1. Introduction

In their social and economic history, Korean workers and the labor movement have evolved from passive social entities to active ones over time. This evolution has not been a linear process, nor has it been something readily supported by management or the state. The labor movement was associated with the independence movement during the colonial years of Japan and with the ideological struggles right after the liberation. Moreover, the labor movement in Korea experienced its fair share of ups and downs as workers were forced to play the role of a junior partner in economic growth during the prosperous years following the 1960s. Under the harsh political oppression of the successive authoritarian governments, workers were not able to carry on with the labor movement in the independent and democratic fashion they would have liked. The Great Worker Struggle that took place in July - September of 1987 within the climate of political democratization was a major event through which the Korean working class finally attempted to claim its rightful place in society as a
full-fledged member in both name and practices, refusing to be a passive victim to the ‘Development First, Distribution Later’ logic of the state any longer. The labor movement in Korea continued in its cycle of advance and retreat, growth and decline, participation and struggles, but has succeeded in establishing itself as an undisputed axis of the Korean economy and society.

In this chapter, we intend to examine the unfolding of the labor movement since 1987, showing a high point in labor activism in Korea. We will also discuss the structural characteristics of the Korean labor movement and identify the future course of action demanded of the movement under the changing socioeconomic environment. The labor movement can be taken to mean the collective action of organized workers, or union movement. But a broader definition would encompass any and all efforts made to maintain and improve the political, economic, and social status of the working class (Choi, Young-Ki et al., 2001). In that sense, scholars have so far failed to reach an agreement on the general theory of the labor movement, and there are even some who argue that it is a tall order to demand such a theory. Such a discord within the academic circle is largely attributable to the difference in philosophy, perspective, and the field of study (Shin, Soo-Shik et al., 2003). Rather than discussing the labor movement in Korea on the basis of a specific philosophy or theoretical framework, we will stop at a mid-range, abstract characterization of the movement while maintaining the most empirical approach as possible.

Though the fifteen years from 1987 to 2002 may not seem to be a very long period, during that time the relationship between the state, management, and labor underwent a truly dynamic development. It is during this period that the ‘1987 labor regime’ took firm root, only to be sorely tested by the Asian financial crisis, giving rise to an urgent need for a change in the labor movement and industrial relations. Against this backdrop, we intend to look back on the past achievements of the labor movement since 1987 and investigate what inherent structural distortions and behavioral propensities stand in the way of further advances. This effort will serve as an excellent opportunity for us to explore the future direction to be required of the Korean labor movement in order to provide better quality of life for the working class. A sensible labor movement would
play a role of a shortcut indeed we need to put our industrial relations on the right path.

2. Developments in the Labor Movement following 1987

A. The Different Phases of Development

A close examination of the history of a labor movement reveals the roots and origins of the current structure and characteristics of the movement. It also illuminates the merits and demerits of the movement and the strategies they adopted during that period. The development of the labor movement in Korea following 1987 is no exception to such generalities. Therefore, the key to the analysis of such features lies in a proper periodization of the time in a way that best represents the structure and characteristics as well as the role of the social actors. The approach may vary according to the researcher, but the most representative and widely accepted periodization would be the one developed by Choi, Young-Ki and his colleagues (2001). According to Choi et al., the labor movement from 1987 to 1999 can be divided into three large phases or six smaller phases. The first phase is the period between the summer of 1987 and 1989, characterized by the surge in labor activism and tectonic changes in the landscape of labor movements. The second phase is between 1990 and 1995, a period of both the growth and political setback of the labor movement. The third phase would be 1996 and onwards, a time when changes in the labor environment and labor movement were actively pursued.

Though we recognize the rationale behind the periodization proposed by Choi et al, we find it more logically sound to divide the entire term into two phases within a broader flow of time. The first of the two phases would be from July 1987 to 1997, or the ‘Recognition Period of the labor movement as a Social Entity’ during which the ‘1987 labor regime’ was born and formed. The second phase would be from the onset of the Asian financial crisis at the end of 1997 up until the present, which can be described as a period of ‘coexistence of compromise on and resistance against globalization and restructuring’.
The first phase began with the Great Worker Struggle in 1987. Labor, management, and the state continued to advance and retreat in response to the attacks and counterattacks of one another. During this period, the general strike regarding labor law revision at the end of 1996 and the beginning of 1997 served as the opportunity for the labor movement to firmly consolidate its presence as a full-fledged social entity. The beginning of the second phase is marked by the Asian financial crisis and the launch of the Tripartite Commission of labor, management, and the government. A proactive participation in the Commission was initially expected of labor to play the roles and responsibilities of an active social entity, but its failure to adapt effectively to the penetration of market principles and consequently the retaliation of the conservative political power left the labor movement in turmoil, and at a risk of dissolution. Thus, this was when the labor movement was engaged in a search for a new course to take in the face of various challenges. These two high-level phases can be further broken down into smaller sub-phases. It may prove a bit difficult to carry out a proper analysis of the second phase as it is ongoing, but we believe that this method of periodization is rather a better method than others in the sense that it allows one to view history in the present tense.

B. Recognition Period as a Social Entity (1987~1997)

1) The Labor movement before 1987
   A review of the past history is a prerequisite for an accurate understanding about the Great Worker Struggle of 1987. The history of labor movement in Korea goes back to the Japanese colonial years when modernization was forced upon the working class by the external power in an attempt to create industrial laborers. It was almost inevitable that the labor movement of this period was connected with the independence movement. Right after liberation from Japanese colonization, the leftist labor movement - led by the ‘National Council of Labor Unions’ - prevailed for a moment only to walk the path to demise amidst the ideological conflicts and war that ensued. As a result, only the anti-communist labor movement led by the ‘Korea Trade Union Federation’
called Daehan-Nochong, was granted legal approval. The fall of the Liberal Party administration in 1960 had given a sudden rise to a labor movement which was soon oppressed by the succeeding military government. The Korea Trade Unions Federation was reorganized under the name ‘Federation of Korea Trade Unions (FKTU)’ and had to resort to playing the role of a junior partner of the state and management during the industrialization period of Korea. As an economic entity abiding by the ‘growth first, distribution later’ logic, the anticomunism, and the economic-growth promotion policy, the FKTU whose leaders isolated themselves from their rank-and-file members limited its activities to the narrow petition of workers’ rights. Under the strong barrack-like control of the state, the FKTU did not have a minimum independence from the state and management but was merely a subordinate to the favors granted or relying on strategic decisions made by the government and management.

However, a historic incident in 1970 demonstrated the workers’ frustration with such situation and opened a new chapter for democratic union movements. A laborer of the Pyung-Hwa market named Chun Tae-Il burned himself to death in an ultimate expression of protest. Following the incident, the intellectuals, comprising the religious leaders and university students, initiated various activities to help workers set up the objectives and ideology independent of the state and management and secure their rights on their own. Since the economy in the 1970s was still based on light industries, female workers were the mainstream in labor movements. Unable to withstand the brutal oppression of the Revitalization Reform regime called Yushin, the movement failed to sustain itself, let alone expand.

The so-called ‘Spring of Seoul’ in 1980 showed a surge of strikes (some 400 strikes) among factory workers and miners in spontaneous ways. However, these movements did not have a clear sense of purpose nor were they systematically organized. They could not uphold themselves against the new military administration. The Chun Doo-Whan government forced enterprise unionism upon workers and exercised even tighter control over the labor movement through measures including limitation of the freedom of association, and the prohibition of third-party intervention and labor actions in essential public
services. This was indeed the dark age of the labor movement, and workers were joined in their workplaces by a stream of reform-minded college students. Such movements, centered around the Kyung-In (Seoul-Incheon) region, and marked by the ‘Daewoo Motors Strike’ and the ‘Guro Strike’ in 1985, were actually the preludes to the landmark year of 1987. As the political freedom was widely gained through the People’s Uprising in June 1987, the Great Worker Struggle erupted in full force.

2) The Great Worker Struggle and labor movement in the late 1980s.

The Great Worker Struggle of July - September of 1987 commenced in Ulsan rather than in the Kyung-In (Seoul-Incheon) region where the labor movement was actively backed by the intelligentsia. The launching of the Hyundai Engine Union on July 5 triggered the formation of unions in all Hyundai affiliated enterprises that then staged a major strike and won a significant wage hike. The success of the strikes and union organization in Ulsan soon spread to Masan and Changwon with similar results, and then to the rest of the nation including Geojedo, Busan, Gumi, Incheon, and Seoul. The 1987 Great Worker Struggle signaled the beginning of a new form of labor movement led by male workers in the heavy and chemical industry in contrast to the labor movement of the 1970s led by female workers in light industries. Major manufacturing workers’ unions led the movement in terms of combativeness and in breaking away from the controlling hold of the government and management. However, the growth of the labor movement did not stop here but spread far and wide to encompass even the workers in small and medium sized enterprises as well as the clerical and administrative workers. In particular, the proliferation of unions and the labor movement to workers in the financial sector, hospitals, research facilities, schools and the press in the late 1980s was quite notable for the sense that the scope of the labor movement was greatly expanded (Yoo, Bum Sang, 2001).

With its hands temporarily tied down by political democratization movements and the upcoming election, the government was only able to be on the defensive against the Great Worker Struggle. However, it regained its oppressive stance by September and responded to labor strikes by tolerating only a certain degree of
autonomous labor-management negotiations within the order. But the management, long dependent on the state’s strict control of its labor management, did not adapt well to the new order. The management not only resorted to force and violence by using (hoodlums like) Gusadae, but also demanded that police power be used to put down labor strikes. As a result, industrial relations and the labor movement during this period were characterized by ‘strike-first, negotiation-later’, leading to further uncertainties as large numbers of workers were arrested during labor disputes. The Great Worker Struggle of 1987 was nevertheless an important turning point for the Korean labor movement after which unionization increased rapidly and large-scale wage hikes became common. This was a process through which workers were receiving their share of the growth achieved during the ‘3-low economic boom’ that had so far been denied to them. Their buying power boosted with the additional income secured through wage hikes, and therefore workers also contributed to the growth of industries catering to domestic demand (Choi, Young-Ki et al., 2001).

As the Great Worker Struggle of 1987 was rather spontaneous in its origin, it remained more or less an enterprise-level movement despite the fact that it occurred almost simultaneously in most workplaces across the country. Considering that the government and management were still resorting to oppressive labor policies and exclusive labor management, labor movement in this period was in dire need for worker solidarity that could transcend the borders of enterprise unions. To this end, regional trade union councils such as the Federation of Masan-Changwon Trade Unions that focused on information exchange and mutual support among enterprise unions in the region were organized one after the other. Meanwhile, sectoral trade union councils were formed to support the labor movement for clerical and administrative workers. In the Ulsan region, the Hyundai Trade Union Council was formed and commenced its operation. These new unions and the councils accused FKTU of being a ‘yellow union’ and attempted to form a new national center for the independent democratic union movement. In January 1990, the majority of the regional trade union councils and some sectoral trade union councils got together to launch the Korea Trade Union Congress (KTUC, Chunnohyup).
The Great Worker Struggle and the ensuing emergence of regional trade union councils and sectoral trade union councils were calls for a fundamental change in the course of the labor movement taken by the FKTU. The FKTU was strongly criticized by both its own members and outsiders for its supporting statement for the 4·13 Constitution Declaration of dictator Chun Doo-Whan in 1987, through which it ended up providing a justification for the formation of the second umbrella union organization. Reflecting on its past mistake, the FKTU took an important step towards self-reform as it elected Park, Jong-Keun for its new chairman. This also signaled the Federation’s commitment to free itself from the influence of the ruling party, in light of the fact that the ruling party was a minority in the parliament. Though this reform was an advance towards political independence of FKTU, there was still much room for improvement since it lacked the democratic spirit of taking and articulating a wider range of opinions from its members nor did it succeed in addressing workplace issues.

3) Labor movement of the early·mid 1990s

The ‘1987 labor regime’ established was soon challenged by the security authorities and an ensuing economic recession following 1989, as well as the assault of the conservative political coalition that emerged through the three-party merger. KTUC (chunnohyup), in particular, found itself in the center of fire by the security authorities and could not avoid a contraction in its activities and organization. As such, the government not only directly excluded the independent labor movement of KTUC (chunnohyup) but also formed an alliance with the FKTU in an attempt to establish a new industrial relations regime. A new order was required to overcome the failure of the wage-increase guidelines and the total wage increase arrangements in the early 1990s. The truth of the matter was, the high rates of wage increase that had continued since 1987 had far exceeded the productivity growth of the corresponding period and had in fact greatly damaged the macroeconomic stability of the nation (Choi, Young-Ki et al., 2001). The Kim Young-Sam government which came to power in 1993 tried to contain the high wage increases through an agreement between the Korea Employers Federation and the FKTU. But this agreement
was merely a compromise reached by the upper echelon of the two parties without much regard for what the majority of the members wanted. Because of this, the FKTU was once again put under fire from the labor movement. As a result, a significant number of enterprise unions broke away from the FKTU and joined the Korean Council of Trade Union Representatives (KCTU, chonnodae) called ‘Jungook Nodongjohap Daepyojahoei’, an emerging nucleus of the labor movement as KTUC (chunnohyup) was weakening under government suppression. Unlike the KTUC (chunnohyup), the KCTU (chonnodae) comprised numerous sectoral trade unions councils as well as large-scale unions from the ‘chaebol’ business groups in heavy industries such as the Hyunchongnyon, the Federation of Hyundai Group Trade Unions, and the Daenohyup (Federation of Daewoo Group Trade Unions). Through common activities, the KCTU (chonnodae) built up the foundation for the second umbrella union, and succeeded in launching the Korea Confederation of Trade Unions (KCTU) in November 1995, opening a new and complicated chapter in the labor movement. This chapter signified that the two national centers exist in parallel and maintain a relationship of both cooperation and competition.

The democratic union movement represented by KTUC (chunnohyup) and KCTU under the ‘1987 labor regime’ took a collective form of resistance from the workers who had so far been disadvantaged by long working hours and low wages. As the movement relied on the accumulated frustration of the working class for its organizational power as well as strikes, ‘militant unionism’ was a pronounced characteristic of the movement for gaining workers’ offensive demands toward management. The labor not only managed to achieve considerable practical benefits through such aggressive and militant movement, but was also able to greatly improve the situation where workers had little rights under developmental, authoritarian regime. Furthermore, workers were also able to uphold their independent unions and bring significant changes to the previously despotic workplace order. However, management tried to avoid sharing the control over workplaces with labor by yielding to labor demands on wages instead (Yoo, Bum Sang, 2001:239). Consequently, wage levels rose rapidly for workers in large ‘chaebol’ enterprises that had ample funds to pay
their workers, but remained relatively low or only minimally affected in small and medium sized enterprises with less ability to pay, resulting in wider wage gaps within the working class. On the management side, they responded to the militant unionism by replacing the autocratic and barrack-like labor management with the so-called New Management Strategy. In effect, the strategy sought to blow the wind of individualism into a collective movement of workers to induce competition in terms of jobs and wages. This would weaken the cohesiveness of union organizations. Moreover, management also sought to increase flexibility in their management by increasing the proportion of irregular workers in their workforce. This fact can be deduced by examining the increase in temporary or daily employment from the mid 1990s (Kim, Yoo-Sun, 2002).

The New Management Strategy proved to be effective in some enterprises and did subdue militant labor actions to an extent. But such responses were brought on not only by sophisticated labor management strategy or changes in government labor policies, but also by the reconsideration and criticism on militant unionism within the labor movement. Unreasonable demands for wage increases that exceeded management’s ability to pay, heavy dependence on military actions, and the repetitive cycles of arrests and reinstatement demands worked against the long term interests of the workers at times. Moreover, there were cases where militant struggles endangered the sustainability of both the union and the business. The mid-1990s saw a significant decrease in the number of, and participants in, labor disputes. We believe that this is, to a certain extent, evidence of the gradual recession of militant unionism at individual workplaces and the establishment of a new order and bargaining culture among labor, management, and the government.

4) Conflicts and cooperation regarding labor law revisions and the recognition of the KCTU as an umbrella union

However, various political, social, and economic factors that threatened the hard-earned stability of industrial relations continued to surface on a nationwide scale. Up until the mid-1990s, in particular, industrial relations were continuously tested despite the fact that both unionization rates and labor disputes were
decreasing considerably. The reasons were twofold, both structural. First, the independent union movement that continued to flourish in the early 1990s despite aggressive containment by the government gave birth to the KCTU in November 1995. And there was a question as to whether these unions that came to the forefront of the labor movement since the 1987 Great Worker Struggle should remain extra-legal unions. This issue was linked with fundamental labor rights-related provisions of the labor law, which were vetoed by President Roh Tae-Woo in 1989. In other words, unless the so-called ‘3 prohibitions’ restricting political activities of trade unions, third party intervention, and multiple unionism were lifted, it was quite inevitable that the independent labor movement would continue to challenge the stability of industrial relations. The second reason was more of an economic issue. From the standpoint of management, the high rates of wage increase that became fixated since the 1980s and the labor-management conflicts revolving around the New Management Strategy were critical threats that required immediate countermeasures in order to enhance labor market flexibility and to protect Korea’s national competitiveness. Therefore, management began raising its voice demanding the so-called “3 arrangements”, namely collective dismissals, flexible working hours, and use of dispatched workers.

Acknowledging the need for labor reforms, the Kim Young-Sam government launched the ‘Presidential Commission on Industrial Relations Reform (PCIRR)’ and started discussions on labor law revisions. One important point that merits attention is the fact that the KCTU was recognized as a partner in forming the PCIRR and was invited to the discussion table. This gesture was both a social recognition of the status of the independent union movement as well as a tacit request for the KCTU to act as a responsible member of society. Overall, labor, management and members representing the public interests were able to reach an agreement on most issues except for the core provisions, but even such items and provisions were more or less settled through a tacit exchange of conditions. However, the conflicts and complicated entanglement of relationships and competition among the KCTU, FKTU, Korea Employers Federation, Federation of Korean Industries, the government, and the conservatives and reformists in the
political arena ended up with a deadlock. The conservative factions of the
government and the ruling party railroaded a bill through the assembly by
surprise in the dawn on December 25th 1996. This incident, denying the
legitimacy of the KCTU (disapproval of multiple unionism) and approving
collective dismissal arrangements, caused the hitherto discussion of the PCIRR to
come to nothing.

Labor immediately responded to the rushing railroading of the bills by going
on a general strike, inflicting massive damages on the ruling conservative party
and the government. The strike was supported not only by the KCTU but also
the FKTU and the unorganized workers from all corners of the economy and was
of the largest scale since the 1987 Great Worker Struggle. It was a burst of
outrage against a seemingly unjust attempt to undermine the hard-earned
accomplishment by the labor movement over the past ten years. The
introduction of the collective dismissal arrangement was the key element that
provoked the high level of participation in the strike. The strike was also a
demonstration of support and acknowledgement for the value of trade unions as
an entity that can stand up against such a policy. More importantly, the strike
was a punishment of sorts of the conservative forces seeking to go back to the old
order. Through another revision of labor laws in March 1997, the KCTU was
legalized and the collective dismissal arrangement was suspended for two years.

In short, the general strike revolving around labor law amendment helped the
independent union movement be recognized as a legitimate entity within the
Korean society. And though the result was not what the FKTU had wanted, this
organization also found itself involved in the current trends of time by taking part
in the general strike. Choi, Young-Ki et al.(2001:11) describes the labor
movement following 1987 with the following words:

“When you look at the developments in industrial relations since 1987 from
labor’s perspective, the labor movement (since 1987) was very successful as
labor demands were mostly met and the movement also contributed to the
political and economic advance of the nation. It was because workers were
resisting workplace autocracy, low wages and long working hours, and the denial
of basic labor rights forced upon them by the ‘old development model’ since
1963. They were demanding a new growth model that would guarantee fair
distribution, modern workplace order, and democratic industrial relations. Most
of these demands were realized, and the old development model was dissolved as
a result. Such changes seem to be the outcomes naturally derived from the
self-development process of labor movements following 1987 without the
purposeful intention of the labor leaders or the workers themselves.”

The challenge at this point was how the labor movement would use its newly
earned social status to adapt to the era of global competition. The labor
movement seeking to realize the principles of worker solidarity through a strategy
of high degree of participation with the legacies of militant unionism and
fragmented organizations of enterprise unions faces no easy task. But such a
trial and challenge was already in motion.

C. Coexistence Period of Compromise with and Resistance against Globalization
and Restructuring (1998–Present)

1) The development of macro-industrial relations and labor movement

The developmental authoritarianism was partially eroded by the labor
movement during the ten year period, but its own demise was also precipitated by
the growing contradiction of the chaebol system. Korea was pushed to the brink
of bankruptcy when the over-investments of the chaebols and the failures to
control foreign currency and the financial sector erupted in the form of the Hanbo
and the Kia incidents. Faced with an unprecedented crisis of national
insolvency, the newly inaugurated Kim Dae-Jung administration strived to
overcome the situation by turning to the International Monetary Funds (IMF) for
a bailout fund. While disciplining the chaebols with market principles, the
government set up the Tripartite Commission to discuss and seek social
agreement among the parties on labor reforms required for corporate
restructuring. The KCTU and FKTU, recognized as full-fledged social entities
by this time, also took part in the social dialogue process.

Through painful discussion and three-way negotiations, the Tripartite
Commission succeeded in reaching the 2·6 Great Compromise among parties.
In return for the collective dismissal arrangement coming to immediate effect that had been put on a two-year suspension, the prohibition on political activities of trade unions was to be lifted and teachers’ unions as well as the Public Servants Workplace Association were to be recognized. It was also agreed that unemployed workers be allowed into extra-enterprise unions, and overall basic labor rights were to be enhanced. Moreover, the 90 or so provisions in the agreement included measures to establish various social safety nets to deal with the massive unemployment crisis that would inevitably follow the restructuring efforts. Also included were various tasks requiring the attention of labor, management, and the government in order to overcome the financial crisis, such as chaebol reform plans and measures to improve international trade balance and to stabilize consumer price levels. The agreement was the outcomes of strategic decisions of social actors to deal with the crisis despite the fact that the structural condition of corporatism was still deficient (Lim, Sang-Hoon et al., 2003). It was also a historic agreement that demonstrated national solidarity in the face of internal and external threats. The participation of the labor in the agreement, in particular, was a meaningful and responsible gesture based on its achievements of the past ten years.

But such historical significance was severely damaged when the KCTU Conference, held on February 2, denounced its leaders for accepting the collective dismissal arrangement. The spread of market principles has already been threatening, in particular, irregular workers and the small and medium enterprise workers since the mid-1990s. Therefore the labor union’s refusal to discuss a national policy geared to the recognition of such economic realities and correcting them was criticized as the collective egocentricity of a organized labor that heavily relied on combative actions as the only means to resolve its demands. Since then, the KCTU continued to join and leave the Tripartite Commission as it tried to gain the upper hand in the negotiation processes. However, the KCTU stopped participating in the Commission altogether in 1999 and has been demanding direct labor-government negotiations.

But the KCTU did have some reason for refusing to come aboard the Tripartite Commission. Though the developmental authoritarianism had considerably
weakened following the 1996-7 general strike, the conservative ruling party was still trying to reorganize the labor regime in the name of market principles and the IMF. Moreover, some high-ranking government officials remained attached to bureaucratic elitism while avoiding social agreement organizations such as the Tripartite Commission and were effectively invalidating dialogues and consultation with the labor. For example, restructuring plans for the financial and public sectors were announced unilaterally by high officials in the Ministry of Finance and Economy in the middle of a tripartite discussion. The implementation of a number of key provisions in the 2·6 Social Agreement such as political fund reforms and permitting unemployed workers to join extra-enterprise unions were either abruptly suspended or postponed. Thus, the KCTU, and sometimes even the FKTU, responded with protests. The government and management tried to appease the labor with promises to fulfill their end of the bargain, but the gap of distrust became even wider when those promises were not honored.

The Tripartite Commission continued be on unsteady footing until it earned a firm legal status through the Tripartite Commission Act in 1999. Nonetheless, the KCTU refused to return, leaving only the FKTU to represent labor interests until this day. The two different paths taken by the FKTU and KCTU inflicted significant damages on the labor movement. The FKTU more or less succeeded in delivering practical benefits to its member unions by staying on the Commission, but the compromising attitude of its leaders could not avoid becoming the target of criticism. Meanwhile, the KCTU went back to the old pattern of anti-government disputes and militant actions and had to watch more than 800 of its members become arrested and put behind bars during the Kim Dae-Jung administration alone. The militant courses taken by the KCTU was littered with conflicts and self-sacrifices but the fruit of the struggles were actually enjoyed by the members of the FKTU that capitalized on its participation in the Tripartite Commission. However, the compromising course taken by the FKTU resulted in the loss of its member unions and the expansion of KCTU’s power. Apprehensive of further loss of power, the FKTU ended up being hesitant about making even very reasonable compromises in the Commission.
Due to such conflicts and lack of coordination between the two confederations, the labor movement had to suffer a devastating loss of worker solidarity.

As the two trade-union confederations engaged in such mutually damaging competition, the FKTU, unlike in the past, sometimes staged public strikes to make its points. It was because the leaders had to consider the demands of the confederation’s members for public action as employment adjustment has become a key issue in the aftermath of the economic crisis. But the main course of action taken by the FKTU was to secure practical gains by staying on the Commission. On the political front, the FKTU also strived for political power by forming the Social Democratic Party. But in doing so, it ended up competing with the KCTU on all fronts as the KCTU has had a close relationship with the Democratic Labor Party.

2) Developments in micro industrial relations and labor movements

As was the case in macro industrial relations, micro industrial relations were also strained by all-out confrontations and conflicts involving corporate restructurings. In the midst of such confusion and conflicts, trade unions were forced to compromise with market principles. In particular, chaebols, public corporations, and financial companies were marked as the principal culprit of the financial crisis and the hotbed of inefficiency and were targeted for drastic restructuring. These organizations not only had to make considerable concessions in terms of wages but were forced to accept honorary (early) retirement schemes and even compulsory collective dismissals. The massive redundancies at Hyundai Motors in 1998 and at Daewoo Motors in 2001 brought about considerable conflicts and protests as they were, respectively, the first mass dismissals and the largest ones up to that point of time. The financial sector including the banking industry was no exception as tens of thousands of workers were forced to leave their jobs through the honorary (early) retirement program or the recommended resignation program. And public sector restructuring also disrupted the labor market to a considerable degree. In the wake of continuing restructuring efforts, unemployment figures rose nearly to the 8% level in the first quarter of 1999, with nearly two million workers out of jobs. The surprisingly
rapid economic recovery that followed effectively lowered unemployment numbers. But the labor movement was faced with the task of developing new measures to promote employment security and deal with mass unemployment, which meant new philosophies and new strategies that can be differentiated from the militant unionism under the ‘1987 labor regime’.

Fundamental changes in the environment surrounding the labor movement did not express themselves only in the generalization and regularization of employment adjustment. Massive temporary employment has been produced structurally. The expansion of service and knowledge-labor, fundamentally different from the traditional type of labor in heavy, chemical manufacturing industries, and the increase in the number of female workers also called for corresponding changes, as the conventional form of labor movement was not regarded to be suitable to cater to their needs. Another significant change was the emergence of the public sector as a key player in the labor movement. This came in the face of public sector restructuring while the labor movement in the private sector ebbing, with the exception of the automobile industry), was ebbing. In the face of such changes, the labor has been responding by setting up industrial unions for hospitals, metal industries, and the financial sector while stepping up activities by industrial federations of unions. Despite such efforts, the Korean labor movement is yet to overcome the limitations of enterprise unionism, and the labor’s resistance against globalization and restructuring clearly demonstrates the failure of the fragmented movement.

In short, the two umbrella unions were caught up in the competition regarding their involvement in the Tripartite Commission, but have not yet been able to develop a new, unified mode of action in the face of globalization and the expansion of market principles. As a result, KCTU unions are still resorting to military actions against the government or management as can be seen in enterprise union protests such as the anti-redundancy strike of Hyundai Motors (1998), the strike against overseas sales of Daewoo Motors and collective dismissal of its workers (2001), and power union strikes (2002). Meanwhile, the FKTU-affiliated unions are oscillating between public protests and policy compromises for material gains as can be seen in the restructuring process of the financial and postal sectors. However, the
organized labor movement has not been able to develop effective tactics in terms of protecting temporary workers and reducing work hours, and seems to have reached its limits in developing a long term strategy that can keep pace with the changes in industrial structures and workforce composition.

D. Conclusion

The labor movement in Korea was conceived within the economic context of rapid industrialization during 1960-80 and went through a rapid growth within the political climate of democratization following 1987. During the rapid economic growth between 1960 and the mid-1980s, the labor movement was held in check by the government or the employer. Workers were subjected to unitary industrial relations in which they were regarded as being subject to management and their existence and rights were severely limited. However, labor movements after 1987 relied on a very useful means of strikes to realize improvements in wages and working conditions that had been held down during the rapid industrialization period. The same tool was used to bring about the ‘1987 industrial relations regime’ that resisted the authoritative control over labor by employers in the workplaces. But the ‘1987 industrial relations regime’ continued to demand high wage increases and dramatic improvements in working conditions which would befit a fast growing economy even in the 1990s. The labor criticized government intervention in industrial relations on the one hand while also demanding that the state take on the ultimate responsibility of managing industrial relations on the other hand. When the development-era economy encountered the financial crisis at the end of 1997 and moved into a new era of market economy, the ‘1987 industrial relations regime’ built on the foundation of the development-era economy also faced significant changes.

As the Korean economy transformed itself into a market economy in the 1990s from a state-run economy, and as more autonomous industrial relations became institutionalized in line with progress in political democracy, there was less room for the government to intervene. Though there were times when the
state became involved in illegal strikes by deploying the police force, industrial relations were more or less managed by labor and management, market principles, or a consultation body called the Tripartite Commission. For example, as corporate restructuring are now initiated and led by enterprises themselves in order to improve competitiveness for survival, there is not much room for government intervention.

Nevertheless, the labor movement is considerably estranged from the macro environment because it approached industrial relations on the premise of government-led economic growth and state-regulated industrial relations still going on as was the case in the past. The labor movement has continued to regard some government intervention in industrial relations (deployment of the public force) as the equivalent of government-controlled labor relations. Such discrepancies between the macro-environment and the labor movement can lead to serious industrial conflicts in the short term and may result in the loss of public support for the labor movement in the mid to long term as there are evidences that the movement is lacking in its sense of reality and adaptation.

[Figure 4-1] The Relationship between Politics, Economy, and the Industrial Relations System
3. The Structural Characteristics of the Korean Labor Movement

In the above section we were able to confirm that the labor movement in Korea has succeeded in being recognized as an important social entity since 1987 but its weaknesses were also increasing behind this success. And these weaknesses seem to be aggravating the risk faced by the labor movement especially since the financial crisis. In this section, we will discuss the structural characteristics of the Korean labor movement with a special reference to its problematic issues. We are not trying to downplay the strengths of the movement in doing so. Rather it is because we feel that such an approach would prove more effective for a future-oriented discussion.
A. Organizational Structures and Industrial Organizations of the Two Umbrella Unions and Enterprise-level Unions

1) The dual labor movement and the competition between the two umbrella unions

Pluralism is an important premise not just for democracy in recognizing the existence and legitimacy of different groups and power with varying political interests, but also for industrial relations where interests may vary between labor and management, or within management or the working class. Thus, the existence of multiple unions to represent diverse interests of different workers’ groups is quite natural. But the two trade-union confederations in Korea, the FKTU and the KCTU, actually represent the same labor class and yet show very different inclinations. In this case, the word ‘pluralism’ does not seem to be an appropriate description. Rather, it would be a more accurate to say that the labor movement in Korea is structurally and politically dichotomized.

The labor movement led by KCTU, though there might be a difference of degree, aims to take part in the important decision-making process of the enterprise in areas such as human resource management, production, and organization by using the unions’ strong power over workplaces. Thus, the demands posed by the KCTU tend to be clash directly with the employer’s management prerogatives. On the other hand, the FKTU had been domesticated into the role of the management’s junior partner during the authoritative and unitary industrial relations in the years prior to 1987 and tends to be very compromising and cooperative to management. Though the FKTU has been raising its voice since 1987 to place labor on equal footing with management, its relationships with employers are still relatively cooperative and collusive, restrained by its weak power over workplace and its long-standing compromising practices. Since the labor movement in Korea has been dichotomized, so have been industrial relations, which tend to differ rather significantly from one workplace to another according to their affiliating centers.
<Table 4-1> Organizational Status of FKTU and KCTU by Year
(Units: Unions, Persons)

<table>
<thead>
<tr>
<th>Year</th>
<th>FKTU</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>of</td>
<td>rs per</td>
<td>rs per</td>
<td>rs per</td>
<td>of</td>
<td>rs per</td>
<td>rs per</td>
<td>rs per</td>
<td>rs per</td>
<td>rs per</td>
</tr>
<tr>
<td></td>
<td>Unions</td>
<td>Federation</td>
<td>Federation</td>
<td>Federation</td>
<td>Unions</td>
<td>Federation</td>
<td>Federation</td>
<td>Federation</td>
<td>Federation</td>
<td>Federation</td>
</tr>
<tr>
<td>95.12</td>
<td>26</td>
<td>5,874</td>
<td>1,208,052</td>
<td>60,403</td>
<td>6</td>
<td>862</td>
<td>418,154</td>
<td>206</td>
<td>206</td>
<td>1,147</td>
</tr>
<tr>
<td>96.12</td>
<td>20</td>
<td>5,616</td>
<td>1,159,906</td>
<td>57,995</td>
<td>6</td>
<td>828</td>
<td>479,218</td>
<td>207</td>
<td>207</td>
<td>1,147</td>
</tr>
<tr>
<td>97.12</td>
<td>22</td>
<td>3,216</td>
<td>1,015,766</td>
<td>46,171</td>
<td>6</td>
<td>828</td>
<td>479,218</td>
<td>207</td>
<td>207</td>
<td>1,147</td>
</tr>
<tr>
<td>98.12</td>
<td>24</td>
<td>4,185</td>
<td>886,696</td>
<td>36,946</td>
<td>17</td>
<td>1,283</td>
<td>535,203</td>
<td>31,483</td>
<td>31,483</td>
<td>417</td>
</tr>
<tr>
<td>99.12</td>
<td>27</td>
<td>4,501</td>
<td>888,503</td>
<td>32,908</td>
<td>16</td>
<td>1,256</td>
<td>564,774</td>
<td>35,298</td>
<td>35,298</td>
<td>450</td>
</tr>
<tr>
<td>00.12</td>
<td>28</td>
<td>3,754</td>
<td>872,113</td>
<td>31,147</td>
<td>15</td>
<td>1,362</td>
<td>614,951</td>
<td>40,997</td>
<td>40,997</td>
<td>452</td>
</tr>
<tr>
<td>01.12</td>
<td>28</td>
<td>3,940</td>
<td>877,827</td>
<td>31,351</td>
<td>14</td>
<td>1,513</td>
<td>643,506</td>
<td>45,965</td>
<td>45,965</td>
<td>425</td>
</tr>
</tbody>
</table>

Note:  
1) Statistics on the FKTU and the KCTU after 1999 are from the Ministry of Labor surveys.  
Source: Kim, Yoo-Sun (2003).

<Table 4-2> The Labor Movement and Organizational Differences between FKTU and KCTU

<table>
<thead>
<tr>
<th></th>
<th>FKTU</th>
<th>KCTU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approaches to Industrial Relations</td>
<td>Used to compromise and collusion, respecting the management prerogatives, cooperative and compromising industrial relations based on collective bargaining</td>
<td>Compromising/uncompromising, challenging management prerogatives, emphasizing resolution through strikes/negotiation, conflictual labor-management relations</td>
</tr>
<tr>
<td>Power in the Workplaces</td>
<td>Weak unions, stronger management</td>
<td>Strong union power over workplaces at large firms</td>
</tr>
<tr>
<td>Strike proneness and union strength</td>
<td>Weak power at the workplaces, rate strikes</td>
<td>Strong union power and militancy in workplaces, frequent strikes (about 80~90% of all strikes staged)</td>
</tr>
<tr>
<td>Attitudes towards the Tripartite Commission</td>
<td>Political compromise and institutional improvements through participation</td>
<td>No participation in the Tripartite Commission, but insistence on direct negotiation with the government</td>
</tr>
</tbody>
</table>
### Table

<table>
<thead>
<tr>
<th>Political Stance</th>
<th>Political alliance with ruling or opposition parties, launched its own political party</th>
<th>Supports the Democratic Labor Party (but not backed by the majority of the members)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intra-organizational Democracy</td>
<td>Bureaucratic and undemocratic elements still exists, and union leaders exercise bureaucratic leadership</td>
<td>Democratic union governance, frequent changes in union leadership and weak leadership over unions</td>
</tr>
<tr>
<td>Founding date of Affiliated Unions</td>
<td>Mostly before 1987</td>
<td>Mostly after 1987</td>
</tr>
<tr>
<td>Size of Enterprises</td>
<td>Mostly small and medium sized enterprises</td>
<td>Large enterprises are the mainstream</td>
</tr>
</tbody>
</table>

The FKTU and KCTU have differed significantly in terms of history, ideology, organization, and the direction of struggles. Unless the two national centers are consolidated into one, it is quite natural that each one of them will try to expand and maintain their organizations on its own. As was discussed in Section 2, the political and organizational chasm between the two centers is founded on their own historical and social backgrounds and thus will not be easy to overcome. The differences between the two confederations and their member unions tend to narrow somewhat in the late 1990s, but the still acutely different tune they sing to seems to permit only transient alliances and will probably lock them in mutual competition.

The two national centers’ competition for more membership has various effects on labor-management relationships as well as labor-government relationships. As was seen in the joint strike of three public corporations in February 2002, the two confederations competitively supported the railway union and the gas corporation union. They are also doing the same in helping the organization of new unions such as the Korea Teachers’ & Educational Workers’ Union, Korea Union of Teaching and Educational Workers (KUTE), and the civil servants’ union so as to increase their membership. Such a competition has the potential to worsen industrial relations further or even turn them into political issues, not to mention spark conflicts within the labor. Moreover, employers
tend to favor the compromising FKTU over the aggressive KCTU and sometimes encourage their unions to join the former, providing another reason for industrial relations to take a turn for the worse.

2) Labor movement based on enterprise bargaining system and enterprise unions

Enterprise unions have been regarded as an arrangement suitable for building an employer-led cooperative industrial relations system as it enables employers to integrate workers into the enterprise relatively easily. But in contrast to this belief, Korean enterprise unions worked differently, unlike Japanese ones. Employers have continued to exclude worker participation in management decisions both before and after 1987. Large corporations succeeded in the internal integration of clerical and administrative workers by utilizing the internal labor market, but failed to do the same with manual workers in the manufacturing floors. The opportunistic behaviors of both labor and management as well as the lack of mutually obligational trust were the reason why management could not make its union a truly management partner. Thus, enterprise unions (of large firms, in particular) have used their strong bargaining power based on workplace dominance for distributive purposes such as securing higher wages and better working conditions. In chaebol conglomerates, a sort of deal or collusion took place between the two opposing parties; chaebol owners were willing to allow its unions to pursue economic benefits such as wage hikes and better working conditions so long labor accepted the owner’s monopolistic decision making and ownership of the company.

In theory, the enterprise bargaining system is supposed to be flexible enough to adapt to the different conditions and market situation that each enterprise faces. However, the Korean version of enterprise bargaining was very rigid in its mode of operation, as there are established ‘pattern bargaining’ in the industry or sector led by industrial federations of unions or the most representative firm in the sector. The enterprise bargaining system with such pattern bargaining has a tendency of leapfrogging in wages, labor conditions, and welfare benefits. Unions coordinate the level of wage increases and the period of bargaining with the FKTU or the KCTU prior to engaging in bargaining. But since employers lack such a
coordinating mechanism, they tend to be put under disadvantages when dealing with the coordinated demands of unions. In this pattern bargaining mechanism, pattern-setting unions would make strong demands to management in accordance with their collective bargaining strategies and use their strong workplace power or strike as the tool to force management to meet their demands. Once this is done, the rest of the affiliated unions can make demands of a level similar to, or slightly higher than, that of the pattern-setters and realize their goals relatively easily.

Though such enterprise bargaining has leapfrogging or equalizing effects on wages, similar to industrial bargaining, it is quite different from the latter in the sense that enterprise bargaining system in Korea is incapable of neutralizing workplaces and externalizing conflicts between management and labor. Moreover, it lacks the flexibility and the capacity of integrating workers that enterprise bargaining usually has. In short, the Korean enterprise bargaining system, which could be characterized by a decentralized bargaining structure, pattern bargaining in the industry or sector in which enterprise unions’ strong bargaining power proves effective, lack of coordination among employers, high level of conflicts between labor and management during bargaining, and frequent strikes, rather combines the respective shortcomings from both enterprise bargaining and industrial bargaining. The direct and indirect costs of such bargaining system are indeed exorbitant. The labor should spare a moment to review whether such a costly and wasteful enterprise bargaining structure would be sustainable over the mid- to long-term.

3) Organizational fragmentation under enterprise union system

As of the end of 2001, there were 417 relatively large unions with 500 or more members. These unions accounted for only 6.8% of the total number of unions but 73.5% of the total membership with 1,153,660 persons. The unions with 500 or more members post an average membership of 2,766. In contrast, the number of small-scale unions with 50 or less members amounts to 2,923 and account for 47.5% of all unions in number but only 3.2% in terms of membership. The FKTU comprises 3,940 unions and 877,827 members, with an average of
222.8 members per union. The KCTU is composed of 1,513 unions and 643,506 members, averaging 425.3 members per union. <Table 4-3> is a good representation of the scale and organizational fragmentation of trade unions in Korea.

Such organizational fragmentation and the small scale of unions are largely attributable to the enterprise union structure in Korea. It is only natural that such characteristics accompany enterprise unionism in which individual enterprise unions are institutionalized and play as independent unit of union activities. Enterprise unions are clearly fragmented organizationally in the sense that unions’ key decisions on bargaining, strikes, and union budgets are made at the enterprise level. Therefore, despite the fact that enterprise unions’ activities seem to be microscopically sound, repetitive activities in all enterprise unions results in macroscopic inefficiencies in labor movement, such as considerable waste of human and financial resources, the prevention of wide-ranging solidarity among workers, the aggravation of collective egocentrism among different interest groups, and the lack of interest in social issues and union organizing.

<Table 4-3> Organizational Scale and Dispersion of Trade unions

<table>
<thead>
<tr>
<th>No. of Unions</th>
<th>Members</th>
<th>(Unit: Union, Person, %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>49 or less workers</td>
<td>2,923 (47.5)</td>
<td>49,888 (3.2)</td>
</tr>
<tr>
<td>50–99 workers</td>
<td>1,098 (17.9)</td>
<td>69,865 (4.5)</td>
</tr>
<tr>
<td>100–499 workers</td>
<td>1,710 (27.8)</td>
<td>295,310 (18.8)</td>
</tr>
<tr>
<td>500 or more workers</td>
<td>419 (6.8)</td>
<td>1,153,660 (73.5)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>6,150 (100)</td>
<td>1,568,723 (100)</td>
</tr>
</tbody>
</table>


The organizational fragmentation of enterprise unionism tends to encourage large-enterprise unions to use their organizational power and financial capability to seek to create an enterprise-based empire and to focus on ego-centrism than the common good. Unions in large enterprises are often equipped with human and material resources enough to carry out more or less all necessary activities without external guidance, and are apt to make decisions and act in a
self-centered manner. As can be seen in the organizing process of the National Metal Workers Union which is an industrial union, enterprise unions at large firms, unlike their smaller counterparts, tend to put the interests of their own members before the cause of the labor movement. The fact that these unions maintain, to a certain extent, a collusive relationship with their employers is one contributing factor of creating enterprise-based empires. As for small-scale unions, their very existences are being threatened at times due to insufficient financial resources, and lack of union officers to assume union affairs and of proper division of labor within unions. Small-size unions are therefore severely limited in terms of perspective and scope of activities, nothing but to concentrate on immediate gains.

4) Trends in industrial federations of unions and industrial unions

Industrial federations of unions can be an answer to the organizational fragmentation of enterprise unions. An industrial federation of unions is capable of coordinating and unifying various activities of its member enterprise unions. The total number of industrial federations of unions in both FKTU and KCTU was a mere 16 in 1987 but increased to 23 in 1996 and an impressive 39 in 2001. But as far as the FKTU is concerned, even the industrial federations of union tend to be organizationally fragmented. Metal, chemical, textile, and taxi unions separated from FKTU to KCTU and reorganized as industrial federations. Unions organized in the new industry or sector such as the media, universities, artists, and teachers also formed industrial federations of unions. Moreover, a number of small-scale industrial and sectoral federations of unions sprouted up to represent the interest of small groups or broke away from existing union federations into smaller factions due to internal conflicts. In contrast, an active consolidation of industrial federations is developing within the KCTU. The Korean Metal Workers Federation (KMWF: Democratic Metal Workers Federation, Automobile Federation, Federation of Hyundai Group Trade Unions), Korean Federation of Journalists’ Unions (KFPU: Press Union + Publishers’ Union), Korean Federation of Transportation, Public & Social Services Workers Unions (KPSU: Public Federation of Public Services + Federation of Public
Interest Unions + Democratic Railway Federation), Korean Federation of Clerical and Financial Labor Unions (KCFU: Federation of Insurance Unions + Democratic Financial Federation + Federation of Clerical Unions), Korean Federation of Construction Trade Unions (KFCTU: Federation of Construction Union + Chunil Federation), and Korea Federation of Chemical & Textile Workers Unions (KCTWU: Federation of Chemical Unions + Federation of Textile Unions) are some of the organizations born through such consolidation efforts. However, industrial federations of unions do not have strong leadership over enterprise unions.

The establishment of industrial unions that can make up for the shortcomings of either enterprise union system or industrial federations of unions has been the long-waited objective of the Korean labor movement since 1987. The conversion of enterprise unions to industrial unions were generally led by the KCTU unions, and the transformation of the Korean Federation of Hospitals Unions to Korean Health and Medical Union in February 1998 signaled the start of this new wave. Prior to this, the Korean Teachers and Educational Workers Union (Chunkyojo, KTU) was launched in 1989 as a singular national union but was denied a legal status by the government and sustained itself as an extra-legal union until 1999 when it finally gained legitimacy. National Medical Insurance Union (currently the Korea Social Insurance Union) was also consolidated as a singular national union. Soon after, the Journalists’ union came into existence as an industrial union and the 35,000 strong National Metal Workers Union was launched in February 2001. Furthermore, numerous occupational unions, which can be described as small-scale sectoral unions, were formed under the KCTU. They include the Scientists and Technicians Union, Researchers and Professionals Union, University Union, Korea Taxi Workers’ Union, National Union of Agricultural Associations, National Union of Stockbreeders’ Association, National Transportation and Port Union, Driving School Union, Sailors’ Union, Life Insurance Workers Union, Non-Life Insurance Workers Union, and the Securities Industry Union. All in all, the membership of industrial unions accounts for 41.1% (247,458) of 602,339 KCTU members as of June 2002. In the case of FKTU, apart from the railway union, the postal union
and the power union all of which were originally industrial unions, the finance union have converted into an industrial union, and the Korea Taxi Transport Workers Union is now a partial industrial union. Together with the Korea Union of Teaching and Educational Workers (KUTE) membership, 234,500 of the FKTU members are industrial unionists.

But the details of the reorganization process into industrial unions or occupational unions vary greatly as do the speed of the reorganization. For example, there are industrial unions such as the National Metal Workers’ Union, Korea Teachers’ & Educational Workers’ Union, and the Scientists and Technicians Union that have centralized decision-making processes on matters involving union finance, personnel management, collective bargaining, and strikes. The degree of centralization is relatively weaker in the case of the taxi union and the finance union. The reorganization of enterprise unions into industrial, sectoral or occupational unions is likely to continue well into the future. Such changes have been part of the adaptation strategies adopted by unions to achieve the economy of scale through union mergers and consolidation in order to keep pace with the ever changing external environment. Increasing competition, technological changes, enhanced flexibility in the labor market and other environmental changes all of which follow globalization are also driving the evolution of labor movement such as declining union density, lessening influence of unions, and diversification of the working class.

The organizational conversion away from enterprise unions to industrial, sectoral, occupational unions is also a shift from the existing decentralized structure towards centralized one. The effect of such change on the internal politics of trade unions, the response of the management, and industrial relations remains to be seen.

B. Representation Gap and Conflicts within the Labor Movement

1) Low union density

The union density which stood at 15.7% at the end of June 1987 rose rapidly with the surge of the labor movement to 18.5% at the end of 1987 but started to
decline after reaching its peak of 19.8% at the end of 1989. The union density fell steadily to 16.4% in 1992, 13.8% in 1995, 12.6% in 1998, and 12.0% in 2001.\textsuperscript{11} This shows that regardless of its claims, the Korean labor movement only represents the interest of a small portion (only about 12% of the total working class, and these 12% are mostly workers of the medium and large companies) of the working class. In other words, the greater portion of workers at small and medium-sized enterprises, unorganized workers in the service industry, and temporary workers who account for over 50% of the entire working class are not represented by unions. As such, there is a serious representation gap between the representation claimed by the labor and the reality. One significant reason would be the structural characteristics (enterprise union system) of trade unions. As long as trade unions are organized at the enterprise level, it will be difficult for these unions and their members to relate to the difficulties faced by unorganized workers. Consequently, they sometimes tend to be indifferent to the issue of organizing these workers or even tend to ignore the matter of unorganized workers altogether. Since important decisions are made and the financial and human resources mostly lie at the enterprise level, even industrial federations of unions lack both the resources and the will for unionizing the unorganized workers. Unions at medium and large scale enterprises use their strong power at the workplace to their advantage to increase their bargaining positions and succeed in winning their share of the profits. The profits are generated by the economy of scale of large firms and their favorable position in the market. But on the other end of the scale are temporary workers and employees of those disadvantaged enterprises in the market such as subcontractors or subsidiaries of the lucrative conglomerates. Since these workers tend to be non-union members, they often have no other choice but to accept the wages and working conditions decided by employers. Consequently, the gap in wage levels, labor conditions, and welfare benefits between the unionized workers of larger companies and the non-unionized workers of small firms or temporary workers widens, effectively drawing a line within the labor market. Moreover, enterprise bargaining arrangements in Korea makes the extension of industrial collective agreements to unorganized workers impossible, unlike in some Western
European nations. Thus, unorganized workers are left to survive on their own in the jungle of free labor markets, and a big question mark is left over the need for a mechanism of representing their interests.\textsuperscript{12}

2) Political and organizational fragmentation

The labor movement in Korea has so far failed to develop into one consolidated political power as it suffered from the competing leadership of the KCTU and FKTU and is also politically and regionally fragmented. It will be extremely difficult to overcome the political fragmentation of the labor movement as it is closely linked with the regionally segmented nature of politics in the country. Despite the fact that the upper echelon of the KCTU are members of the Democratic Labor Party, election results show that the rank-and-file of the KCTU are not too enthusiastic about the party. The FKTU is also faced with a similar predicament since its members are not very interested in its political activities such as involvement in political coalition with a party or the launching of its own, the ‘Social Democratic Party’. These two cases are good examples of the political fragmentation of the working class. It has been extremely difficult for the labor movement to develop to a significant extent either politically or organizationally under the authoritarian regime that continued up until recently because the regime had got rid of the left and oppressed even the progressive liberals after the liberation from Japan. This may very well be one reason for such fragmentation. The industrialization processes in Korea saw more growth in the internal labor market of large private enterprises and public corporations rather than in the external labor market and it was therefore quite impossible to achieve political consensus within the fragmented labor based on enterprise unions. As the vision of the labor movement has been confined within the boundary of enterprise unions, it has not left much room for political and policy-wise activities with a longer perspective within the labor movement.

Meanwhile, the labor has been undergoing an organizational fragmentation process that had political implications. During and after the economic crisis, the KCTU has been segmented into three groups with different ideological and behavioral orientation, namely the ‘Workplace-oriented Faction’, ‘Central
Faction’ and the ‘People’s Faction’. The ‘Workplace-oriented Faction’ puts an emphasis on unions’ workplace power at large scale enterprises and militancy of the labor movement. The ‘Central Faction’ is comprised of the executives of the national center and industrial federations. ‘People’s Faction’ stresses the need of a labor movement that has the trust and support of people. Such differentiation became surfaced with the Tripartite Agreement of February 1998 and became more pronounced during the KCTU election, the general strikes, launching of a contingency committee, and the power union strike. Recently, the ‘Conversion Faction’ led by General Secretary Bae Il-Do of the Subway Union, made itself the fourth group. Similar organizational fragmentation is also apparent in large-enterprise unions, and the factions compete and hold one another in check during wage negotiations and union elections. Such fragmentation not only undermines the strength of the union leaders but also gives union politics a complicated twist and destabilizes industrial relations. The different factions of KCTU have clear variances in terms of orientation and policies regarding important pending labor issues. However, they fail to make contributions to the productive discussions for policy decisions but rather function in the way of aggravating internal competition for hegemony and emotional confrontations that in no way serves the organization in a positive fashion.

The FKTU has been also experiencing the fragmentation of its affiliates. The manufacturing alliances of chemical and metal unions, some public sector unions, and the finance union formed a new wave within the Confederation and distinguished themselves from the conventional FKTU line taken by the transportation unions and service sector unions. Going with the trend and issues raised, the manufacturing alliance, public sector unions such as the railway and electric power unions, and the financial unions are also reinforcing their solidarity with the KCTU unions. Even in the case of the FKTU’s five-day working week negotiation, the manufacturing alliance differentiated itself from the rest of the FKTU members by casting a vote against the proposal of the committee members representing the public interest, leaving the FKTU little room to maneuver in the negotiation.
These internal fragmentations of the labor movement will have various effects on the future of the movement depending on how the state and management choose to respond. Moreover, the outcome of the competition among the different factions and groups will affect the future landscape of the Korean labor movement.

C. Behavioral Characteristics of the Labor Movement and Industrial Relations

One very important factor that determines the fate of the labor movement is whether or not the union has control over the workplace. Since the controlling power over workplace is regarded as more or less a determining factor for bargaining power, the fight for workplace power is often brutal. Thus, enterprise unionism is likely to experience labor-management conflict over workplace control. The employer, rather than encouraging cooperation from the workforce through open, inclusive management, tries to subdue its unions and prevent labor participation in management decision through the use of various forces. The labor criticizes the attempt of management to gain control over workplaces as authoritative and conflicts with management. The consequence is a labor dispute. The KCTU-affiliates has built its labor movement strategies upon the premise that industrial relations are intrinsically confrontational and used various means such as collective bargaining to wage struggles against management and the government.

As such, the labor movement has strengthened over time as it fought against management’s attempt to exercise control over workplaces. Union officials and core members of large-enterprise unions, major industrial federations of unions, and the KCTU have weathered through numerous difficulties such as arrests and dismissals during collective bargaining or struggles at the workplace. From their continuous struggle against strong pressure and retaliation of the state and management, they have managed to make themselves stronger by enduring hardships and become quite resilient to threats. By now, many large-enterprise unions are armed with committed activists who can stand up fairly effectively against any kind of management control, disciplinary punishments, or pressures.
These large-enterprise unions are sustained by the strong sense of solidarity that binds these dedicated activists and union leaders with their supporting members. Despite the factional fragmentation within trade unions, union leaders and labor activists are not afraid of fighting (mostly illegal) strikes against management and the government even when they run the risk of being arrested for their actions. Because these leaders and activists are willing to take on all criminal penalties and civil liabilities probably resulting from illegal strikes, the rest of the unionists are able to participate in these collective actions under less burden. If and when union leaders are imprisoned on behalf of the members, their union members help out by supporting the livelihood of their remaining family members. The enterprise unions have a flexible structure through which new union leaders can promptly replace to resume union activities once union leaders left off due to arrests or dismissals due to mostly illegal strikes from the respective company. Thus, the basic organizational structure of major industrial federations of unions and the KCTU have remained more or less the same over the years despite the frequent changes of its leaders and key activists. As the leaders and activists of these industrial federations and the KCTU are closely connected with the upper echelon of enterprise-level unions, they are able to exert their influence over industrial relations of individual enterprises.

Union leaders and executives who tolerate or turn a blind eye to the management’s effort to gain control over workplaces are likely to be replaced by competing factions within the unions in their next election. Therefore, we can say that weak leadership in enterprise unions undermines the stability of not just the labor movement but of industrial relations. The leaders of enterprise-unions usually suffer from lack of experiences as their terms are only 2–3 years and not quite long enough for them to accumulate enough knowledge and experience. Moreover, whatever is gained during their terms is not easily passed onto the succeeding group. Because of the short term of each union leadership, it is very difficult to implement any mid- to long-term policies, nor do the leaders have enough time to develop such policies in the first place. Union executives and leaders have generally been very short-lived because they are often arrested or dismissed in the wake of unstable labor relationships. Internal union politics and
factional competition for leadership also contribute towards undermining the stability of union leadership. Due to within-union politics surrounding union election, union leaders are quite reluctant when they agree on wage settlement or bargaining, or have to make strategic decisions that would involve the union’s participation in managerial policies. Mindful of their upcoming election, union leaders tend to resort to struggles when they are faced with difficult decisions that might displease other factions within the union. Thus, unions are caught in a vicious cycle of internal union politics → unstable union leadership → deterioration of industrial relations.

It might be worthwhile to mention that trade unions are quite incapable of developing proper policies to guide the labor movement and therefore tend to heavily rely on demonstrations and strikes as the passive means to resolve all issues. The KCTU, FKTU, and their affiliated industrial federations all have the same problems. Unable to come up with realistic policy measures, they are accustomed to resorting to passive protests to voice their dissatisfaction. Enterprise unionism in Korea has provided large-enterprise unions with ample financial capabilities and full-time officers, but these resources are all focused on addressing the almost routine daily complaints and demands of the workforce at their enterprises. Meanwhile, the KCTU or their affiliated industrial federations are plagued by lack of both human resources and funds to develop the policies and guidelines.

The passive struggles of trade unions against most policies initiated by management and the government have been encouraged by the state’s unilateral decision-making process and management’s authoritarian approach. The KCTU affiliates are at a risk of being insensitive to external changes (environmental changes in terms of market, technology, and policies) due to distrust in management, exclusion from various managerial decisions and related information, and the lack of opportunities to get involved in the key decisions of enterprise management. And they are in no position to offer productive criticism to the labor policies of the government and management, due to the unions’ lack of capabilities of formulating policies. Thus, the KCTU-affiliated unions show an affinity towards abstract theories such as simple leftist logic that
they think represents the interests of the working class. On the other hand, the FKTU affiliates tend to be submissive as to embrace the policies proposed by the government or management without proper critical examination. Unions that buy into simple left-wing theories tend to make unrealistic demands and stage protests to make their demands heard. After suffering from labor-management conflicts and labor-government confrontations that follow, they often end up making a compromise for much less than what they had originally asked for. By then these unions find themselves caught in a vicious cycle, in which their leaders are held responsible for the defeat, or the divisions within the union would lead to internal conflicts and in turn destabilize industrial relations.

4. Conclusion and Future Challenges

We have examined historic achievements and limitations of the Korean labor movement in Section 2, and its structural and behavioral problems in Section 3. The Korean labor movement succeeded in establishing itself as a social entity through the Great Worker Struggle of 1987, but the problems conceived during that period have remained embedded in the system to amplify themselves in the wake of the economic crisis of the late 1990s. The resulting issues include low union density, the organizational fragmentation of unions caused by enterprise-unionism and the reproduction of a confrontational or subordinate relationship amidst the confusion of ideas and philosophies taken by unions. The issues also comprise the lack of proper measures to address the increase in temporary workers and female workers brought about by structural changes in the industries and the economy as a whole. All these elements function as serious threats to the social status that labor has built up through the Great Worker Struggle of 1987, the labor-law general strike of 1996-7, and participation in the 1st and 2nd Tripartite Commission. There is also a potential that this will translate into a far-reaching misfortune for the entire Korean society and economy which has not had right partners in industrial relations. Our previous discussions have revealed various challenges that remain to be addressed by the Korean labor movement. The following section’s keynote is
that trade unions and the labor movement must develop their own capabilities for a more active participation in managerial decisions and policy formulation. We will also stress the importance of stronger centralization, enhanced solidarity of the labor movement, and higher union density, as the means to minimize the negative effects of the market economy on the working class.14

In retrospect, trade unions mainly focused on quantitative distribution such as higher wages and better working conditions until the early 1990s. Such demands for the distribution of earnings could be acceptable on the premise that the working class has been indeed denied their right share during the previous economic growth years of 1960-80s and that such rapid economic growth is sustained.15 But the economic crisis of the late 1990s and the subsequent economic reorganization including corporate restructuring was a new challenge for the labor movement. This challenge reflected the predicaments confronted by businesses and the nation as a whole as they attempted to keep pace with environmental changes such as globalization, the opening and restructuring of the local market, and technological innovations. Some specific examples of the qualitative challenges imposed upon the labor movement include corporate restructuring linked to enhanced flexibility of the labor market, changes in the employment system brought on by the New Personnel Management Strategy, and the privatization of public enterprises.

So far, trade unions had been concentrating only on quantitative distribution of wealth and were not quite prepared to face up to such qualitative challenges. However, simple denial or refusal to take on the challenges could not be an answer. The interests of the union members were too complex to resist the change only with militant actions, and many union leaders were at a loss as to exactly what they should embrace and what they should reject. Since many of the unions were not quite ready to address these qualitative issues and were short on adequate strategies, those that had strong control over workplaces chose to take the easy way out and passively resist all changes. If trade unions are capable of understanding the rapidly changing market environment, competition, industrial environments, and the limitations and choices faced by companies, they at least would not make excessive or unrealistic demands. In other words, trade
unions need to adopt a more strategic intervention in, rather than passive response to, various changes for dealing with these qualitative challenges in order to better cater to the needs of their members and to protect their medium- and long-term rights. Trade unions must enhance their capabilities to be involved in policy formulation in a more effective and efficient manner.

However, as enterprise unionism has effectively scattered the human and financial resources of trade unions, it is quite difficult to select and focus on what is necessary to develop this policy formulation capabilities. In order to upgrade the policy-capability of trade unions, especially at the federal or national level, the existing union structure must go through reorganization to more ‘encompassive’ form. In other words, a transition of current enterprise-based organization to the sectoral, regional, or industrial structures would enable a more focused deployment of the unions’ financial and human resources. In doing so, trade unions must equip themselves with a separate policy division or research department that will study such new qualitative issues in depth or at least set up a network with the experts who can assist them in their endeavors. Many major trade unions overseas operate independent research departments of considerable scale as well as libraries for such purposes.

The research department should be protected from union internal politics and be allowed to continue on its policy studies regardless of what change takes place in union leadership. By doing so, unions will be able to effectively accumulate valuable knowledge and experience with the progress of time. At present, frequent elections and union internal politics replace not only union executives but also the policy staff. There is no way unions can adequately develop their policy capabilities under such circumstances. Along with this, key union officers should be provided with an opportunity to receive further education or earn advanced degrees in labor studies so that they can obtain valuable knowledge for the labor movement and function as policy specialists for unions. It is not easy to employ non-unionist scholars as policy staff for trade unions nor are they familiar with the intricate workings and needs of the labor movement. Thus, there is a need for a mechanism to select some out of its pool of experienced union officers and develop and educate their policy capabilities to
carry out the much-needed policy studies. However, fostering such resources is difficult for the unions to pull off on their own, and might be lacking in the long-term perspective that is crucial for its success. Against this backdrop, it might be advisable for the government to provide the necessary support to train some union officers into policy experts. Establishing graduate courses specializing in labor studies, providing scholarships for appropriate candidates, or supporting them to study abroad might be some feasible options.

By enhancing the policy capabilities of trade unions, it will be possible to prevent unions from being unreasonably resistant to changes or making unrealistic demands to the state and management. It will also encourage unions to adapt to external changes effectively and protect the interest of its members as well as prepare unions to intervene strategically and participate in those changes so as to increase union density. Once this is achieved, trade unions will better understand the strategic meaning of the tripartite framework and make efforts to take advantage of the benefits that can be obtained from such a body. The overly high expectations that the KCTU had for the Tripartite Commission and the resulting disappointment were one reason of the KCTU’s withdrawal from the Commission. But a bigger reason was the complex combination of tactical militarism and strategic passiveness originating from lack of policy capacity and strategy of the leftists within the labor movement. A trade union with proper policy capabilities would not have given up the tripartite framework so easily but would have given deep thought on how to use the Commission to its advantage to reflect the demands of the working class at a national and socioeconomic level.
* The author welcomes any use of this material provided the source is acknowledged. Nothing written here is to be construed as necessarily reflecting the views of the Korea Labor Institute.