

Big Deal and Small Deal

The New Corporatism in South Korea and Taiwan

Yasuhiro KAMIMURA

kamimura@lit.nagoya-u.ac.jp

Introduction

What kind of tripartite relations have South Korea and Taiwan built since democratization? As for the tripartite relations in both countries before democratization, they are often referred to with the concept of “state corporatism”. But nowadays, after 20 years of democracy, and 10 years since the Asian economic crisis, is corporatism still effective as a framework to analyze tripartite relations and the process of policymaking? In this paper I will show that it is effective, and I would also like to observe the different ways in which corporatism has appeared in both countries in recent years.

In this paper, I will first explore the classical argument of Schmitter and its recent revival as the “competitive corporatism” (Section 1). Then, once the preconditions of the new corporatism in Korea and Taiwan have been presented (Section 2), I will analyze two corporatist agreements in each countries (Taiwan = Section 3, Korea = Section 4). Taking into account the abovementioned points, I will examine by comparison the nature and effects of the new corporatism in both countries (Section 5).

1. Corporatism as a cognitive tool

In this section, I would like to invoke Schmitter’s famous concept of corporatism as an auxiliary tool, in order to identify the locations of tripartite relations and social policies in Korea and Taiwan. Here I would like to summarize very briefly the differences between corporatism and pluralism, and the two subcategories of corporatism (Schmitter and Lehmbruch 1979).

According to Schmitter, in corporatism, the number of interest groups in each category is limited, and the inner structure of each group is ordered hierarchically like a pyramid. These groups are granted by the state a representational monopoly within each category, in exchange for accepting certain controls and assistances of the state. As Schmitter devised this ideal type when he was observing Brazilian and Portuguese political systems, he found that it is applicable to explain the cases of many countries in Europe and Latin America.

The concept of corporatism was proposed as an alternative model for the pluralist theory which occupied the mainstream of American political science at that time. According to the

pluralist theory, various interest groups are organized, competing without restriction, and having a horizontal relationship among each other. Each group is organized voluntarily, and they are neither subject to the controls or assistances of the state, nor granted a representational monopoly by the state. It can be said that the pluralist model was an ideal type extracted from the reality of American society of those days.

According to Schmitter, the way corporatism appears and the character it assumes as a result, vary greatly between advanced countries and latecomer countries. In advanced countries, in order to maintain the stability of the highly developed capitalist system over a long term, interest groups voluntarily and slowly develop corporatism from below (social corporatism). The number of interest groups becomes gradually restricted as the result of deliberations among existing groups, and in response to requests from these groups, they are recognized and assisted by the state. This is a feature of the "neo corporatism" found in postwar Western countries.

On the other hand, in latecomer countries, in order to overcome immediate critical situations, such as internal strife or external subordination, the state builds up corporatism compulsorily and suddenly from above (state corporatism). The numbers of interest groups are restricted by force and they are compelled to accept controls and assistances of the state. These are features of regimes that were seen in such countries as those of the postwar Iberian Peninsula and Latin America. Schmitter puts this type of corporatism together with past corporatism systems such as those of Fascist Italy and Nazi Germany, and he distinguishes it from neo corporatism (Lehmbruch and Schmitter 1982).

After borrowing all of these devices, I will now outline the hypothesis of this paper, which refers to the history of the tripartite relations in Korea and Taiwan after the 1980s. With democratization in the latter half of the 1980s, the model of government-labor-management relations changed from *state corporatism* into *pluralism*. However, since the latter half of the 1990s, when Korea and Taiwan was facing an adverse economic situation, a search for a policymaking style of *social corporatism* started¹. This is also because the rapid change of the industrial structure, which accompanies with the economic crisis, demands for some kind of policy agreement and cooperation between the government, labor and management. Because of the following reasons, however, the path towards a new corporatism has to be a bumpy road.

First, the legacy of state corporatism interferes with the formation of social corporatism. As Schmitter states, in a country where state corporatism has once taken root, the transition towards social corporatism becomes extremely difficult. This is because the formal organizations built up by state corporatism neither function voluntarily nor can have the support of the general members. Schmitter predicted that in such a country, there is no other

¹ In recent years, in Europe, the decline of the type of *social corporatism* based on Keynesian policy and the emergence of *competitive corporatism*, which aims at balancing flexibility and security is pointed out (Rhodes 2001). However, the concept of social corporatism of Schmitter, used in this paper, is not necessarily related to a specific kind of policy. Rather, competitive corporatism should be considered as a subcategory of the social corporatism discussed here. As will be seen below, the "contents" of the policy which seeks agreement in contemporary Taiwan and Korea are nothing more than those of competitive corporatism.

choice than once to “degenerate” into the fractious pluralism (Schmitter and Lehmbruch 1979).

Second, since the 1980s, adverse conditions for social corporatism have started to appear even in advanced Western countries. According to Schmitter, adverse conditions for social corporatism may emerge in the following six places: 1) Rebellion of the general members: The general members of unions stop following the undemocratic union leaders entangled in the symbiotic relationships in tripartite conferences. 2) Class mobilization: The working classes, who think that corporatism is a disadvantageous transaction for them, are mobilized into a left wing party and aim at a socialist revolution. 3) Newly licensed organizations: The affiliation of ethnic groups and feminist groups, which were not members of corporatism before, makes corporatist decision making difficult. 4) Single-issue movements: People who focus on new issues such as ethnicity, gender and environment, attack corporatism from the outside. 5) Civil servants and professional politicians rebel against corporatist practices. 6) The capitalist class, who thinks that corporatism is a disadvantageous transaction for them, returns to neo liberalism. Schmitter gave special importance to the possibility of 4 and 6 (Lehmbruch and Schmitter 1982). Probably some of such adverse conditions will also mercilessly hit infant social corporatism of Korea and Taiwan.

2. Comparison of preconditions

Before examining the development of new corporatism in Taiwan and Korea, it is necessary to make the preconditions clear. Here I will compare the following points in both countries: 1) Characteristics of state corporatism before democratization; 2) Shift towards pluralism of labor organizations after democratization; 3) Characteristics of current industrial relations (and the background variables).

First, the characteristics of state corporatism in Taiwan and Korea before the democratization were different. While the CFL (Chinese Federation of Labor, established in 1948), which is the national center in Taiwan, was subsumed to the party-state system, the FKTU (Federation of Korean Trade Unions, established in 1946), the Korean national center, was not completely integrated into the authoritarian system. **Table 1** shows the state-labor relations in the regime formation period of the Asian NIEs, according to the definition of state corporatism of Schmitter (Kamimura2006: 317).

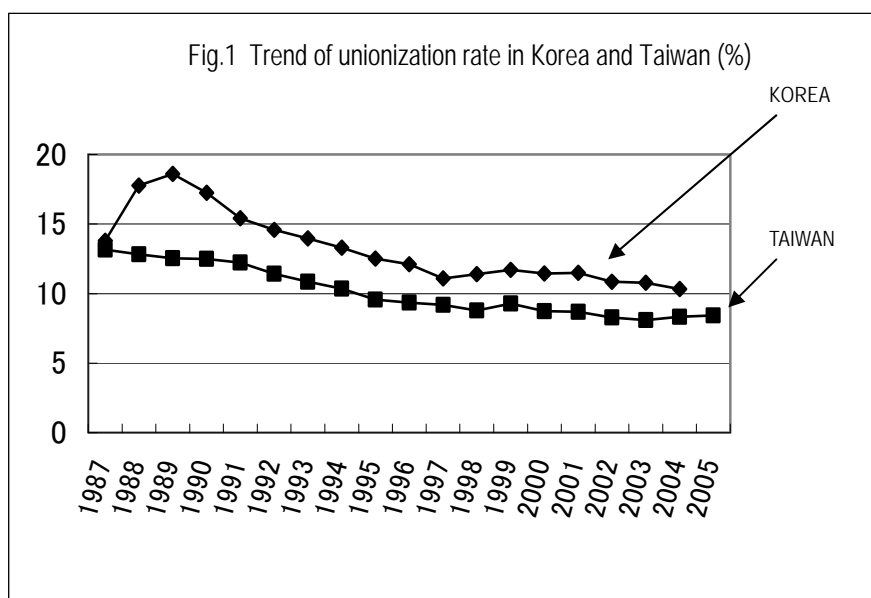
Table 1 State-labor relations in the regime formation periods

	Taiwan	Singapore	Korea	Hong Kong
1) Singular	yes	yes	yes	no
2) Compulsory	yes	yes	yes	no
3) Noncompetitive	yes	yes	yes	no
4) Hierarchically ordered	yes	yes	no	no
5) Recognized by the state	yes	yes	yes/no	no
6) Representational monopoly	yes	yes	no	no
7) Controls on leadership selection and interest articulation	yes	yes	yes	no

(Source) Kamimura 1999: 239, Kamimura 2006: 317.

Next, if we observe the situation after democratization, both countries have experienced a shift towards pluralism of the labor organizations. In Taiwan, with the lifting of martial law in 1987, an “independent labor union movement”, not subordinated to the state corporatism, started to rise. From this trend, the second national center, namely, the Taiwan Confederation of Trade Unions (TCTU) was formed (the Preparatory Committee was established in 1998 and was legally recognized in 2000). As of 2006, while the membership of the CFL was 1,100,000, the membership of the TCTU remained at 270,000. However, the most active organization is the TCTU (Kamimura 2007)².

On the other hand, in Korea, the declaration of democratization in 1987 triggered the “Great Worker Struggle”, and following this trend, the Korean Trade Union Congress was formed in 1990. This led to the establishment of the KCTU (The Korean Confederation of Trade Unions) in 1995 (legally recognized in 1999) (Koo 2001, Ishizaki 2001). While the membership of the FKTU amounted to 830,000 as of 2003, the membership of the KCTU was 670,000 (Ministry of Labor 2005: 83). Though both have been very active, the KCTU is more radical³.



(Source) For Korea: prepared according to the National Statistical Office, *Social Indicators in Korea 2006* (I am grateful to Mr. Kim Hyun-Sung, who kindly sent the data). For Taiwan: prepared according to the Council of Labor Affairs, *Yearbook of Labor Statistics 2006*.

Finally, I will examine the features of current industrial relations and the background variables. First, when we consider the unionization rate, we can see that it has decreased in both countries (**Figure 1**). In Korea, we can see the rise of the unionization rate during the “Great Worker Struggle”, but later, there was a decreasing trend. As for the current

² On the other hand, there are economic organizations such as the CNFI (Chinese National Federation of Industries, established in 1948 in the mainland China), the ROCCOC (General Chamber of Commerce of the Republic of China. Its predecessor, the National Federation of Chambers of Commerce was established in 1946 in the mainland China) and the CNAIC (Chinese National Association of Industry and Commerce, established in 1952) (Kamimura 2007).

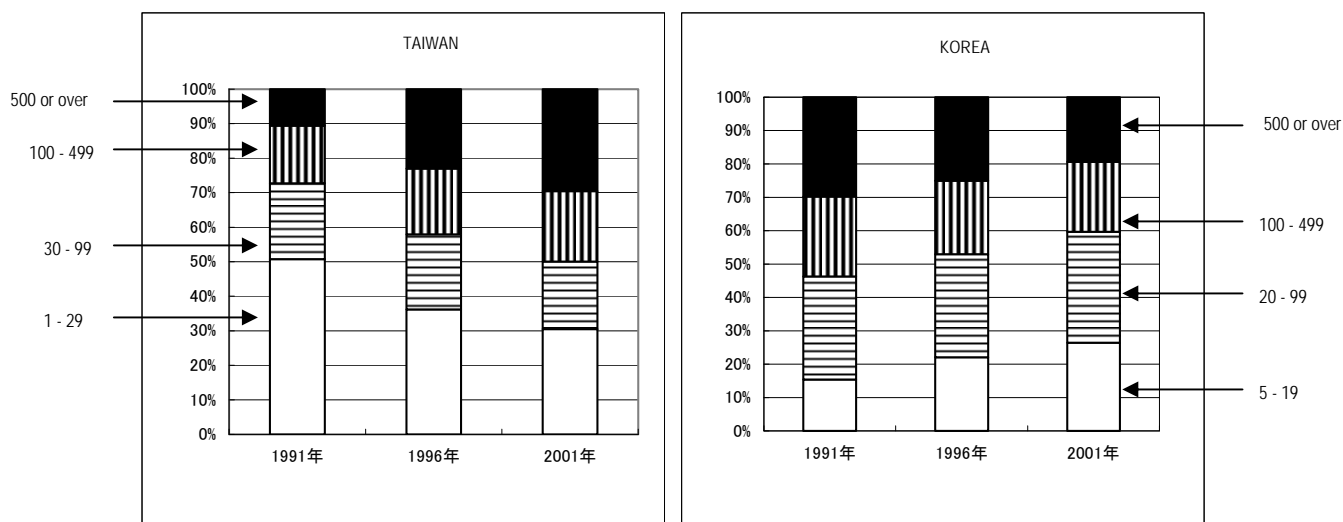
³ On the other hand, the economic organizations are the following: the FKI (Federation of Korean Industries, established in 1961) and the KEF (Korea Employers Federation, established in 1970) (Ishizaki 2001).

unionization rates, it is 8.4% for Taiwan (2005)⁴ and 10.3% for Korea (2004). It can be affirmed that the organizational foundation of corporatism in both countries is not too firm.

Second, if we consider the work-days lost which show the degree of intensity of the strikes, while Korea lost 1,198,779 days (2004), Taiwan registers 0 days. If we compare the years when strikes were most intense after democratization, Korea registers 6,351,443 days (1989) and Taiwan, 46,926 days (1995). This shows that the Korean industrial relations are clearly more hostile⁵.

It has been argued that behind this difference there were the different industrial structures between two countries. While the Korean economy consisted mainly of large scale enterprises like chaebol, Taiwan's economy was centered on small and medium sized enterprises. However, this picture has started to change recently. **Figure 2** compares the percentage of employees of both countries, by the scale of manufacturing establishments. In the 1990s, while in Taiwan large scale enterprises increased, in Korea small and medium sized enterprises were the ones on the rise. Thus we can see that in 2001, the ratios were finally reversed. If we compare the percentage of people working in large scale enterprises with 500 or more employees in 2001, while in Korea it surpassed 20%, in Taiwan it was about to exceed 30%. In other words, if we only take into account the scale of the enterprises, we can say that the conditions of organized labor movements in Taiwan have already prepared.

Fig.2 Percentage of employees by the scale of manufacturing establishments



(Source) For Korea: prepared according to the National Statistical Office, *Mining and Manufacturing Statistical Survey Report 1991* (1993); *Mining and Manufacturing Statistical Survey Report. 1996* (1998); *Mining and Manufacturing Statistical Survey Report 2001* (2002) (I am grateful to Ms. Chizuru Kabumoto, who kindly sent the data). For Taiwan: prepared according to the DGBAS, *Industry, Commerce and Service General Survey Report 1991* (1993); *Industry, Commerce and Service General Survey Report 2001* (2003).

⁴ This number results from dividing the number of members of industrial unions by the number of all employees. The calculation method here differs from the government's statistics. As for details, refer to Kamimura (2007: 256).

⁵ The numbers for Korea are based on the National Statistical Office, *Social Indicators in Korea 2006*. The numbers for Taiwan are based on the DGBAS, *Statistics on the Industrial Relations*.

Third, when we consider the variables concerning the labor market (**Table 2**), we can see that Taiwan is more advanced than Korea concerning issues such as increases of employed persons, white collar workers and female workers. However, there is no big difference as a trend. In addition, as for the rise and fall of the unemployment, it can be seen that it is common to both countries.

Table 2 Indicators related to the Labor Market (1980 – 2006)

KOREA								
	Unemployment rate	Employees ratio	White collar workers ratio	30 – 39 years old female workforce rate	60 years old or elder male workforce rate	Foreign workers ratio	Average job tenure (in years)	Annual job turnover rate
1980	4.5(1981)	44.8	–	46.7	45.2	–	3.6(1985)	–
1990	2.4	59.1	–	53.2	49.9	–	4.0	37.7(1993)
2000	4.4	60.5	30.5	53.9	49.6	0.9	5.6	31.6
2006	3.5	65.0	35.8	56.4	50.6	2.0	5.8(2005)	28.8

(Source) For unemployment rate, foreign workers ratio: National Statistical Office, *Social Indicators in Korea 2006*. For employees ratio, white collar workers ratio, workforce rate, average job tenure, annual turnover rate: KOSIS.

TAIWAN								
	Unemployment rate	Employees ratio	White collar workers ratio	30 – 34 years old female workforce rate	60 – 64 years old male workforce rate	Foreign workers ratio	Average job tenure (in years)	Annual job turnover rate
1980	1.2	64.4	21.6	39.7	62.4	–	7.7	39.5
1990	1.7	67.6	29.5	53.3	56.4	0.2	7.7	38.0
2000	3.0	71.1	38.4	64.2	53.9	3.3	8.3	31.2
2006	3.9	74.6	43.0	73.7	46.9	3.2	8.6	27.5

(Source) For unemployment rate, employees ratio, white collar workers ratio, workforce rate: DGBAS, *Monthly Report on Manpower Survey Statistics, December 2006*. For average job tenure: DGBAS, *Manpower Utilization Survey 2006*. For foreign workers ratio: The Council of Labor Affairs, *Monthly Report on Labor Statistics, January 2007*. For annual job turnover rate (data in 2006 cell corresponds to 2005): DGBAS, *Employees' Earnings Survey Statistics*.

3. New corporatism of Taiwan

Two important advisory council meetings have been held under the Chen Shui-bian administration inaugurated in 2000. The “Economic Development Advisory Council (EDAC)”, held in August 2001, and the “Conference on Sustaining Taiwan’s Economic Development (COSTED)” held in July 2006. Here I would like to refer to the following aspects of both advisory council meetings: 1) background and nature of the meetings; 2) structure of the meetings and selection of members; 3) issues agreed upon; 4) evaluation from the parties concerned and public opinion⁶.

⁶ Concerning the data about structure and debate content of the meeting, the following home pages have been mainly consulted: the Executive Yuan Council for Economic Planning and Development (Economic Development Consulting Council <http://find.cepd.gov.tw/president/home.htm>, the Conference on Sustaining Taiwan’s Economic Development <http://find.cepd.gov.tw/tesg/>). Other information has come from the following news papers: United Daily News, Economic Daily News, and Liberty Times.

“Economic Development Advisory Council (EDAC)”

First, concerning the background of the Economic Development Advisory Council meeting (2001), we can mention the difficulties of the minority ruling party in the government administration and the economic crisis that was about to lead Taiwan to record its first negative growth figures and mass unemployment. In order to deal with these pressing issues, this council was called as a nonpartisan meeting sponsored by the presidential office.

The topics on the agenda in this council were five: “rising unemployment,” “investment environment deterioration,” “cross-strait economic and trade relations,” “loss of industrial competitiveness,” and “fiscal and monetary policy”. Each topic was discussed at the following workshops: Employment Workshop, Investment Workshop, Cross-strait Workshop, Industrial Workshop and Fiscal-monetary Workshop. Among a total of 121 council members, only 4 were representatives from labor organizations. These labor representatives were the following: Huang Ching-hsien (黄清賢, Chairman of the Taiwan Confederation of Trade Unions), BAIR Jeng-sharn (白正憲, Chairman of Tatung Corporation Industrial Union), Huang Shui-chuan (黄水泉, Chairman of the National Federation of Bank Employees Union), Lin Hui-kuan (林惠官, Chairman of the Chinese Federation of Labor). Except for Lin Hui-kuan, of the Nationalist Party (later shifted to the People First Party), the remaining 3 members are labor movement leaders from the Taiwan Labor Front, belonging to the TCTU and the Democratic Progressive Party. Though the labor organization leaders were a minority, all four labor leaders attended the Employment Workshop (only 13 members were there), and they were, in fact, balanced with representatives of economic organizations (3 members) (United Daily News, July 23, August 5).

The overall tone of the council meeting can be described by the following slogan: “active opening and effective management” (Changing policies towards an actively open economic relationship with the mainland China). Consensus regarding social policy issues was reached and the main points were: 1) Minimum wage shall not be abolished. In addition, foreign workers shall not be exempted from the application of minimum wage; 2) Flexibility of working hours shall be increased. Female workers’ night shift shall be permitted; 3) The labor pension (legal retirement pension fund) scheme shall be made “portable” among companies and shall be deposited in individual accounts; 4) The Protective Act for Mass Redundancy of Employees shall be enacted; 5) The total number of foreign workers shall be controlled.

Below I consider the evaluation from the parties concerned and public opinion concerning the above mentioned issues. Economic organizations were demanding either the abolition of minimum wage or the exemption of foreign workers from the application of minimum wage. However, these demands were not accepted. This caused discontent among the business community (Economic Times, August 15).

On the other hand, Huang Ching-hsien, the Chairman of the TCTU and a member of the Employment Workshop, held a press conference jointly with labor organizations, social welfare organizations and environmental organizations, where he criticized the shift to the right of the Democratic Progressive Party administration by “being on good terms with capital and exercising pressure on labor” (Economic Times, August 22), and called all labor organizations to a protest demonstration (United Daily News, August 22). However, against those labor movement organizations, such as the Alliance for Actions on Labor Legislation (工人立法行動聯盟) and the Coalition for 84 Working Hours (84工時大聯盟), which argued that they should withdraw in protest from the Council, he replied that “Our defense is doing well. Why should we withdraw?” If labor leaves, he meant, it will lose the right to speak and there will be nobody to prevent the passage of adverse legislation against workers (Economic Times, August 26). As in the council, decisions are taken not by majority vote but by consensus-building procedure⁷, the presence of labor organization representatives is important, even when the number is small. In fact, the abolition of minimum wage or the exemption of foreign workers from the application of minimum wage was prevented. This indicates that the demands of labor organizations have been recognized.

“Conference on Sustaining Taiwan’s Economic Development (COSTED)”

Next, what was the background of the Conference on Sustaining Taiwan’s Economic Development (COSTED) (2006)? The minority ruling party, the Democratic Progressive Party, was experiencing a decrease in its support rate, due to various scandals involving its members from the previous year. On the other hand, Taiwan’s economy turned to experience a positive growth in 2002, and the unemployment rate stabilized after 2004. In this context, in order to argue about the measures on long-term economic issues such as population ageing and globalization, a nonpartisan meeting sponsored by the Executive Yuan was called.

There were five subjects dealt with in this conference: “completion of the social security system”, “improvement of industrial competitiveness”, “fiscal and monetary reforms”, “global structure and cross-strait trade”, “improvement of government efficiency”. Discussions on each subject were conducted separately in the following workshops: Social Security Workshop, Industrial Workshop, Fiscal-monetary Workshop, Global and Cross-strait Workshop, and Government Efficiency Workshop. Though the conference members amounted to 159, no more than 6 labor representatives could be identified among these members. On the other hand, the presence of representatives from social movements, such as social welfare organizations and environmental protection organizations is a feature that

⁷ Also in the Conference on Sustaining Taiwan’s Economic Development, which I will refer to below, the consensus-building procedure was adopted.

had not been seen in previous meetings. When focusing on the make-up of the Industrial Workshop handling labor policies (57 members), there were 6 government representatives, 8 legislative members, 11 researchers, 18 members from the business sector, 5 members from social movements, 4 from labor organizations, and 5 from other bodies. The relatively numerous presence of the business representatives can be explained by the fact that this workshop discussed industrial policies. In addition, as this workshop also dealt with energy and environment-related policies, social movement representatives were present as well. In comparison with the former Employment Workshop, the presence of labor organization representatives was low. The labor organization representatives were: Shih Chao-hsien (施朝賢, Chairman of the Taiwan Confederation of Trade Unions), Wu Ching-pin (吳清賓, Chairman of the Kaohsiung City Confederation of Trade Unions), Chuang Chueh-an (莊爵安, Chairman of the Taiwan Petroleum Workers' Union), and Hsieh Chuang-chih (謝創智, Secretary General of the Taiwan Confederation of Trade Unions). All four members belong to the TCTU. Lin Hui-kuan (林惠官, the Chairman of the Chinese Federation of Labor) also participated in this workshop as a legislative member.

The overall tone of the council meeting was expressed, replacing the slogan of the previous Economic Development Advisory Council meeting, as “active management and effective opening” (The government actively takes the management responsibility for reducing risk involved in the opening of economic relation with the mainland China). The following important issues regarding social policies, particularly labor policies, were agreed upon⁸: 1) Ease of legal restrictions in atypical employment shall be considered; 2) The Dispatched Worker Protection Law shall be enacted; 3) The female and senior citizens workforce rate shall be increased; 4) The total number of foreign workers shall be controlled.

Below I consider the evaluation from the parties concerned and public opinion regarding the above mentioned issues. Compared with the previous Economic Development Advisory Council, the interest of public opinion concerning labor policies was low. The reason lies in the fact that the Industrial Workshop, apart from dealing with labor policies, also discussed industrial and environmental policies. As a result, attention was focused on the sharp exchange between the economic organizations and the environmental protection organizations. The economic organizations, being unable to withstand the criticism of the environmental protection groups, hinted at leaving the meeting (Economic Times, July 8, and July 12). In addition, they voiced disappointment with the fact that there was no prospect of a solution to the labor shortage problem (it refers to the increase in the acceptance of foreign workers and their exemption from the application of minimum wage) (Economic Times, July 12).

On the other hand, labor movement organizations such as the Labor Rights Association (勞動人權協會) and the National Federation of Independent Trade Unions (全國自主勞工聯盟)

⁸ I do not refer to the welfare policies discussed in the Social Security Workshop.

staged a massive street demonstration against flexibility measures, such as the enactment of the Dispatched Worker Law. Concerning this point, Lee Ying-yuan (李應元), chairman of The Council of Labor Affairs (Minister of Labor) argued that the “Dispatched Worker Protection Law” was to be enacted in order to protect dispatched workers who are in a vulnerable position (United Evening News, July 27).

4. New corporatism of Korea

What form does new corporatism take in Korea? Although since democratization, attempts to furnish a place for tripartite deliberations in Korea were occasionally made (Ishizaki 2001: 314), it was only after the currency crisis at the end of 1997 that it was fully systematized. As the result of the search for new corporatism in Korea, here I would like to highlight two social agreements. One is the “Social Agreement to Overcome the Economic Crisis” concluded in 1998, and the other is the “Social Pact for Job Creation” of 2004. Here I will deal with the following points, as with the case of Taiwan: 1) background and nature of the agreements; 2) structure of the meetings and selection of members; 3) issues agreed upon; 4) evaluation from the parties concerned and public opinion.

“Social Agreement to Overcome the Economic Crisis”

First, certainly the currency crisis is behind the conclusion of the “Social Agreement to Overcome the Economic Crisis” (1998 February). While the IMF demanded flexibilization of the labor market as well as reforms in the financial system and chaebol groups, the elected President Kim Dae-jung proposed the FKTU and the KCTU to form the First Tripartite Commission (Yoon 1999: 6). This commission was established as the consultative body of the president (Ishizaki 2001: 329).

The principal subject of the First Tripartite Commission was the flexibilization of the labor market demanded by the IMF and the employers, as well as the improvement of the safety net to make labor accept the flexibilization. As for the composition of the commission, while the vice president of the ruling party served as chairman, there were 11 members from different bodies: the chairman of the FKTU, the chairman of the KCTU, representatives of the FKI, representatives of the KEF, the Finance Minister, the Labor Minister and ruling and opposition party members of the National Assembly (Yoon 1999: 6). Unlike the advisory councils in Taiwan, in the case of Korea, the participants of the tripartite commission were evenly balanced among government, labor and management.

The “Social Agreement” consists of consensus on 90 items, with the main points being: 1) Introduction of layoff system and worker dispatch system; 2) Stabilization of employment and measures for unemployment (increase of unemployment fund by over 5,000,000,000,000 won); 3) Guarantee of basic labor rights for public employees and teachers (guarantee of the

right of unions to participate in political activities); 4) Chaebol reform (measures such as strengthening of rights of minority shareholders); 5) Improvement of the social security system (measures such as the unification of medical insurance systems); 6) Price stabilization; 7) Promotion of national integration (release of labor activists from prison); 8) Overcoming economic crisis (streamlining of government organizations) (Yoon 1999: 6). While at the Taiwan's tripartite council the labor representatives dealt only with social policy issues, in Korea the government, labor and management representatives deliberated about an extensive number of fields such as industry, economic and social policies. However, the main subjects of discussion were: flexibilization of the labor market (point 1), and the improvement of the safety net (points 2 and 5).

Regarding the evaluation from the parties concerned and public opinion, according to Yoon Jin-ho (尹辰浩), government and economic organizations sustain that through this agreement it was possible to build the foundations to overcome the economic crisis; The stability of industrial relations had a favorable influence on international debt negotiations (Yoon 1999: 7).

On the other hand, labor organizations had to accept the immediate introduction of layoff system and worker dispatch system, in exchange for long-term promises such as the basic labor rights guarantee and the safety net improvement as the collateral. It was severely criticized as "paying cash and receiving a draft note" (ibid.). Agreement was rejected by the KCTU's extraordinary session of delegates and this ended in a resignation en masse of the leaders (ibid.). Then, in February 1999, the KCTU formally walked out of the Tripartite Commission. This state of affairs has continued to the present. On the other hand, the FKTU repeatedly withdrew from and returned to the Commission (Ishizaki 2001: 328).

"Social Pact for Job Creation"

Next, behind the "Social Pact for Job Creation" (February 2004), there was the expectation of President Roh Moo-hyun, who wanted a tripartite agreement prior to the general elections to be held that year in April (The Japan Institute for Labor Policy and Training 2004). The Tripartite Commission continued to hold the second term (since June 1998), and third term (since September 1999) sessions until it was made a permanent statutory body by the Tripartite Commission Law enacted in May 1999. This law established that all measures concerning employment stability and working conditions should be discussed at the Tripartite Commission before being submitted to the National Assembly (Yoon 1999: 11). "Social Pact" was, however, the first formal tripartite agreement since the "Social Agreement to Overcome the Economic Crisis" concluded in 1998.

The focus of this pact was on the demand for workers to cooperate in wage stability, and on the demand for employers to curb employment adjustments (The Japan Institute for Labor Policy and Training 2004). Though data regarding the structure of the Third Tripartite

Commission has not been consulted, if we look at the second term session, it is almost identical to the first term, except for the joining of some scholars (Yoon 1999: 11). In addition, the “Economic-Social Development Commission”, which was established in April 2007 after the Third Tripartite Commission, had almost the same structure (home page of the Commission). Thus, it is presumed that the Third Tripartite Commission also presented a balanced structure among the three parties.

“Social Pact” consist of agreement on 55 items, the main contents being as follows:

- 1) Enhancement of human resources management efficiency (for enterprises to limit staff reduction to a minimum; for labor unions to cooperate in internal labor market flexibility);
- 2) Stability of wages (for employment creation and wage gap reduction, the unions shall cooperate during the next two years on the stability of wages);
- 3) Protection of non-regular workers (prohibition of unreasonable discrimination regarding wages, working condition, education and training. priority to be formally employed);
- 4) Improvement of social safety net (expansion of the coverage of the National Basic Livelihood Security Act. efforts to eliminate “blind spots” of social insurance coverage);
- 5) Stabilization of industrial relations (prohibition of illegal acts and unfair dismissal in industrial disputes) (The Japan Institute for Labor Policy and Training, 2004; Ministry of Health, Labor and Welfare, 2004).

Below I will refer to the evaluation from the parties concerned and public opinion.

Regarding the social pact, Cho Nam-hong (趙南弘, vice chairman of the Korea Employers Federation, KEF), appreciate that “labor accepted the intention of the business that wages should be frozen” (Ministry of Health, Labor and Welfare, 2004). On the one hand, the Federation of Korean Industries (FKI) said that “the items which harm competitiveness should be reexamined” (The Japan Institute for Labor Policy and Training 2004).

On the other hand, Kim Seong-tae (金聖泰, secretary-general of the FKTU) stated: “we demand, not wage freeze, but a wage rise not exceeding the rate of productivity improvement and substantial rises in prices” (Ministry of Health, Labor and Welfare, 2004). Meanwhile, the KCTU, which did not participate in the Tripartite Commission, expressed its criticism towards the pact, saying that “the effectiveness of an agreement is doubtful if the KCTU, an organization affiliating a large portion of the workers of large enterprises, has not participated” (The Japan Institute for Labor Policy and Training, 2004).

5. Comparison of contents and effects

Should we consider that the new corporatism in Taiwan and Korea, which I outlined above, have features in common? Or, should we attach importance to the differences between both countries? Below I would finally like to examine the effects of the new corporatism after comparing the following: 1) background of the formation of new corporatism; 2) characteristics and structure of the meeting; 3) issues agreed upon; 4) evaluation from the parties concerned.

First, concerning the background of the formation of corporatism, both the Taiwan's EDAC (2001) and the Korean First Tripartite Commission (1998), coincide in the fact that they were formed as a consequence of the economic crisis. However, Korea was placed in a more serious situation, having being obliged by the IMF to accept a relief loan in exchange for a series of conditions. Probably, this fact not only urged the systematization of corporatism in Korea, but in a sense, forced the agreement. In comparison, corporatism in Taiwan was a domestic political issue, where the parties were given the choice to "not agree".

Second, as for the characteristics of the meetings, it can be noted that while in Taiwan, the two councils were each convened for one-off meetings, in Korea, the Tripartite Commission was institutionalized as a permanent statutory body. In addition, when considering the structure of the meetings, while at the Taiwan's council meetings the labor representatives were no more than a minority group, at the Korean Tripartite Commission, the labor representatives are treated as equal partners in the tripartite conferences. In Taiwan, the majority CFL, which is the legacy of state corporatism, became powerless, and the minority TCTU, which originated from the independent union movement, served as the labor representative body. In comparison, in Korea, the FKTU, which had been the national center since the authoritarian era, continued to be the representative body in tripartite conferences, and the radical KCTU broke away from corporatism. This difference can be explained by the differences in character of the government-labor relations of both countries during the era of state corporatism. The CFL in Taiwan was completely under the umbrella of the party-state system, and so it became powerless after democratization. In contrast, in Korea, before democratization, the FKTU was not completely submissive to the government, and so it retained its leading power in the labor movement even after democratization, and was able to occupy a place in the tripartite conferences.

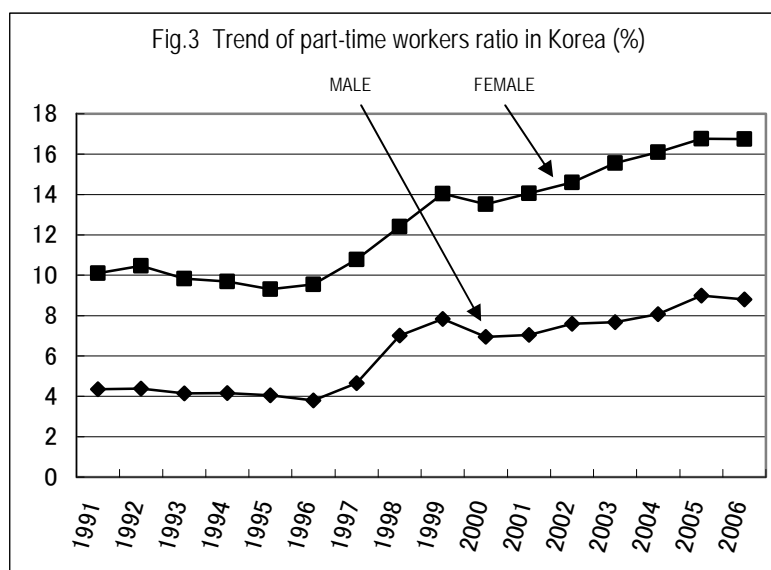
Third, concerning the agreements contents, in Taiwan only gradual flexibilization was reluctantly agreed upon. On the other hand, in Korea, an immediate flexibilization (introduction of layoff system and worker dispatch system) and the improvement of the safety net were agreed upon. In other words, it means that a "big deal" was concluded. The main reason that made this "big deal" possible is undoubtedly the unprecedented "IMF crisis". But jointly, it is thought that the participation of the FKTU, a powerful player in the tripartite conferences, had a positive influence. The FKTU kept the power to persuade its lower layers to follow the disadvantageous agreements. On the other hand, we cannot help thinking that in Taiwan, the TCTU lacked such power.

Fourth, concerning the evaluation from the parties, in Taiwan, the economic organizations expressed dissatisfaction, while the labor organizations evaluated positively the fact that flexibilization had been hindered. On the other hand, in Korea, while the economic organizations enjoyed the benefits of flexibilization, the labor organizations were desperately struggling to control the dissatisfaction within their members. In fact, the KCTU, unable to control the dissatisfaction within the organization, came to the point of breaking away from the

Tripartite Commission. Put in these terms, the “competitive” feature of new corporatism comes to light. While in Korea, where the “big deal” was successful and the economic organizations were benefited, in the case of Taiwan, the labor organizations were happy to hold out for the “small deal”.

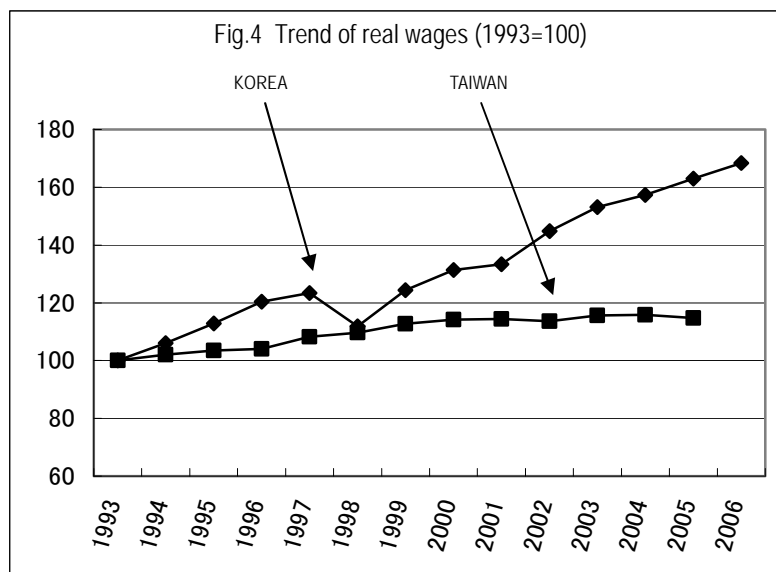
Finally, in what way has the agreement reached within new corporatism changed the labor market in both countries, or has it not had much influence? Though the issues of competitive corporatism are flexibility and wage control (Rhodes 2001), has the agreement in both countries had a substantial effect on these issues?

Concerning flexibilization, while in Korea it progressed substantially, not much change can be seen in Taiwan. In Korea after 1998, atypical employment such as part-time workers and dispatched workers increased. For example, the part-time workers (workers whose weekly working hours are under 35 hours) ratio was 7.2% (male 4.7%, female 10.8%) in 1997, but since 1998, it grew rapidly to reach 12.1% (male 8.8%, female 16.8%) in 2006 (**Figure 3**). This is thought to be the effect of the agreement approving flexibilization. In comparison, in the case of Taiwan, the ratio of part-time workers in 2006 was only 3.4% (male 3.1%, female 3.8%)⁹.



(Source) Prepared according to KOSIS.

⁹ According to DGBAS, *Report on the Manpower Utilization Survey 2006*.



(Source) For Korea: prepared according to KOSIS. For Taiwan: prepared according to DGBAS, *Monthly Bulletin of Earnings and Productivity Statistics* March 2007.

Next, though wage control was the main issue in the “Social Pact for Job Creation” (February 2004) in Korea, it did not have any effect. If we look at **Figure 4**, the increase in real wages is more remarkable in Korea than in Taiwan, and this seems not to be controlled even after 2004. Both in Taiwan and in Korea, wages are determined at the enterprise level, so agreements at the national level do not have much binding force. On the other hand, the Korean unions have a stronger negotiation power at the enterprise level using strike strategies. Consequently, wages in Korea rise sharply, and it is impossible to control even with the agreement of new corporatism.

The new corporatism in Korea and Taiwan shows a contrast that can be summarized as “big deal” (Korea) and “small deal” (Taiwan). However, even in the case of Korean tripartite negotiation, which succeeded in the “big deal”, it is uncertain whether it is functioning really “competitively”. Needless to say, it depends on one’s point of view that how one evaluates this situation.

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Yasuhiro KAMIMURA

Associate professor (sociology)

Nagoya University, Graduate School of Environmental Studies

kamimura@lit.nagoya-u.ac.jp