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## **Working Korea 2007**

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Twenty years have passed since the June People's Struggle for Democracy and the Great Workers Struggle of 1987 which paved the way for the advances in political democratization and labour movement in Korea. Ten years have passed since the financial crisis of 1997 which opened the flood gates of neoliberalism.

In 1987 no one had doubted that "the advances in democratization and labour movement will bring about an improvement in the quality of life for workers and democracy at the workplaces". Since 1987 there have been increases in the real wage of workers and reduction in working hours, and reforms in the labour laws which had removed much of the repressive provisions that had violated the basic labour rights, and progress in the establishment of the Korean Confederation of Trade Unions and organization of industrial-sectoral trade unions.

The achievements the labour movement had won since 1987, however, began to crumble one by one with the wave of labour market flexibilization and restructuring that were ushered in with the 1997 financial crisis. The rapid expansion of small and little-endowed businesses and explosion in irregular employment and discrimination led the way for worsening of quality of employment and the wealth/income distribution, bringing about the impoverishment of the life of ordinary workers. The trade union density has declined to the lowest level since 1970s and many have joined in sounding the warning of "democracy without labour" and "crisis of labour".

Many people agree that the lives of ordinary workers have, since the financial crisis, worsened. However, most also think that the general conditions of life has, nevertheless, improved compared to the early 1980s before the advances in political democracy and labour movement introduced by the great struggles of 1987. This is the question: has the quality of life of ordinary workers improved compared to that twenty years ago? This

project examines the official government statistical data for labour market and industrial relations since the 1980s to answer this question. This is a report of this review.

First, comparing the early 1990s prior to the financial crisis and early 2000s, few years after the crisis, the real wage has increased, working hours have been reduced, and the average length of service has increased. However, unemployment rate has risen, rate of employment has declined, and the propensity of small-and-less-endowed businesses and irregular employment has increased. Wage inequality has become aggravated and the wage disparity for different firm-size and employment-type has widened, household balance of payments has suffered a negative development and household income inequality has been deepened. Union density has declined and there have been increases in strikes, unfair labour practices, and unfair dismissals. Even among those indicators which have improved the more recent trends reveal a stagnation in real wage and length of service, and the annual working hours is longer than those in comparable countries by 500 to 1,100 hours.

Second, comparing the early 1980s and early 2000s, there have been improvements in real wage, working hours, and average length of service. At the same time there were improvements in unemployment rate, rate of employment, wage inequality, and labour income share. However, the proportion of small-and-less-endowed businesses and irregular employment has increased while wage disparity in terms of firm-size and employment-type has worsened. And household balance of payments and household income inequality have worsened. Union density has declined while strike and unfair labour practice have increased. The improvement in wage inequality was more an adjustment of the extreme wage disparity in terms of gender and education level that had prevailed before 1987, while the improvement in labour income share was brought about by the increase in ratio of waged workers among the total employment.

Third, unemployment in Korea is the lowest among all the OECD member countries while rate of employment is slightly lower than the OECD average. The level of wage ranks 21st among the 30 countries surveyed by the U.S.Department of Labor. In contrast, the use of irregular employment and discrimination against workers in irregular employment, the numerical flexibility in the labour market, and wage inequality are most pronounced among the OECD member countries. The average length of service is shortest and the union density is lowest but one among the thirty member countries, while the rate of the application of collective bargaining is ranked at

30th, and the rates of concentration and coordination in collective bargaining were also ranked the lowest.

The findings can be summarized as "the quantitative indicators of employment, such as, unemployment rate and rate of employment, are relatively sound while actual wage has grown in the last twenty years; however, quality of employment and the distribution structure have not improved, but rather have become aggravated, and the union density is lowest since 1970s."