



*Current developments in industrial relations*

## Industrial relations and labour law developments in the Republic of Korea

Young-bum PARK \*

The strong performance of the economy of the Republic of Korea during the last 30 years has been well publicized. However, Korea's state-led, high economic growth was facilitated, particularly until the mid-1980s, by a stable supply of cheap labour and the repression of labour rights.

One consequence of government intervention in the labour market has been that Korea has had difficulty adjusting to the new realities of industrial relations. Evidence of this can be seen in the explosive increase of labour disputes after the 1987 *June 29 Democratization Declaration*, which was pushed through following student-led demonstrations. In 1987 there were 3,749 strikes. In 1988 and 1989, the numbers fell to 1,873 and 1,616.

Since 1987 significant legal reforms and far-reaching industrial relations developments have taken place. For example, total union membership increased from 1,050,000 in July 1987 to 1,932,000 in December 1989 in a labour force of some 19 million. Union members then decreased to 1,735,000 in December 1992, a density of approximately 18.5 per cent of permanent employees and the trend appears to be stable. Collective bargaining is now an important means of improving employee working conditions.

The debate over labour law reform has been at the forefront of industrial relations since 1987. Labour laws were amended in November 1987. This helped improve Korea's industrial relations by making it easier for trade unions to organize workers. As a result a larger proportion of trade disputes now occurs within, rather than outside, the legal framework.

In 1989 the opposition parties, who gained control of the National Assembly in the 1988 general election, attempted to push for further amendments to strengthen labour rights. Their proposals included:

(1) lawyers or publicly authorized labour specialists should not be classified as illegal or third parties (in Korea third parties to a labour dispute can be arrested for interfering in the dispute);

---

\* Senior Fellow, Korea Labour Institute.

- (2) the political activities of trade unions should be legalized; and
- (3) most civil servants should be entitled to labour rights.

However, a presidential veto ensured that none of these changes were enacted. In 1992 the Government proposed labour law amendments to weaken the union movement. It claimed that the unions were partly responsible for Korea's economic problems – the trade deficit had reached \$7.5 billion in 1991. However, because of strong opposition from the union movement, including the Federation of Korean Trade Unions (FKTU) (the only national centre recognized under the current legal framework) the Government withdrew its proposal. Instead, in October 1992, it set up the Labour Law Study Committee through which representatives from labour, as well as management and public interests, were commissioned to propose an acceptable framework of labour law amendments.

Another force for change has come from the International Labour Organization (ILO) which the Republic of Korea joined in 1991. Since then cases involving the labour rights of public servants have been filed with the ILO against the Government of the Republic of Korea for violation of the principle of freedom of association. In April 1993 the ILO recommended that Korea should revise its labour laws in line with ILO principles.

With the election of a civilian head of state, Kim Young-sam, in early 1993 it was expected that the major labour laws would be amended during the winter session of the National Assembly. This expectation grew when the new Labour Ministry revised 16 of its guideline principles for labour-management relations in ways favourable to labour. However, in August 1993 the Government postponed the labour law amendments until 1994, arguing that debate on the subject would harm the Republic's economy, now in a deep recession.

This setback disappointed many of the trade union activists represented by the Korea Trade Union Congress (KTUC). The KTUC, whose activities are constrained under current labour laws, has failed to be offered legal status. It had also expected the new Korean Government to complete the process of democratizing the country's labour market and institutions.

Given this change in the Government's position major labour law reforms may not occur during the current president's term, which ends in 1998. In 1995 local government elections will be held for the first time in more than 30 years. National Assembly Elections are scheduled for 1996. The Government may find labour law too sensitive an issue to deal with during the time of these elections. This means that inter-union conflict is likely to be prolonged, limiting scope for the necessary concerted action between labour, management and Government to sustain Korea's economic and social development.