

The Pacific Rim Issue

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Karoshi and Converging Labor Relations In Japan and America

Scott North

Being worked to death is usually associated with sweat shops, chain gangs, or slavery, phenomena generally believed absent from so-called developed countries. In contemporary Japan, however, death from overwork is common enough that there is a special word for it. The term *karoshi* (CAR-ROW-SHE), comprised of three Japanese characters which literally mean "excessive," "labor," and "death" has received wide use in the media since it was coined by an Osaka doctor in 1982. It refers to sudden death from heart attack or stroke induced by job stress. Frequent use of the word *karoshi* in the Japanese press and its recent spread to government publications indicates growing recognition that long working hours and chronic fatigue are direct causes of workers' early death.

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Labor's Unfinished Business in South Korea: A Miraculous Ending?

William A. Hayes and Elisabeth Lamoureux

Fire and Ice

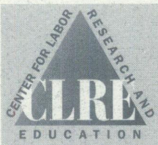
At 6 am on December 26, 1996, South Korean President Kim's ruling party gathered in secret at the National Assembly. In seven minutes, they passed four controversial bills, including a new labor bill threatening labor's wages, working conditions and the security of "lifetime employment." As Korea awoke to the news, the Korean Confederation of Trade Unions (KCTU), the dissident national union, immediately called for a general strike and an "economic political struggle." For the next three weeks in bitter cold and snow, a quarter of a million laborers protested daily against the government's attempt to "turn the clock back" to the days of military dictatorship and labor suppression. In mid-January, the Federation of Korean Trade Unions (FKTU), the rival government-supported national union, unexpectedly joined forces with the KCTU, signaling the KCTU's clear moral victory. While the general strike succeeded in slowing down the

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Letter from the Chair

Dear Friends,

Change is a constant at the Labor Center. In my tenure of almost two years, I've seen major staff changes, job titles dropped and added, old programs phased out and new programs created. Some would say it is politics, but I would argue that it reflects the ever changing atmosphere of labor globally. Workers are responding to their concerns with sophistication and the university is again becoming a key player in that process.

This is my last letter From the Chair. I am moving on to new opportunities, but intend to stay active with labor, the academic community and the Center. I have enjoyed working with all of you and although we have had some frustrating moments, the work has been rewarding. The Labor Center is financially and politically healthy and is in a good position to continue cutting edge research, programs and to respond to the issues workers face. Our advisory board is diverse and our leadership is committed to the work that lies ahead.

On January 29 and 30, 1998, the second of our series of global conferences will come together at the University. Labor leaders and academics from countries all over the Pacific Rim will converge in Berkeley to continue our dialogue of labor issues and strategies for workers across borders. Organizing, Human Rights, Trade, Worker Cooperation, and Gender Issues will all be discussed.

Other Center programs include continuing our work in the area of privatization, training and research for high performance pensions including the training of union trustees and union-management partnerships. We will continue to develop our organizing model of cooperation among the Building and Construction trades with a large training session scheduled for February, 1998. We also have contracted with the State of California to provide education and training for compliance officers and worker organizations on the issue of industrial homework in the garment industry. The center will produce two educational videotapes demonstrating industrial homework and offer assistance in complying with state regulations. In addition, we now have six graduate students working with our center that are involved in individual research projects and programs with unions in the Bay Area. With our added activity, we are now discussing the possibility of having our own research journal published by the Center.

I want to thank all those supporters who continue the work that we are committed to. Special thanks to the faculty, graduate students and labor leaders who have worked in cooperation with me in making our programs a success. Good luck to the new staff!

Bob Redlo, Chair

Hong Kong Migrant Workers on the Eve of Chinese Rule

Jason Cohn

HONG KONG—Addie Carandan was 41 years old when she left her three children, her job as a first grade teacher and her impoverished Philippine village for a good salary as a domestic helper in booming Hong Kong. Nine years later, with Hong Kong facing an uncertain future and the Philippines enjoying political stability and economic growth, Carandan is going home.

"I like Hong Kong very much, but if I can go back now and earn a nice salary as a teacher and sleep in my own bed, that is the most important thing," Carandan said.

Carandan is one of 155,000 Filipinos working in the former British colony. Most of them college educated women who work as maids and nannies in local households, they remit as much as 70 percent of their salaries to their families in the Philippines. Now, with China's resumption of sovereignty in the territory, Carandan is like a growing number who say the time is ripe to take a chance on the Philippine economy.

So far, it appears that Filipinos working here will have a choice in whether they stay or go. In May of 1997, Philippine president Fidel Ramos met with members of the incoming Hong Kong government and received verbal assurances that overseas contract workers could renew contracts with their employers after the July 1 handover of Hong Kong to the People's Republic of China.

That news comforted many, but others here remain edgy about the change of government. Although workers often feel close—even like family—with their employers, they say the Chinese government wants to replace them with unemployed workers from the mainland and can't be trusted to protect the rights of migrant workers from other Asian countries. Already, they say, it has become more difficult to find new employment after a contract ends.

"The Chinese don't care what happens to us. Look at how they treat their own workers," Carandan said. "It will be their country," added a friend. "They will do whatever they want with us."

But the decision to leave is anguishing. Workers mob Hong Kong's Central District each Sunday to share their one free day together—exchanging photographs and stories from home. They estimate the salary of a domestic worker in Hong Kong at twice that of a teacher or nurse back home. The men—many of them engineers, computer programmers, and skilled laborers—say salaries in their field in the Philippines can't compete with what they get as office assistants, gardeners, or drivers for wealthy Hong Kongers.

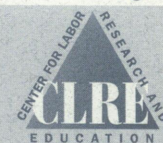
But many Filipino workers here express a guarded optimism about conditions back home. Communist and Islamic insurgencies have grown rare and, according to the *South China Morning Post*, the economy is projected to grow by 6.1% of GNP this year, making the island nation once again attractive to investors.

How Filipino migrant workers view circumstances at home is important because the four million Filipinos under contract in places like Hong Kong, Singapore, Japan and Saudi Arabia are still the largest source of foreign exchange for the country. Workers remit as much as \$16 billion back to their families every year, and one quarter of all Filipinos are dependent on a relative working abroad.

In recognition of their suffering and their contribution to the Philippine economy, President Ramos has praised overseas contract workers as "national heroes." He has also touted his plan to repatriate workers—a plan that includes guaranteeing jobs for returnees and doubling teachers' salaries.

For Carandan, promises like these are an invitation home. "I am very proud of my country," she says. "When I left, the salary of a teacher was 3,000 pesos (\$122 per month). Now it will be 10,000 pesos."

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LABOR CENTER CO-HOSTS IRR/NLRB PROGRAM

On September 26, 1997, the Labor Center collaborated with the Industrial Relations Research Association, and the National Labor Relations Board to present a Conference on Labor and Employment Law: Redefining the Workplace, the Workweek, the Workday and Pay. After an overview speech on recent developments at the NLRB by Region 32's Director, James S. Scott, Judith Barish from the California Labor Federation and Michael Capples from Jackson, Lewis, Schnitzler and Krupman discussed proposed changes to the Fair Labor Standards Act and to California's Daily Overtime orders. Their panel: "9 to 5: Comp Time, Overtime and Flex Time" debated employer and labor perspectives on changes to the workweek and the workday.

In the second panel of the day, Amy Dean, CEO of the South Bay Labor Council explained her new organizing strategies for contingent workers. She spoke with Barbara Creed from Pillsbury, Madison and Sutro and Morton Orenstein, from Schacter, Kristoff, Orenstein and Berkowitz on a panel entitled "An Identity Crisis: The Contingent Workforce." The panelists debated the application of the joint employer doctrine to subcontracting or temporary agency relationships and the multi-employer bargaining unit principles when a temporary agency places workers in multiple workplaces.

Anyone interested in copies of the papers presented should contact Kirsten Snow Spalding at: 510-643-6815.



Labor in the Global Economy: Working in the Pacific Rim

The aim of our conference will be to encourage cooperation among academia, labor leaders, community groups and government. Its principle goal will be to allow for a free exchange of ideas between labor representatives and faculty in the Pacific Rim so as to establish cooperation for the future. We will be addressing such themes as human rights, organizing, collectivizing bargaining, global trade, labor migration, and gender issues.

Collaborating International Faculty

Australia

Professor Ray Markey
Labour Market and Regional
Studies Centre
University of Wollongong

Associate Professor Chris
Nyland
Director of the International
Business Institute
University of Wollongong

New Zealand

Professor Nigel Haworth
Professor of International
Business
University of Auckland

Dr. Stephen Hughes
Lecturer in Comparative
Labour Relations

Japan

Dr. Yoshifumi Nakata
Doshisha University
Kyoto

Japan,

Continued from page 1

This article reviews several *karoshi* cases in Japan to show how work practices, job stress, and health are related. Despite differences, the convergence of Japanese and American work practices in response to the pressures of global competition may foreshadow the emergence of *karoshi* in the United States.

Corporations claim that intensified global competition is behind increased productivity demands. Other observers say it is corporate greed. Whatever the causes, the results for companies and employee well-being are serious. In the US, job stress is estimated to cost more than \$200 billion a year and causes more than a million employees to miss work each day. At least 75 percent of workers' visits to primary care physicians are for stress-related problems. In Japan, long working hours (including some amount of unpaid overtime) are a well-established norm of corporate life, and the loyalty of Japanese corporate warriors is in part evaluated by the sheer number of hours they are willing to devote to their jobs. In America, recent attacks on existing restrictions on hours of work and proposed changes in how overtime is calculated could contribute to the production of similar norms, eroding vulnerable workers' health and the quality of American work and family life in general.

***Karoshi* in the Context of Japanese Labor Relations**

It is important to note the distinctive context of Japanese *karoshi* cases. First, Japanese unions tend overwhelmingly to be "enterprise unions" which depend heavily on their firms for various kinds of financial and material support. Union leaders, if they are not too radical, often move up into the lower white-collar ranks. Such unions emphasize cooperation with management and facilitate a paternal "firm as family" ideology in which labor-management confrontation is difficult.

Second, overtime, though only compensated at time and a quarter, still provides an indispensable amount of income for many Japanese workers. They do not object to putting in some unpaid overtime as long as they can get enough paid overtime to make up for relatively low base pay. Working without pay also demonstrates selfless loyalty, a prerequisite for staying on track toward "lifetime employment" with a single firm. Salary and other rewards are manifestly greater for employees who can last out their careers with a single company. Contrasted with the risks inherent in changing jobs, the plum of lifetime employment is very attractive, and it engenders ever fiercer competition for the diminishing number of lifetime jobs available to workers as they move up the promotion ladder.

Finally, even those workers who are not in the race for lifetime employment find that workgroup peer relations, production quotas, and management pressure combine to make it difficult for them to slack off on the job or take all of their allotted vacation time. A 1994 insurance company poll of Tokyo office workers underscored the magnitude of the problem: nearly half those interviewed said that they fear dying from *karoshi* and nine percent said it was "likely" their work would kill them. Despite awareness of the danger, Japanese

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workers sometimes find it hard to resist the effects of work practices on their health until it is too late.

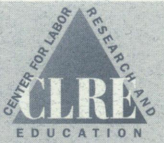
Recognizing *Karoshi*

Public recognition of the job stress—health relationship in Japan is largely the result of a nationwide coalition of lawyers, academics, labor activists, union members, doctors, and victims' families called the National Defense Council for Victims of *Karoshi* (NDCVK). Since 1988, the NDCVK "*karoshi* hotline" has received more than 4000 calls. However, it is estimated that there are 10,000 annual fatalities caused by overwork in Japan. The NDCVK feels that litigation is the only way to publicize working conditions in individual Japanese firms and raise public consciousness of their harmful effects. NDCVK litigation and subsequent judicial criticism resulted in reforms to Ministry of Labor guidelines for compensation in *karoshi* cases in 1990 and 1994. Since 1994 the number of *karoshi* claims compensated has more than doubled and now stands at about 10 percent of those filed. Still the process remains long and favors employers, who generally hold the key documentary evidence and can use subtle intimidation to prevent remaining employees from testifying about actual work practices. Actual Japanese labor practices are corporate secrets seldom revealed to corporate outsiders.

Three Key *Karoshi* Cases

Three landmark *karoshi* cases illustrate worst-case Japanese work practices. The first recognized *karoshi* case was that of Hiraoka Satoru, a 48-year old factory foreman whose heart problems were known to his company from annual physical exams since he was 45. Despite this, because of his technical expertise the 28-year veteran of the firm was kept in a position that required bi-weekly rotation between 12-hour day and night shifts, planned overtime which exceeded the maximum allowed by the union's agreement with the firm, and frequent double shifts to meet production quotas. This case established that corporations have a responsibility to take the physical abilities of individual employees into account when making job assignments. Purposeful chronic understaffing forced Mr. Hiraoka to be both foreman and production worker on the micro-ball bearing line that was the most profitable division of the firm. In the year prior to his death in 1988, he had only eight days off and had put in nearly 4,000 paid hours.

The firm's union could not protect Mr. Hiraoka from this abuse. It had negotiated an overtime agreement that allowed a maximum of 110 monthly hours of overtime with as much as 15 hours permitted on a single day—which could amount to a legal 24-hour workday. Documents produced at the trial proved that the firm knew the production quotas were impossible and had knowingly scheduled tens of hours of overtime more each month than permitted by the agreement. Unable and unwilling to lose seniority and accrued benefits by moving to another firm, Mr. Hiraoka could not resist management pressure. He invariably reported to work when called, even on holidays and scheduled



High Performance Pensions: Multi-Employer Plans and the Challenges of Falling Pension Coverage and Retirement Insecurity

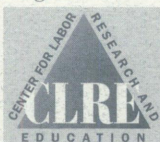
September 4-5, 1997

Over two days of intensive workshops and plenary sessions, trustees, academics, investment professionals and union leaders developed the conference theme: *pension trustees can be activists for mobilizing labor money towards building local economies.*

Plenary speakers, Bob Georgine, President of the Building and Construction Trades Department, Leo Gerard, International Secretary of the Steelworkers, Morton Klevan from the Department of Labor and Professors Teresa Ghilarducci and Michael Reich's "High Performance Pension" analysis built the case for how pensions can make a difference in the economy and still provide secure retirements.

Six workshops explored the ways that trustees can be "capital stewards," for example utilizing shareholder communication and resolutions, proxy voting, and economically targeted investing. In every workshop panelists and participants discussed the barriers to becoming activist trustees (lack of trustee education, control by the investment professionals, prohibitions of ERISA, and bargaining relationships that thwart activism).

To purchase a copy of the conference materials contact the Labor Center at 510-642-0323.



Did You Know?

AVERAGE GROSS WEEKLY EARNINGS

(non-supervisory workers)
June 1996..... \$424.03

REAL AVERAGE WEEKLY EARNINGS

(in 1982 dollars)
1972.....\$315.44
May '97.....\$260.14
A loss of 17.5% since '72

MEDIAN WEEKLY EARNINGS

(full-time workers, 1stQtr '97)
All workers.....\$504
White.....\$519
Black.....\$399
Hispanic.....\$349

CORPORATE PROFITS

(aft tax 1stQtr ann rate) (bil \$)
1996.....\$408.8
1997.....\$426.5

UNION V. NONUNION

(Average Weekly Wage, 1996)
Union.....\$615
Non-Union.....\$462

STRIKES & LOCKOUTS

Involving >= 1,000 workers.
1974 (peak).....424
1996.....37

UNION MEMBERSHIP

Total (1996).....16.3million
(14.5% of total work force)
Private Sector.....9.4million
(10.2% of private work force)
Public Sector.....6.9million
(37.7% of public work force)

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"Economic Notes", July-August
1997.

Japan,

Continued from page 5

days off. After a seven year battle, his wife and two children were awarded \$550,000 in a court-mediated settlement.


Next, we have the case of Kamei Shuji, a talented stock broker whose 15-plus-hour days were idealized by his firm in company training materials for new employees. His fatal heart attack in 1990 at age 26 was the first case of *karoshi* in which unpaid or "service" overtime was confirmed as a cause of death. After rising quickly to become a top salesman in his firm, Mr. Kamei was personified in ranking charts and company newspapers as the standard against which other salesmen would be measured. Though he was young and thought himself unworthy of the responsibility, he was compelled to give lectures on his sales technique and to mentor and train less productive salesmen. This created stress between Mr. Kamei and his seniority-conscious co-workers. His workgroup and his branch office, however, relied on him to make up for unmet portions of their sales quotas. Though even in good times his 90-hour per week schedule was unhealthy, the collapse of Japan's bull market in 1989 led Mr. Kamei to put in even more time at work. The stress of trying to perform at pre-crash levels in a declining market was compounded by the responsibility he felt to his customers, many of whom invested and then lost large sums due to his advice. Five years after his death, a settlement was reached and his family began receiving workers' compensation payments that amount to less than half his annual income.

Finally, there is the case of a 24-year old employee in Japan's largest advertising agency whose unreasonable schedule, work load, and harsh bosses pushed him into depression and then suicide just two years after joining the firm in 1990. Job demands forced him to work all night and at times he had to sleep in his office to be ready to work again the next morning. In March 1996, the Tokyo District Court ordered Dentsu Inc. to pay the worker's family approximately \$1,000,000 in compensatory damages, the first time that corporate liability for a *karoshi* suicide has been established. The amount of the award is quite high for a Japanese settlement and indicates the degree to which the court found coercive and intimidating corporate practices to be implicated in the worker's death. Though only binding on the immediate parties to a suit, these and other similar decisions clearly establish a legal trend that employers and bureaucrats must consider.

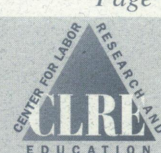
Can it Happen Here?

American workers can and do change jobs somewhat more easily than their Japanese counterparts, and American unions and laws do a better job of protecting American workers from employer abuse. Downsizing, however, has led to intensified work regimes and increased use of non-union part-timers. As the figures above indicate, job stress already has serious repercussions in the US. And now, as conservatives push to eliminate current overtime provisions and scrap the 40-hour week in the name of flexibility," we are simultaneously seeing a decline in permanent jobs that pay a family wage. That all this is taking place in a period of economic expansion should

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be cause for alarm. Even though the current boom continues, competition to hold on to real jobs is escalating, replicating many of the same conditions that breed *karoshi* in Japan. The impact on US families is already significant. What steps can we take to prevent *karoshi* here? Harvard labor economist Juliet Schor suggests we look to past experience as a guide; the six-hour day at Kellogg's, for example. There we find that the antidote to *karoshi*—shorter work hours and regular vacations—not only improves workers' health and family life, but increases productivity, too. 

Scott North is a Doctoral Candidate in the Department of Sociology at U.C. Berkeley. The recipient of a Japan Foundation Fellowship, he is currently in Japan doing research for a dissertation about work, family, and contemporary Japanese fatherhood.



“Union-Management Partnerships: Models, Skills and Pitfalls”

In May 1997, the Labor Center hosted its second conference on partnerships.

In highly interactive *Pitfalls* workshops the conference participants identified some common problems in starting and maintaining successful partnerships. Working with UC Berkeley professors and experienced partnership facilitators, the participants explored solutions to some of the common problems. The essential conclusion of the conference is that there are no prescriptions for creating or maintaining successful bargaining relationships; but by sharing experiences, labor and management practitioners have an opportunity to learn from one another's successes and failures.

The conference materials, *Lessons from the Union-Management Partnerships Task Force: How Public Sector Partnerships Work (and Don't Work) and Some Thoughts on How to Improve Them*, record a year's discussion among four different public sector partnerships. To purchase a copy of this booklet, contact the Labor Center at 510-642-0323.

Labor in the Global Economy

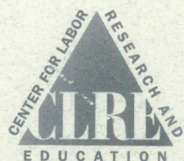
Working in the Pacific Rim



The Center for Labor Research and Education, Institute of Industrial Relations, in cooperation with other international and research centers at the University of California, Australia, New Zealand, and Japan, and labor organizations in the Pacific Rim and in the Bay Area, presents a conference to open dialogue between labor leaders in the United States and labor leaders from other countries in the Pacific Rim.

The conference aims to foster cooperation among academia, labor leaders, community groups, and government officials through dialogue, presentations, and seminars.

Save **January 29-30,**
The **1998**
Date



For more information, contact Jacob Ely at 510.642.0323 or e-mail jaely@uclink4.berkeley.edu. Full brochures will be sent out in November 1997.

California Labor Welfare Summit

The **California Labor Welfare Summit** on September 27, 1997 was convened by the Labor Center, the California Labor Federation, the National Lawyers Guild, Californians for Justice and the Fair Share Network. The Summit was a forum for workers, labor leaders, welfare recipients and advocates to educate each other about the impact of welfare repeal and to jointly strategize about how to overcome it.

Following the Summit, the Labor Center convened an ongoing labor-welfare task force of labor leaders, welfare rights advocates and academics to begin policy research to support the development of labor's response to the repeal of welfare legislation on the state and federal levels. To participate in the task force, call Kirsten Snow Spalding at 510-643-6815.



Labor Center Publications

California Workers Rights: A Manual of Job Rights, Protections and Remedies (2nd Edition)

Braconi, Alan Nicholas Kopke
1994, 250 pages, \$14.95

Can They Just Fire Me? Public Employees' Right to Due Process

Steve Diamond,
1985, 52 Pages, \$1.00

Hey the Boss Just Called Me Into the Office: The Weingarten Decision and the Right to Representation on the Job

Steve Diamond
1986, 22 Pages, \$1.00

What to Do When You Get Burned by the Press

Matt Bates
1992, 32 Pages, \$5.00

Labor Education Week: Bringing the Labor Movement to the Schools

Alice Burton
1990, 72 Pages, \$7.00

Research Pamphlet: The Minimum Wage Debate

Lea Grundy, Kirsten Snow
Spalding, Robert Redlo
1996, \$5.00

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South Korea,

Continued from page 1

economy (over \$3.15 billion in lost revenue), its true gain came in March 1997 when the government was forced to revise the labor bill.

This national crisis raises several questions: why must Korean labor still fight for basic labor rights under a self-proclaimed democratic regime? What accounts for the government's reactionary response? And what does this event portend for future labor relations in Korea?

A Modern Miracle?

Located on a peninsula between China and Japan, Korea remains a separated nation of 48 million in the South and 23 million in the North. Since US troops first divided Korea between a communist North and a US-backed South at the end of World War II, South Korea has undergone amazing changes. For some Americans, South Korea is the devastated country of the Korean War (1950-53), while for others, South Korea is the land of the '88 Olympic Games. How did this devastated country emerge in only 45 years to become the ninth largest exporter in the world, the fifth largest market for US goods, and a member of the World Trade Organization (WTO) and the Organization of Economic Cooperation and Development (OECD), two of the most powerful international agencies regulating world trade?

The short and deceptive answer is: "the South Korean economic miracle." Following a military coup in 1961, the new president, General Park, launched a series of five-year plans to encourage industrial exports with favorable government loans and tax incentives. This export policy was made possible by the government's close and dominant relationship with a few privileged firms. These family-owned conglomerates, familiar to Americans under such names as Hyundai, Samsung, Lucky Goldstar and Daewoo, flooded Western markets with low-cost goods (footwear, textiles and electronics) in the 1970s, only to move on in the 1980s and displace Japan and the US in low-end automobile, TV and computer manufacturing. However, there was nothing miraculous about this rapid industrialization, nor did it come cheap!

The Cost of "Miracles"

Since the 1960s and Park's industrialization push, Korean labor has faced continuous legal, organizational and physical coercion from the government-business coalition. As early as 1961, the Korean-CIA created the KFTU to monitor and control labor organizations within each company; it did so with ruthless efficiency for the next 25 years. This organization, backed by combat police and company-hired thugs, maintained a disciplined, low-wage labor force to produce Korea's comparative price advantage in international markets. Perceiving organized labor as a political threat to economic growth, the government revised labor laws (1963, 1971, 1973, 1980) and made partial use of the anti-Communist, anti-North Korean National Security Law to target Korean labor and prohibit independent unionization, collective bargaining and strikes.

Korean labor laws remain, in fact, a relic of a bygone era. The Trade Union Law (1953), the Labor Dispute Adjustment Law (1953) and the Law on Assembly and Demonstration (1962) were drafted at the end of the Ko-

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rean War and during the early days of military dictatorship. They enforced a limit of one union per company, prohibited third-party intervention in disputes, banned unionization among State and semi-State employees, and barred unionized political activity.

Thus, under such slogans as "development first and redistribution later," the government-business coalition pushed labor to its limits. Women, in particular, were at a disadvantage. In the 1970s, young unmarried women not only made up the majority of the light industrial work force, but actually formed the backbone of the "miraculous" electronics, textiles and footwear industries. While garnering half of male wages, they worked longer hours under more strenuous conditions than men, and were (and still are) vulnerable to physical and sexual abuse. Ironically, in the face of such constraints and at the height of the military regime in the 1970s, these women emerged at the forefront of the labor movement and challenged the government-business coalition.

By the early 1980s, another military president, General Chun, further tightened labor regulations, and labor, with little recourse to legal protest, found itself at the mercy of management. In 1986, wages remained particularly low (\$1.39/hr.), especially compared to Taiwan (\$1.67) and Hong Kong (\$1.89). In 1987 South Korean labor also worked the longest hours in the world (54 hours/week) and suffered one of the highest industrial accident rates. This grim reality led the Korean Development Institute, the government's own think-tank on economic and social development, to conclude that the majority of workers earned less than the minimum necessary to live!

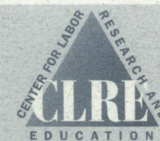
Despite such political suppression and economic hardship, Korean workers actually managed to organize and push for a political opening in the 1980s. This opening came in the summer of 1987 when a coalition of students, religious dissidents, opposition politicians, farmers and laborers formed a national movement for democratic reform. This movement forced the repressive military dictatorship's transformation into a parliamentary democracy. Emerging from the military shadow, 1.3 million workers participated in over 3600 strikes (compared to 276 in 1986) in 3300 work sites and organized 1200 new unions. As a result wages increased, working conditions improved, collective bargaining rights were recognized, and a dissident national labor union (KCTU) was formed. By the early 1990s, the strength of Korean trade unions at the company level had also increased with one full-time union official for every 220 union members (compared with one per 600 in Japan and one per 1500 in Europe).

Although these improvements occurred in the midst of democratic reforms, labor relations suffered setbacks and renewed government interference. Indeed, while long-time opposition politician Kim Yong Sam was elected in 1992 to the first civilian presidency in 30 years and ushered in a year of high-profile financial, government and military reforms, his regime quickly slid into four years of scandal, economic crisis and authoritarian leadership. This culminated in the December legislation that provoked labor's militant and cold determination.

Turning the Clock Forward

Kim's reluctance to engage in labor reforms lies in the dynamics of

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Labor Project for Working Families

"Work, Family and the Labor Movement", by Lea Grundy and Netsy Firestein of the Labor Project for Working Families.

This report, part of the Radcliffe Public Policy Institute's Changing Work in America Series, describes labor's efforts, through legislation and collective bargaining, to expand policies to help working families. The report focuses on labor's achievements at the bargaining table, detailing successful efforts to expand childcare, elder care, parental leave and flexible scheduling. To order, send \$10.00 to Radcliffe College, Publication Orders, Radcliffe Public Policy Institute, 69 Brattle St., Cambridge, MA 02138. Or call (617) 496-3478.

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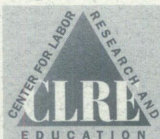
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globalization, a phenomenon faced by many newly industrialized countries. For Korea, globalization means government support for infant domestic industries and overseas Korean firms, while bowing to US pressure to open domestic markets. With a decline in economic growth and a trade deficit ballooning past the \$20 billion mark, responsibility for the economic crisis has largely been placed on labor's shoulders, as wages have increased at a yearly average of 15% over the past decade while productivity gains have barely managed 11%. Thus, the government played on recessionary fears to justify their legislative sneak attack last December.


The purpose of this legislation was to legalize layoffs, introduce flexible work hours, allow firms to replace strikers, eliminate labor union employee payments and maintain the existing ban on free union association into the next century. The laws were unmistakably designed to empower the family-owned conglomerates, enabling them to increase "competitiveness" in the changing economic climate. Beyond the "competitive" rhetoric, however, the irony of the palpable tension between the government-business coalition and labor derives from a new generation of cheap Southeast Asian and Chinese labor undercutting the previously world-renowned disciplined and cheap Korean labor. Although the Korean economy must transform itself today and upgrade into high-wage, high-technology industries, the conglomerates, rather than addressing their own costly role in this process, have chosen to target the "thorn in their flesh" and appeal to the government for more legislative reforms.

Long anticipating this strategy, labor has targeted legal reform as a critical front to overcome in its struggle with the government-business coalition. Building upon the women's struggles of the 1970s and the unionization movement of the late 1980s, the rise of the militant KCTU over the past ten years was but the latest attempt to challenge the government-sanctioned national union, the FKTU. Now that Korea has joined the ranks of middle income countries and international regulatory agencies (ILO, OECD and the United Nations), labor and the KCTU, in particular, are using Korea's newly acquired international status as a political lever both to block reactionary attacks like that of last December, and to push the government-business coalition to adopt internationally recognized labor standards and practices. Under the revised labor laws of March 1997, for example, labor has gained the right to form more than one umbrella union group, the right to form multiple unions at work sites in 2002 and the lifting of the ban on third party mediation. But labor lost in its bid to block companies from laying off workers under ill-defined "managerial emergency situations." Also, companies no longer have to pay striking workers, and their payment of union leaders will be phased out by 2001. In other words, Korean labor unions have gained financial independence from their companies, but at their own expense.

Into the New Century

For the remainder of this year, Korean workers will respond to national fears of recession with caution and sit-down negotiations. The Fall presidential campaign and elections will take center stage with labor debating whether to push for an independent presidential candidate and risk legal

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repercussions, or adopt a wait-and-see attitude to the newly elected regime. In either case, labor, along with Korea, must adjust to slowing economic growth and its consequences. While labor can be expected to push for wage increases and benefits, the government-business coalition will continue to maintain an uncompromising position. Barring North-South reunification or future government attacks, Korean labor will not be able to reassert itself on a national scale before the new century. 

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Hong Kong,

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10,000 pesos is still 20 percent less than her current salary as a domestic worker in Hong Kong where she also receives free room and board. But she says the cut in pay means little compared to what she gave up when she left home. "We sacrifice everything— our professions, our families, our country. I even sacrificed my beauty!" Carandan laughed. "But I do all these things for my children, to give them a better life."

But when Carandan returns to the Philippines, the promises of the Philippine government may turn out to be pie in the sky, according to Remy Borlongan of the Asian Domestic Workers Union.

"Ramos says he will have jobs for all returning teachers and nurses. But what about the thousands of young students who graduate every year? Will they then be unemployed?" On the contrary, Borlongan says, workers who have spent years abroad working at jobs below their skill level will not be competitive in the Philippine labor market, where unemployment hovers around 18 percent.

Jeremy Cajiua of the Friends of Filipino Migrant Workers agrees. His organization aids in repatriating overseas contract workers ("OCW"). Although the investment climate may be improving for the wealthy in the Philippines, returning workers are not given enough support in terms of retraining and job placement, he says.

"When OCWs are repatriated they can only take classes like soap making and flower cutting," he said. "There are some computer classes, but only word processing— no programming or software development."

Borlongan and Cajiua call Ramos' promises "lip service" to the overseas contract workers. With one out of every sixteen Filipinos working abroad, overseas contract workers and their dependents are a powerful constituency.

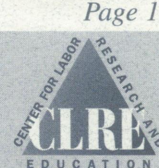
"When you run for national office in the Philippines," Borlongan said, "you campaign in Hong Kong."

Ramos' campaigning in Hong Kong might be paying off with Philippine workers. Ronald Bausa, 32, is a chemical engineer from Mindoro in the Philippines who now earns twice as much driving a car in Hong Kong than he earned back home. He says he is considering returning to the Philippines to start a business.

"It's all a gamble," said Bausa. "Do we take a chance and go back to the Philippines and hope that we can make a great success in the new economy, or do we stay here where we know we can make a good salary and send remittance home every month?"

Bausa's friend Matteo Dimaano, 35, an electrician who works as an office

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Hong Kong

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assistant for an American businessman says starting a business is always a gamble.

"When I talk to my friends in the Philippines, they say the economy is improving," Dimaano said. "After I save some capital I prefer to go back and make a business for my family."

Investors are looking closely at the Philippines according to Raymond Tang of Asia Pacific Financial Consultants. And the influx of returning overseas contract workers with money to invest in small local businesses is a welcome development, he said.

"It creates employment, brings capital into the economy, and creates all kinds of collateral improvements for the country," Tang said.

Bausa says he must make his decision based on what is best for himself and his family. "Sure I can go back to the Philippines and help my country," he said. But if I go back will the government help my family?"

For 50-year old Virgie Santiago, returning to her native Tarlac province after six years as a domestic helper has everything to do with building the local economy. Her family owns a small pig farm and when she returns in September, she will build a meat processing plant to produce hams and sausages.

"I think the business I'm planning is good for the community," Santiago said. "It's important to have jobs and food. We don't need luxury."



Jason Cohn is a freelance journalist, working in print and video in the Bay Area. He has lived in East Asia and has written about Japan, Hong Kong and the Philippines. In his spare time, he is a candidate for master's degrees in Asian Studies and Journalism. This article was written in June of 1997, just before the July 1 handover of Hong Kong to the People's Republic of China.

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