



THE SEPTEMBER 15 TRIPARTITE AGREEMENT ON STRUCTURAL REFORMS OF THE LABOR MARKET AND PROSPECTS FOR THE LABOR REGIME IN KOREA¹

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Abstract

The purpose of this paper is to explore the significance of the September 15 Tripartite Agreement in the context of labor regime change in South Korea. The paper describes the historical context of Korea's labor politics, examining the limits to the 1987 labor regime and its reform. Next, the author summarizes the major content and controversial issues of the September 15 Tripartite Agreement. He then highlights the significance of the agreement as the first step in a labor regime transition that is based on dialogue and compromise. This sense of compromise is divergent from past processes of labor regime change in Korea and represents the best path towards a more sustainable regime with less social costs.

Key words: *South Korea, labor reform, September 15 2015 Tripartite Agreement, soft politics*

Introduction

As symptoms of multiple crises in Korea's labor regime^{2,3} grew serious, the Economic and Social Development Commission (ESDC) led the effort to reach a tripartite labor reform agreement between labor, management, and the government on September 15, 2015. The background of the September 15 Tripartite Agreement (henceforth the Sept 15 Tripartite Agreement or the Agreement or the Tripartite Agreement) is stated as follows in the preamble:

"The national economy faces severe challenges, including rapid globalization, a low fertility rate, and an aging population, as well as the transformation from an industrial focus to one based on knowledge, information, and services. However, the labor market is not functioning efficiently enough to help our nation overcome these difficulties and has failed to make sufficient contributions to economic growth and job creation. What is worse, labor market dualism is increasing among workers in different company sizes and employment types, and young workers, who are the future of this nation, are having great difficulty finding jobs."⁴

The Sept 15 Tripartite Agreement marks a shift into a new labor regime by rejecting the current labor regime that has existed for almost 30 years since 1987. The new labor regime should consist of two basic axes, an integrated labor market and work-productivity alliance, and two auxiliary axes, developing flexibility to an adequate level in the labor market's top layer based on a social consensus and developing functional flexibility of the internal labor structure of companies. To this end, there is a need for labor, management, and government to promote soft politics —in other words, sincere dialogue and compromise. This would enable the establishment and development of a consensus on the basic characteristics and content of the new labor regime.

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Limits to the 1987 Labor Regime and its Reform

A paradigm crisis of the 1987 labor regime necessitated the Sept 15 Tripartite Agreement. It is true that the 1987 regime contributed to increasing basic labor rights, expanding organized labor, and overcoming the economic crises of 1997 and 2008. However, the regime has steadily reached its limitation in sustainability with the emergence of challenges such as globalization, an aging population, low growth, and innovation of digital technologies.

The following provides a more detailed explanation of the 1987 labor regime's limitations. The first limitation is the labor market. An unprecedented quantitative and qualitative employment crisis has emerged, and the market's dual structure has deepened. The seniority-based wage and rank system established during the period of industrialization and high economic growth led to a widening gap between wages and duties, performance, and productivity. Also, a mismatch of personnel supply and demand per section and skill level continues to persist.

Second is the labor process. While labor-saving technological innovation gained speed in some areas, a combination of long labor hours and low labor productivity was firmly maintained in other areas.

Third is the reproduction of labor, an area in which Korea is in the worst state possible. Sustainability of the nation's labor regime is under threat by various factors, including the high suicide rate, extremely low birth rate, low quality of life, poor social safety net, dependence on corporate welfare, worsening distribution structure, and maintenance of the traditional male single-income household model.⁵

Fourth, labor politics, through which various labor regime issues should be resolved, did not function adequately. Organized labor weakened and actual basic labor rights eroded, amid which confrontational labor-management relations continued. The lack of trust among labor, management, and government resulted in a standstill in the culture of social dialogue and compromise.

In the 1987 labor regime three major issues emerged concerning uncertainties in the labor market: ordinary wage, working hours, and extended mandatory retirement age. These issues as well as those stemming from the dual structure of the labor market, including temporary worker issues and the matter of the social safety net, raised awareness of the need to comprehensively resolve these issues among labor, management, and government.

A consensus was reached on the need for a social dialogue-based package deal to address the structural employment crisis. This

“There is a steady rise in the need for a paradigm shift to new labor politics that are based on consensus by both labor and management to fulfill social responsibilities, thus engendering a transition to a new labor regime.”

included the so-called youth employment cliff, the institutional crisis that was triggered by a collision of administrative guidelines and precedents on ordinary wage/holiday work, and inefficiencies in labor market systems and practices. This was exacerbated by an impasse in labor politics, through which such issues should have been resolved. Efforts to address these issues led to the launch of the Special Committee on Structural Reforms of the Labor Market under the ESDC in September 2014, ultimately resulting in the September 15 Tripartite Agreement a year later.

Various attempts were made to reform the structure of the labor market well before the Tripartite Agreement, including the February 6 Social Pact to Overcome the Economic and Social Crisis in 1998, and the May 30 Job Agreement to Reach an Employment Rate of 70 percent in 2013. Despite these attempts, significant improvements were not achieved in the labor market. On September 9, 2013, a decision was made to establish the Special Committee on Wage and Working Hours to resolve these two pending issues in the labor market, but the Special Committee was never launched. In response, the ESDC came to a decision to form a Special Committee on Structural Reforms of the Labor Market, which would replace the abovementioned Special Committee. The purpose of establishing the Special Committee was to reach an agreement for a more comprehensive structural reform of the labor market. The Special Committee on Structural Reforms of the Labor Market was officially launched through a resolution at a general meeting on September 19, 2014.

Major developments after the launch of the Special Committee on Structural Reforms of the Labor Market can be divided into several phases. Phase one is from the launch of the Special Committee (September 2014) to when a basic agreement was



Table 1. Developments of the Special Committee on Structural Reforms of the Labor Market under the Economic and Social Development Commission

Category	Period	Details
Phase 1	Sep 19-Dec 23, 2014	<ul style="list-style-type: none"> - Established and launched the Special Committee on Structural Reforms of the Labor Market - Formed an expert group - Chose five major agenda items and 14 detailed tasks - Reached a basic agreement on “principles and direction of structural reforms of the labor market”
Phase 2-1	Dec 23, 2014-Apr 8, 2015	<ul style="list-style-type: none"> - Carried out in-depth discussions on top-priority agenda items but an agreement was not reached
Phase 2-2	April 9-Aug 25, 2015	<ul style="list-style-type: none"> - The Federation of Korean Trade Unions left the Special Committee on Structural Reforms of the Labor Market - The government announced its plans to independently move forward with labor market reform, and the First Labor Market Reform Implementation Measure (June 17) - A statement released by the president made known the president’s determination towards labor reform and called for concessions by labor and management as well as a great compromise by labor, management, and government (August 6, 2015)
Phase 2-3	Aug 26-Sep 15, 2015	<ul style="list-style-type: none"> - The Federation of Korean Trade Unions decided to return to the Special Committee on Structural Reforms of the Labor Market (August 26) - Successfully reached the Tripartite Agreement on Structural Reforms of the Labor Market (September 15 Tripartite Agreement)
Phase 3	Sep 16, 2015- Present	<ul style="list-style-type: none"> - Fact-finding surveys and discussions are taking place on key issues that were not resolved by the Tripartite Agreement and that were subject to future discussion - Making efforts to reach an agreement on labor-management partnership, etc. that were not discussed from among five major agenda items

reached on the “principles and direction of structural reforms of the labor market” in December 2014. Phase two includes in-depth discussions on the three top-priority agenda items after the establishment of the basic agreement and the discontinuance of dialogue. It ends with the accomplishment of the Sept 15 Tripartite Agreement. Additional discussions have been held after the Sept 15 Tripartite Agreement on key issues that were not settled. Table 1 provides major details of each phase.

Major Content and Controversial Issues of the September 15 Tripartite Agreement

The Sept 15 Tripartite Agreement consists of five parts.⁶ The first is the promotion of youth employment, with the following suggestions to achieve this end: increase new employment, provide support for win-win employment for all generations, bolster the competitiveness of SMEs, make joint efforts to provide increased support for business startups by young people, and establish a consultative body for promotion of youth employment.



Second is the alleviation of the dual structure of the labor market. Labor, management, and government agreed on win-win cooperation between primary contractors and subcontractors and between large companies and SMEs, improvements in non-regular employment practices and discrimination remedies, and activation of the labor market.

Third is the expansion of the social safety net. Detailed matters that were agreed upon include coverage beyond the current reach of social insurance, improvements in the structure of providing unemployment benefits, and detailed measures to build a competency-based society.

Fourth is the establishment of a tripartite partnership, and implementation and promotion of the agreed matters.

Fifth is the resolution of the three pending issues of the labor market. Detailed measures to resolve these issues clarify the ordinary wage, reduce actual working hours, and improve the wage system in response to the extended mandatory retirement age.

To resolve ordinary wage-related disputes, an agreement was reached to write into law the definition of ordinary wages and the criteria for wage elements excluded from ordinary wages based on the Supreme Court *en banc* decision of December 2013. This agreement is expected to reduce conflicts over the coverage of ordinary wages between employees and employers.

The Tripartite Agreement also reduced the working hour guidelines of the Ministry of Employment and Labor, stating “a week shall be 7 days, and the hours of work done on holidays shall be counted into overtime hours of work. Working hours per week shall be 52 hours (40 standard hours + 12 overtime hours).”⁷ The adoption of a special overtime work system and the extension of the unit reference period for flexible working time (from two weeks to one month in cases stipulated in the rules of employment, and from three months to six months in cases stipulated in an agreement between the employer and workers) may be a burden on the labor sector, but are intended to contribute to the soft landing of reduced working hours. Considering that the reduction of working hours is not a matter that can be resolved in a short period, these factors are expected to have a positive effect on the reduction of working hours in the mid- to long-term future. However, there still remain conflicts between labor and the government surrounding the following three unsettled issues.

Issue 1: Clarifying the standards for employment contract termination (legalization of general dismissal)

Laws in Korea allow for dismissals, based on justifiable reasons, such as “layoffs from business reasons” and “dismissal as a disciplinary action that is taken on an outcome attributable to a worker.”⁸ A subject that has become a matter of dispute is clarifying standards and procedures for companies to dismiss low performers and employees who fail to adapt to their jobs.

In the Sept 15 Tripartite Agreement, labor, management, and government agreed to work out ways to improve the existing system for employment contracts.⁹ In other words, they agreed to enact relevant laws in the mid- to long-term future. In the interim, to prevent possible disputes before institutional reforms are in place, the Agreement states, “the tripartite partners shall set up a fair evaluation scheme and clarify the standards and procedures for signing and terminating employment contracts based on laws and legal precedents.”¹⁰ However, labor unions point out that legalizing the general dismissal system may be a huge blow to the Korean labor market. They are also concerned over the possible abuse of the system.¹¹ This reminds us of the need for a prudent approach.

Issue 2: Unfavorable changes to rules of employment for adoption of wage peak system

The Sept 15 Tripartite Agreement requires the government to establish administrative guidelines on easing the requirements for unfavorable changes to rules of employment to ensure reasonable operations of the extended mandatory retirement age and wage peak system. This also inherently requires the government to engage in sufficient discussions with labor and management in this regard. Unlike collective agreements, rules of employment are rules on workers’ wages and other working conditions, solely set by a company. The current Labor Standards Act stipulates that labor union consent be received to change the rules of employment when changes are disadvantageous to workers and a labor union that represents the majority of employees. It stipulates that consent be received from the majority of workers if there is no such labor union.¹²

The wage peak system has significance in that it reduces companies’ increased burdens of labor costs with the launch of the mandatory, legal retirement age of 60 in 2016 and serves as a means to ensure the settlement of the extended mandatory retirement age. The adoption of the wage peak system will prevent a sharp decline in companies’ ability to hire new personnel.



However, it remains uncertain if the wage peak system will lead to the promotion of youth employment. Corporate recruitment of personnel depends on several variables. The thought that simply adopting the wage peak system will increase youth employment is based on excessively simple logic. However, if the government implements various policy measures in parallel, such as the win-win employment support fund system, the wage peak system may lead to youth employment-promoting effects, although in a limited way.

In general, changes in the requirements for unfavorable changes to rules of employment have substantial ripple effects. For this reason, the Sept 15 Tripartite Agreement restricts the requirements and processes for changing rules of employment to the purpose of adopting the wage peak system.

Issue 3: Extension of the permitted period of fixed-term contract workers and expansion of jobs permitted for temporary agency work

The Tripartite Agreement states the following: “the tripartite partners shall work out solutions by inviting relevant parties to participate in intensive programs such as joint fact-finding surveys and collection of expert opinions. The agreements reached as a result shall be reflected in the process of adopting proposed bills during the regular session of the National Assembly.”¹³ Areas for further discussion covered by this include the permitted period and renewal frequency of fixed-term contract workers as well as jobs permitted for temporary agency work.

While these issues among others have been left as topics for further discussion, the ruling party has submitted a bill to amend the Act on the Protection, Etc. of Fixed-Term and Part-Time Workers and the Act on the Protection, Etc. of Temporary Agency Workers. This reflects the ruling party’s determination to quickly amend these acts. There is a need to establish details through close discussions among labor, management, and government after fact-finding surveys and collection of opinions of relevant parties, with the ultimate purpose of strengthening job security and protection of temporary workers.

The solution to the temporary worker issue is a matter of compromising ideals with reality. Diversity in forms of employment is a global trend and a general tendency that is difficult to go against. In Korea’s labor market, however, companies are abusing temporary positions for the purpose of avoiding labor unions as well as wage costs and employment flexibility. A way of resolving the temporary worker issue can be to substantially raise costs

incurred from using temporary workers. Companies will be able to flexibly use temporary workers but will have to pay the price in terms of compensation, including wages, working conditions, and welfare.

In general, stronger regulations on using temporary agency workers result in increased in-house subcontracting. There has been a gradual rise in the number of temporary agency workers since the enactment of the Act on the Protection, Etc. of Temporary Agency Workers. However, several regulations in the Act are preventing widespread use of temporary agency workers. The bill on amending the Act that was submitted by the ruling party mainly allows temporary placement of middle-aged people (55 years or older) and highly-paid, specialized job workers as well as temporary placements to root industries. The future outcome of discussions is yet unknown, but there is a chance that this bill will result in a considerable increase in temporary agency workers. There are concerns over deterioration in the quality of jobs for middle-aged people and highly-paid, specialized jobs.

Outlook from Tripartite Members

The Sept 15 Tripartite Agreement is receiving different responses from various circles. Many experts, the general public, and the government focus on the establishment and overall content of the Sept 15 Tripartite Agreement, having a positive opinion of it. In contrast, some in labor and management are voicing strong criticism, questioning labor reform implementation methods and compromises made on key issues.

The Federation of Korean Trade Unions reached the Sept 15 Tripartite Agreement on behalf of the labor sector. As such, it acknowledges that it is partially responsible for the inclusion of the general dismissal system and changes to rules of employment in the Sept 15 Tripartite Agreement. The Federation stresses that it has reached a significant outcome in that it blocked the government’s attempt to unilaterally implement administrative guidelines, expanded the social safety net, and improved employment conditions for temporary workers. The Federation assesses that the Sept 15 Tripartite Agreement was the second best outcome. The Federation also made known its plans to make every effort possible to prevent “easy dismissal” and “easing of unfavorable changes to rules of employment” through parallel execution of negotiations and struggles.¹⁴

Some in the radical labor sector, including the Korean Confederation of Trade Unions, define the Sept 15 Tripartite



Agreement as part of a “retrogressive revision of labor” attempt, and fully oppose the Agreement.¹⁵ What they are mainly criticizing is that the Sept 15 Tripartite Agreement has opened the door to the adoption of the general dismissal system (easy dismissal system) and easing of the requirements and procedures for unfavorable changes to rules of employment. They believe the adoption of the general dismissal system will bring about a huge disaster to workers. They also point out that the outcomes that the Federation of Korean Trade Unions regard as significant achievements are subject to “sufficient negotiations” and “discussions,” and that there is therefore a high chance that these matters will be enforced or put off based on the government’s will.

The business sector acknowledges that the Agreement is an incomplete compromise in that key issues were not clearly resolved, such as the general dismissal system and changes to rules of employment. Korea Employers’ Federation praises the successful reaching of an agreement for structural reform of the labor market, and is calling for its speedy execution.¹⁶ The conservative camp believes that adopting social dialogue and compromise as a means to move forward with labor reform is an issue itself, and criticizes that there is no actual outcome in the Sept 15 Tripartite Agreement. It claims that the government should take responsibility and lead labor reform.¹⁷

The ruling party praises the Sept 15 Tripartite Agreement, stating that the Agreement signifies the beginning of labor reform. It has most quickly implemented follow-up measures. Immediately after the Sept 15 Tripartite Agreement, the ruling party held government-ruling party consultations and a general meeting of the National Assembly members of the ruling party. It then created bills on amending five major laws related to labor reform: Labor Standards Act, Act on the Protection, Etc. of Fixed-Term and Part-Time Workers, Act on the Protection, Etc. of Temporary Agency Workers, Employment Insurance Act, and Occupational Health and Safety Insurance Act – and tabled the bills at the National Assembly.¹⁸

A Vision of a New Labor Regime

The Sept 15 Tripartite Agreement is the first step of a shift in the labor regime (labor reform). Future steps are very important. In this context, the Sept 15 Tripartite Agreement should be developed into a work-productivity alliance that is adequate for Korea.

The top-priority of the work-productivity alliance should be to make quantitative and qualitative improvements to employment. To maintain the work alliance, labor and management should jointly strive to bolster productivity through innovation of the wage and job system as well as the workplace. Joint labor-management efforts for innovation of productivity are a strong means of practical support for the work alliance. Essential elements of the work-productivity alliance are innovation in methods of work based on labor and management participation and cooperation, the adoption of a worker representation system that is adequate for Korea’s unique circumstances, participation in corporate management, and the adoption of a joint decision system.

In addition, the social safety net needs to be expanded and made stronger—including the pension system, employment insurance, and occupational health and safety insurance—based on which flexibility and stability in the labor market should be pursued. The government should reduce or remove social exclusion by switching to an inclusive growth strategy. Labor and management should faithfully execute agreed matters based on a partnership and recover trust, thereby striving to establish labor-management partnership relations.

Major issues that were not completely agreed upon as part of the Tripartite Agreement remain as mid- to long-term tasks. These include general dismissal, the requirements and procedures for changing rules of employment, and alleviation of regulations on fixed-term contract and temporary agency work. These key issues require additional dialogue and compromise among labor, management, and government. Before the government establishes relevant guidelines and amends relevant laws, there is a need for objective confirmation of facts, gathering of stakeholder opinions, dialogue among labor, management, and government based on trust and good faith, and the execution of adequate roles by expert groups. The labor sector should also formulate more practical and reasonable employment strategies, and double its efforts to persuade the management, government, and general public.

The vision of the new labor regime that will be established on the occasion of the Sept 15 Tripartite Agreement can be set as an inclusive and innovative labor regime that is based on Korea’s unique flexibility and stability.

The inclusive and innovative labor regime can consist of two basic axes and two auxiliary axes. The two basic axes are an



integrated labor market and work-productivity alliance. The two auxiliary axes are enhancing flexibility to an adequate level in the primary labor market’s top layer based on a social consensus and developing functional flexibility of the internal labor markets of companies.

An integrated labor market should be given concrete form by means of expanding the social safety net through universal welfare, alleviating the dual structure and polarization in the labor market, protecting the vulnerable class, and increasing basic labor rights. The new labor regime should be focused on an integrated labor market, work-oriented policies as well as business and labor-management practices that enable such a market, and innovation of the workplace and productivity that physically supports the creation and maintenance of a greater number of better jobs. It should be developed in the direction of reducing the excessive degree of rigidity in the large company and public sectors, regular positions, and upper layers of organized labor, and in the direction of expanding functional flexibility in wages, working hours, work organization, and training of the

internal labor market. Restructuring labor politics is an essential part of shaping new labor regime and its developments.

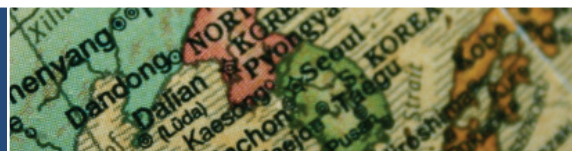
Restructuring Labor Politics

Up until 1987, Korea had state-led labor politics, where even basic labor rights were suppressed. In opposition, a radical labor movement emerged with the 1987 Great Workers’ Struggle. Market-led neoliberal labor politics emerged after the Asian financial crisis until their limitations were exposed. Labor politics in Korea have been in a state of impasse for a long period, where labor, capital, or the state cannot exercise hegemony. This has led to a continued delay in the structural reform of the labor regime. Further information on the defining characteristics of the stages of Korea’s labor regime is presented in Table 2.

Labor movements under the 1987 labor regime were carried out based on the following tacit assumption: once strong labor unions at large companies and in the public sector make improvements in wages, welfare, and other working conditions

Table 2. Development of the Labor Regime and Characteristics in Korea

Category		Authoritarian labor regime	Neoliberal labor regime	
Period		1961 - 1987	Transition period (1987 - 1997)	1998 - Present
Factor that led to transition		Establishment of the military authorities – bureaucrat governing system	The Great Workers’ Struggle in 1987	Financial crisis in 1997 and change of government
Leading power		State (Military authorities-bureaucrats)	Each axis (labor-management, labor-government)	Market (Company-led)
Characteristics	Labor market	<ul style="list-style-type: none"> - High economic growth and rise in jobs - Continued rise in wages under basic low-wage conditions - Company-led job security 	<ul style="list-style-type: none"> - Continued increase in jobs - Considerable increases in wages - Basic job security conditions - Formation of a dual labor market 	<ul style="list-style-type: none"> - Emergence of employment crisis - Stagnation in wages and reduction in real income - Increased polarization in the labor market
	Labor process	<ul style="list-style-type: none"> - Ultra long hours of labor - Despotic production system - High industrial accident risks - Labor-intensive labor process and low labor productivity 	<ul style="list-style-type: none"> - Long hours of labor - Workplace is an arena of competition - Rationalization of the workplace and increased labor productivity 	<ul style="list-style-type: none"> - Long hours of labor - Labor-saving technological innovation, and labor saving - Recovery of management initiative



	Reproduction of labor	<ul style="list-style-type: none"> - Increase in population and urbanization - Poor social welfare - No corporate welfare 	<ul style="list-style-type: none"> - Aging population, and lesser increases in population - Expansion of the social safety net - Improvements in income distribution - Expanded corporate welfare and gap in size 	<ul style="list-style-type: none"> - Low birth rate, rapid aging population - Increased discrepancy between personnel supply and demand - Worsened distribution structure - Reduced corporate welfare
	Labor politics	<ul style="list-style-type: none"> - Oppressive and exclusive labor politics, restrictions on labor rights - Company-level labor union and bargaining - Embracing organized labor as a subordinate partner - Dominating ideology <p>(Economic growth, modernization, anticommunism, division)</p>	<ul style="list-style-type: none"> - Expansion of basic labor rights, including the right to organization and right to collective action - Increased organized labor - Fierce labor-management conflicts and confrontations - Labor division and domination strategies of the state and capital - Dominating ideology <p>(Growth, stability, labor-management agreement versus hierarchy)</p>	<ul style="list-style-type: none"> - Weakened and isolated labor movements - Operation of social dialogue politics - Erosion of actual basic labor rights - Dominating ideology <p>(Economic crisis, win-win relationship between labor and management, social responsibility, dialogue)</p>

through struggles, the outcome of the struggles will later be shared by workers at private SMEs, temporary workers, and unorganized workers not part of labor unions. This assumption was somewhat realized from the second half of the 1980s to the mid-1990s.¹⁹ However, the connection between the leading section and the rear section rapidly weakened with the coming of the second phase of the 1987 labor regime after the 1997 financial crisis.

In some aspects, there is even a paradoxical phenomenon of “forward acquisition, rear loss.” This unintentional phenomenon is where improvements in wages and working conditions at large companies for regular workers and organized workers lead to a deterioration in wages and working conditions at SMEs and for temporary and indirectly employed workers as well as unorganized workers. This can be attributed to corporate management strategies and a lack of interest by regular worker-led labor unions for unorganized workers.

Company-level organizations and bargaining practices are deeply rooted. Also, representation of labor unions is weak, as reflected in labor union density and a collective agreement application rate of around 10 percent. There are great conflicts and confrontations between labor and management, and a grave sense of mistrust between the two parties. Militant labor movements take place, rather than dialogue and compromise. The leading labor union organizations are even divided into two major federations. Also, the Korean Confederation of Trade Unions refuses to participate in the ESDC, which is a social dialogue body. There were continued attempts to make labor movement camps into a political power group, but there is no party politics system that politically represents the interests of worker groups. These are the major structural characteristics of labor politics in Korea. These conditions make it difficult for social dialogue and compromise among labor, management, and government at the national level.



The Sept 15 Tripartite Agreement, which was established under such adverse conditions, can be regarded as an exceptional outcome that is close to a miracle and is difficult to explain with the previous traditional corporatist theory. In the view of traditional corporatism that emphasizes the role of major interest groups representing labor and employers, a social pact can be successfully achieved through cooperative interaction among tripartite members.^{20, 21}

There is a steady rise in the need for a paradigm shift to new labor politics that are based on a consensus by both labor and management to fulfill social responsibilities for a transition to a new labor regime.²² Party politics, labor policies, and corporate labor-management strategies that exclude labor and a militant labor movement model are losing effect. The direction for change and development of labor politics is a switchover from hard politics, characterized by power and market strength and aim at domination through control, to soft politics, which target

the arbitration of interests through dialogue and compromise among stakeholders (see Table 3). That is, soft politics aims to develop reconstitution of the labor regime through strategic social dialogue and compromise by means of communication among economic and social agents.

The Sept 15 Tripartite Agreement is thought of as one of the valuable outcomes of soft politics. Interaction among labor, management, and government needs to be carried out through soft politics based on a new balance of power. To this end, expert groups need to actively participate and perform their roles from an objective, neutral, and impartial stance on the direction and content of labor reform. Also, labor union movements should be carried out with the effort of building politics that are focused on recovering solidarity among different labor parties. In this perspective, the Sept 15 Tripartite Agreement would be fruitful, if it is rooted in soft politics.

Table 3. Change from Hard Politics to Soft Politics²³

Category	Hard politics	Soft politics
Target	Domination	Coordination
Organizational principle	Hierarchical organization	Horizontal, network organization
Means	Force (Power, market power, organizational power, etc.)	Communication
Method of operation	Control, struggle	Dialogue and compromise

The need for this reconstitution of labor politics becomes more evident when considering the process of the Sept 15 Tripartite Agreement. Methods of a labor regime shift can be categorized into three types: where the government or the market takes the lead, where the labor sector takes the lead, and where dialogue and compromise between all parties takes place.

The government/market-led method has a high possibility but accompanies considerable social conflicts and costs. The labor sector-led method has a low possibility and incurs high social costs. In contrast, the dialogue/agreement approach is the best choice in terms of social costs as well as sustainability.

In the historical context of Korea's labor politics, the Sept 15 Tripartite Agreement signifies the first step towards a labor

regime transition that is based on dialogue and compromise. This is why it is distinctive from past processes of change in the labor regime.

Conclusion

What is needed above all is to have the Sept 15 Tripartite Agreement continue to have power and to implement some of the outcomes in the near future. Matters that have little or no possibility of being disputed should be executed as soon as possible. These include the promotion of youth employment, improving employment insurance and occupational health and safety insurance, and addressing the three major pending issues. The outcomes of the social agreement should be made



into reality. The Sept 15 Tripartite Agreement Execution Review Team which was recently established in the ESDC could be used to clearly make known the determination of labor, management, and government to push forward measures in the Agreement.

Moreover, the purpose, direction, and content of the Sept 15 Tripartite Agreement should be accurately publicized to labor, management, and the general public. This is all the more important considering that there are currently many disputes as a result of misunderstandings or distortions of the agreement's content and processes. Various approaches should be adopted to this end, such as an open forum. There is a need to clearly inform the people of the purpose and direction of the Sept 15 Tripartite Agreement, which is the following: to take preemptive measures to prevent a domestic crisis and limit the damage from an overseas crisis; to build a foundation for sustainable economic and social development by overcoming the serious dual structure in the labor market; and to reduce the gap with temporary workers and facilitate labor market functions.

Another important task is strengthening the position and leadership of labor and management organizations. Labor, management, and government should make a purposeful

effort so that the Sept 15 Tripartite Agreement may serve as an opportunity for labor and management groups to strengthen their positions as the main agents of social dialogue and compromise. To this end, labor, management, and government should respect the spirit of the Agreement and faithfully execute its content.

The three parties need to make sincere efforts to maintain mutual trust and protect the Sept 15 Agreement based on the spirit of compromise. They should overcome the temptation to quickly get matters done, and remind themselves why they reached an agreement and for whom labor regime restructuring is carried out. They should never forget that the most important tasks in the mid- to long-term future are the removal of the economic and social dual structure as well as employment issues. Based on such a direction and consensus, the parties should identify solutions for key issues that were tentatively mended by the Sept 15 Tripartite Agreement. These include the adoption of the general dismissal system, fixed-term and temporary agency workers, and measures to remove discrimination against temporary workers.



Endnotes

- ¹ The content of this discussion paper is the personal opinion of the author, and does not reflect the official stance of the Korea Labor Institute.
- ² A labor regime can be defined as an overall regulation regime that consists of an institutional arrangement structure related with labor production/reproduction, labor market, and labor process, and the dynamic interactions of stakeholders who intend to maintain or change the structure.
- ³ Chang, Hong-Geun, "Social Dialogue, the Strategic Choice for the Reconstitution of 'Labor Regime,'" Paper presented at a Workshop of ESDC (March 25, 2014) (in Korean).
- ⁴ Economic and Social Development Commission (2015), *Tripartite Agreement on Structural Reforms of the Labor Market* (in Korean).
- ⁵ Self-mocking expressions are gaining social consensus, such as "the generation that has given up on three things," "the generation that has given up on five things," and even "Hell Chosun." This reflects that Korea's labor reproduction structure is in a state of overall crisis.
- ⁶ ESDC.
- ⁷ Ibid, p. 14.
- ⁸ *Labor Standards Act*. Korean Ministry of Labor, Law No. 5309 (March 13, 1997).
- ⁹ ESDC, p. 25.
- ¹⁰ Ibid.
- ¹¹ Lee, J.S. "The meaning of the Sept 15 Tripartite Agreement and Tasks for soft-landing in the future" (unpublished, in Korean) (2015).
- ¹² *Labor Standards Act*. Article 94.
- ¹³ ESDC, p. 24.
- ¹⁴ Lee, p. 4.
- ¹⁵ Kim, S.S., Kim, Y.S., Eun, S.M., and Lee, J.H., "The Evaluation of Tripartite Agreement and Tasks for Future," *Labor & Society*, 185 (2015), pp.11-29. (in Korean).
- ¹⁶ Korea Employers' Federation, *Declaration on labor reform and economic revitalization*, http://www.kefplaza.com/kef/ker_press_view.jsp?num=4663. (in Korean) (2015).
- ¹⁷ For example, Park Gi-seong criticizes the Agreement by saying, "In social corporatism, individual freedom and intentions are suppressed or restricted for a social purpose or a communal decision. As such, social corporatism eventually leads to totalitarianism. It is a road to serfdom, where individual freedom is suppressed, as mentioned by Hayek."
- ¹⁸ From among the five major labor reform bills, the extension of the permitted period of fixed-term contract workers, expansion of jobs permitted for temporary agency work, and some other matters were subject to future fact-finding surveys or labor-management negotiations. This was criticized by the labor sector as a violation of the Agreement and also led to strong opposition.
- ¹⁹ This argument is supported by the reduction in the gap in wages and working conditions depending on company size, occupational type, academic background and gender.
- ²⁰ Schmitter, Philippe C., and G. Lehbruch (eds.), *Trends Toward Corporatist Intermediation* (Beverly Hills, California: Sage Publications, 1979).
- ²¹ Lehbruch, Gerhard and Philippe C. Schmitter (eds.), *Patterns Of Corporatist Policy-Making* (Beverly Hills, CA: Sage Publications, 1982).
- ²² Chang, Hong-Geun, et al., *The Period of Employment Crisis, Strategic Exploration for Social Dialogue*, Korea Labor Institute (in Korean) (2014).
- ²³ Chang 2014, p. 12.

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