the signatories as specifically as possible, and that the implementation of the agreement is closely monitored in a follow-up process to guarantee its implementation. Simultaneously, as for the agenda on which agreement is impossible or difficult to reach, ESDC is trying to establish the procedures in which a statement of the final views of worker and employer members on the agenda, along with public interest members’ opinion, is sent to the government or a written opinion of public interest members, based on their faithful consultation with worker and employer members, should be delivered to the government.

**【Appendix】 List of the major agreements of ESDC**

1. **Playing a leading role in riding over economic difficulties**

∙ Social Pact to Overcome Economic Crisis (February 1998)

- a 90-point agreement which provided for increased transparency in corporate governance; more speedy restructuring; the actions to stabilize prices and employment and reduce unemployment; stronger social protection; the measures for wage stability and labor-management cooperation; guarantee of basic labor rights; more flexibility in the labor market, etc.

∙ Agreement by Labor, Management, Civic groups and the Government to Overcome the Economic Crisis (February 2009)

- a 64-point agreement which included the action plans of the government, employers and workers for work retention and sharing; the role of the private sector in overcoming the economic crisis; the measures to create jobs and promote employment; the establishment of the social security net for the unemployed and other disadvantaged groups, etc.

1. **Minimizing social conflicts in the course of structural reforms**

∙Agreement on the development of the financial industry and the directions for financial reform (July 2000)

∙Agreement on workforce reduction in the postal sector (August 2000)

∙Agreement on the matters concerning the railway restructuring plan (December 2000)

∙Resolution concerning electric power distribution split-up in the electricity industry (June 2004)

∙Agreement on the honorary retirement program of government-invested organizations (March 2006)

1. **Contributing to promoting basic labor rights and upgrading labor relations**

∙ Agreement to guarantee the right to organize teachers’ unions (October 1998)

∙ Agreement on the revision of the Political Fund Act to guarantee unions’ political activities (September 1998)

∙Agreement on the measures to secure effectiveness of collective agreements (December 2000)

∙ Agreement to improve the labor dispute adjustment system and relevant practices (November 2002)

∙ Agreement to improve the system of collective dispute settlement (December 2006)

∙ Agreement to improve the collective bargaining structure (May 2008)

∙ Agreement on the measures to advance the legislation and institutions concerning the labor relations (September 2006)

∙ Public interest members’ agreement on the rationalization of the bargaining structure for multiple unions and the system of full-time unionists (July 2009)

1. **Contributing to increasing labor market efficiency and building a framework of unemployment measures**

∙ Agreement on the measures to improve the vocational training system (July 2001)

∙ Agreement to generate jobs for young people (July 2002)

∙ Social Pact for Job Creation (February 2004)

∙ Agreement on vocational training for non-regular workers and SME employees (March 2006)

∙ Agreement to expand the labor market participation of middle-aged and aged people (March 2006)

∙ Agreement to build the local systems of employment and human resource development and promote local development (December 2006)

∙ Agreement to support SMEs in step with coming-into-effect of the non-regular work law (December 2007)

∙ Agreement on the improvement of the wage structure to promote wage stability (May 2008)

∙ Public interest members’ proposal on the guideline to protect working conditions of the in-house subcontractors’ employees (May 2011)

∙Agreement to improve employment at SMEs (June 2011)

∙Tripartite agreement to promote employment for babyboomers, etc. (June 2011)

1. **Contributing to a better quality of working life, by extending social protection**

∙ Agreement on the reduction of working hours (October 2000)

∙ Agreement in relation to the enactment of the Framework Act on Employee Welfare (October 2000)

∙ Agreement in relation to the measures to increase child care service for low-paid workers (March 2006)

∙ Agreement to upgrade the Industrial Accident Compensation Insurance (December 2006)

∙ Agreement to advance the Employment Insurance (October 2008)

∙ Agreement on the improvement of the industrial safety and health system (October 2008)

∙ Agreement to improve the practice of long-hour work and advance the labor culture (June 2010)

∙ Agreement to reinforce public employment services and activate private employment services (July 2010)

∙ Public interest members’ proposal for the improvement of working hours in exceptional sectors (January 2012)