

Overturing the Iron Law of Wages  
– The minimum wage campaign in Korea

AELIM YUN

ABSTRACT

This paper will deal with unions' fights for higher minimum wage in order to reduce inequality within and among classes in the South Korea. After the economic crises in 1997 and in 2009, Korea has become one of countries where inequality of income was exacerbated drastically. Faced with those global economic crises, Korean Government has pushed away with deregulation on financial markets and corporate activities and pursued labour market flexibilization. These policies resulted in a business recovery on the side of big exporting corporations, but on the other side, labour income has been stagnant. For example, a growth rate gap between corporate profits and labour income amounted to seven times during the period of 2000 – 2010. A wage gap between regular workers and precarious workers has also increased. The average monthly wage of precarious workers who amount to 46.1 per cent in the whole ones is merely half of that of regular workers.

Against this backdrop, Korean trade unions have attempted to improve the legal minimum wage system and to organize precarious workers since 2000s. This paper will explain how the issue of the minimum wage has become a top agenda of the Korean Confederation of Trade Unions (KCTU) and will examine the strategies and challenges as follow:

Firstly, the KCTU has made effort to raise the wage level of small-sized firm workers and precarious ones whose wage was fixed at the minimum wage level. The union density among precarious workers is merely 2.1%, and 40 per cent in them is paid below minimum wage level. In Korea, most collective bargaining has been done at workplace level and collective agreements are usually applied to union members. By fighting for higher minimum wage, the KCTU has nationally represented the interest of unorganized precarious workers and built a physical ground for solidarity between organized regular workers and unorganized precarious ones.

Secondly, trade unions that are affiliated to the KCTU have attempted to organize precarious workers who are affected by the minimum wage system. For example, unions that organize agency workers and precarious workers of small subcontractors in industrial complex have campaigned for “the living wage” beyond the legal minimum wage. In public service sector, unions have fought to establish municipal ordinances to guarantee the living wage for precarious workers. Through these fights, unions have tried to empower precarious workers as the active subject of labour movement.

Thirdly, the KCTU has set the minimum wage system as a political agenda by building coalitions with civil society organizations. Korean Government has traditionally controlled a wage increase, and

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pushed trade unions into accepting pay cuts under the global economic crises. The amount of the minimum wage is decided every year by tripartite council, in which a demand for the living wage has always confronted oppositions from the Government and the capital. Against this, unions and social movement organizations have built a social and political consent for the improvement of minimum wage system by disclosing the actual conditions of the working poor and the non-compliance with law by employers. The higher minimum wage campaign is one of the most successful fights whereby the KCTU gained representativeness despite low union density.

In this paper, I will combine participant observation and analysis of union documents. Through this field research and theoretical review, this paper will analyze the labour market institution and political discourse to maintain the low wage system, and will explore a chance and strategies for unions to reduce inequality and to gain political power.

**Aelim Yun** is Teaching Professor of labour and social security law at the Korea National Open University. Since 1999, she has worked as an activist and union educator for organizing precarious workers in Korea. She served as Coordinator of the Korean Committee of Precarious Workers Unions and as an Advisory Committee Member at the National Human Rights Commission of Korea. She was a visiting scholar at the International Institute for Labour Studies of the ILO in 2006. Her research focuses on the union strategy for organizing precarious workers including subcontracted, temporary agency workers and economically dependent workers. She also seeks to extend workers' rights and labour protections beyond employment relationship and corporate boundaries. Recent publications include Yun, A (2011), Building collective identity: trade union representation of precarious workers in the South Korean auto companies, *Labour, Capital and Society*, vol. 44, no. 1, pp.155-178 and Yun, A (2013), Organizing workers beyond an employment relationship: a case of independent drivers in road freight transport, in: Bhowmik, Sharit K.(ed.) (2013), *The State of Labour: The Global Financial Crisis and its Impact*, Routledge, pp. 129-157.

\* aelimyun@hotmail.com

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### 1. INTRODUCTION

Minimum wage policy is a universal institution to deal with low-wage work in the majority of countries. According to a research done by the International Labour Office, more than 90 per cent of ILO member States have statutory or collectively agreed minimum wages (ILO 2008). The statutory minimum wage system was enforced in 1988 in the Republic of Korea, which ratified the Minimum Wage Fixing Convention, 1970 (No. 131) in 2001.

There occurred debates about the impact of statutory minimum wage on employment and working conditions for decades. Neoclassical economics considers minimum wages as inherently distorting and undermines the employment prospects of workers in low-paying jobs. However, predictions regarding the negative employment impact of minimum wages appear not to have been borne out (Hurley 2007). For example, a review of the empirical analysis of different minimum wage schemes referred to in OECD literature suggests that, while the employment effects of minimum wages are overall very marginally negative, there is some evidence for positive employment effects in certain scenarios (Gregg 2000). The UK's Low Pay Commission, in its 2007 annual report, could find 'no evidence demonstrating that the minimum wage has had a significant adverse effect on employment since its introduction' in 1997 (Low Pay Commission 2007).

Trade unions tend to be enthusiastic advocates of minimum wages and press for higher minimum wage levels, subject to regular revision and allowing as few exemptions as possible (Hurley 2007). There, nevertheless, arose issues around the effect of statutory minimum wage on income equality as follow.

First, minimum wage system alone is not sufficient to guarantee a living or to reduce an income gap as the level of minimum wage is usually low in many countries. According to a research done by the ILO, the level of minimum wages relative to average wages vary widely across countries, but that there is a relatively high frequency at around 40 per cent of average wages (ILO 2008). While the minimum wage has proved to be efficient at controlling the development of wage inequalities, its impact on the control of income inequalities has considerably declined over recent decades. This weakening is due to rising unemployment and the growing diversity in working times and in family situations (Rodgers/Rubery 2003). Especially for part-time workers and workers in other precarious form of employment, the minimum wage on its own is insufficient to constitute a living wage (Hurley 2007).

Second, it has been argued that statutory minimum wage system would weaken the collective bargaining system and would be potentially detrimental to the collectively agreed wage system. Unions and national union federations that are strongly entrenched, with highly developed collective bargaining and high density are skeptical of government involvement in the wage-setting process generally, arguing that it will tend to weaken their structure and membership mobilisation

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(Schulten/Watt, 2007). Faced with the declining union density, however, more and more trade unions among such countries have changed their attitude towards a statutory minimum wage. In Germany, for example, after a long and controversial internal debate, the DGB has decided to call for the introduction of a statutory minimum wage as a complementary instrument to collective agreements, since declining bargaining coverage has become a major cause of the strong increase in the numbers of low paid workers ((Schulten/Watt 2007). By contrast, according to a research conducted by the ILO, the systems with multiple minimum wages that prevail in African and Asian countries have been observed to crowd out collective bargaining (ILO 2008).

Third, it has been pointed out that minimum wage system did not function effectively to reduce income gap within and among classes. Globally, over the period 2001- 07, more than 70 per cent of the countries increased their minimum wages in real terms. Compared with GDP per capita, however, minimum wages have remained stable in developed countries and have declined globally (from 68 per cent to 60 per cent) (ILO 2008).

This paper will deal with unions' fights for higher statutory minimum wage in order to reduce inequality within and among classes in Korea. After the economic crises in 1997 and in 2009, Korea has become one of countries where income inequality was exacerbated drastically. Faced with those global economic crises, Korean Government has pushed away with deregulation on financial markets and corporate activities and pursued labour market flexibilisation. These policies resulted in a business recovery on the side of big exporting corporations, but on the other side, labour income has been stagnant.

Against this backdrop, Korean trade unions have attempted to improve the statutory minimum wage system and to organize precarious workers since 2000s. This paper will explain how the minimum wage has become a top agenda of the Korean Confederation of Trade Unions (KCTU) and will examine the strategies and challenges as follows:

First, this paper illustrates how the minimum wage campaign has developed with a view to improve the level of wage for the whole labour, despite low union density and decentralized collective bargaining system as in Korea.

Second, it is examined how trade unions have attempted to organize precarious workers the majority of whom paid close to the minimum wage, and to empower them as the active subject of labour movement.

Third, this paper explores a strategy of trade unions to challenge practices whereby a minimum wage would become a 'standard or maximum wage' for low wage jobs, and to connect a statutory minimum wage with collective bargaining.

In this paper, I combine participant observation and analysis of union documents. Through this field research and theoretical review, this paper analyses the labour market institution and political discourse to maintain the low wage system, and explores a chance and strategies for unions to reduce

inequality within and among classes, and to vitalize collective bargaining as well as wider social fights for decent work.

### 2. WAGE POLICY AND MINIMUM WAGE SYSTEM IN KOREA

#### 2.1. Economic crises in 1997 and 2008 and the structural change in labour market

Since widespread labour protests in 1987, a new independent trade union movement with rank-and-file militancy has developed in Korea, breaking the Government-controlled industrial relations system. It weakened authoritarian industrial relations based on low-wage and barrack-like control (Koo 2000). Faced with mass resistance to low wages, employers of big enterprises began to pay relatively good wages to regular employees while increasing automation and labour flexibilisation through the use of precarious employment.<sup>1</sup>

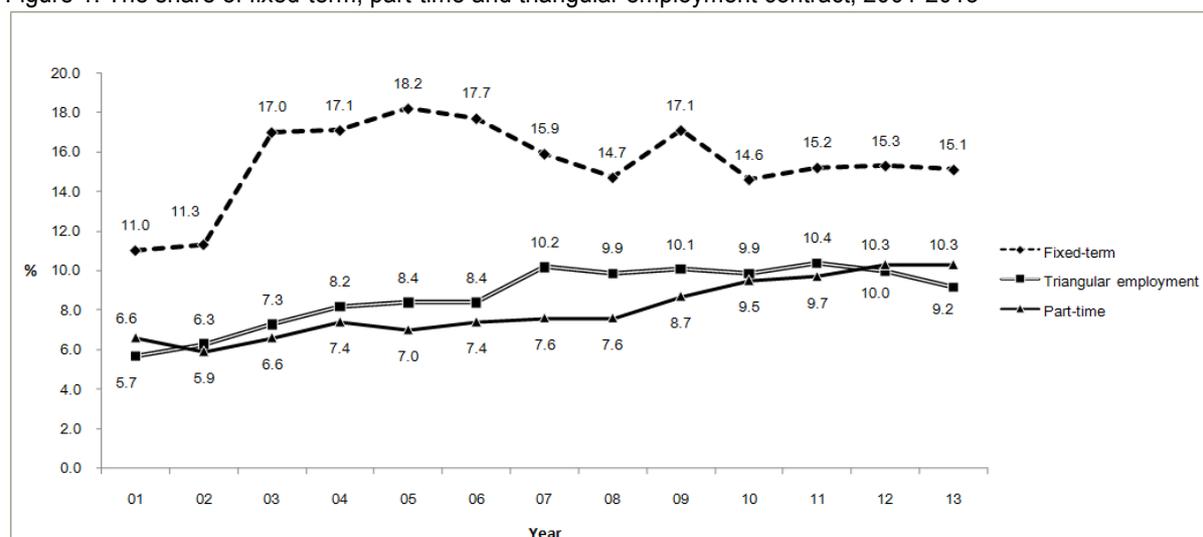
The economic crisis of 1997 was a turning point; there occurred a significant change in the composition of labour market. After the economic crisis, employers have minimized the use of regular employees and replaced their jobs by precarious employment through redundancy, restructuring, outsourcing and so on. Since then, new jobs have been created mostly only in precarious employment and precarious workers have become the core workforce. For instance, more than 50 per cent of wage workers were statistically reported as precarious workers since 1999 (Figure 1).

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<sup>1</sup> Such terms as ‘non-standard’ or ‘atypical’ employment relationships that have often been referred to, take ‘standard’ employment relationships as a definitional starting point but without examining how that norm is deteriorating – what is standard today may be very much worse than what was standard two or three decades ago (Fudge 2005). By way of contrast, Gerry Rodgers has suggested that there are several elements that make a particular form of employment precarious, including the degree of certainty of continuing work and the number and type of labour protections enjoyed by workers, either by law or as negotiated by a collective organization like a trade union (Rodgers 1989). I refer to ‘precarious workers’ as those who are excluded from much labour protection, due to them having either different contractual arrangements or because they lack various institutional protections.

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Figure 1: The share of fixed-term, part-time and triangular employment contract, 2001-2013



Source: Kim, Y (2013a)

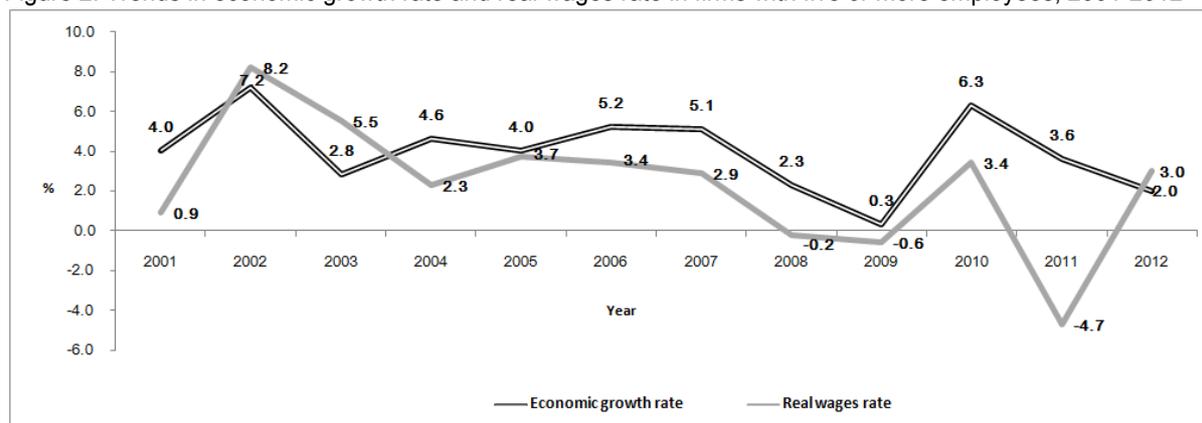
It is a noteworthy characteristic that the Government itself has played a major role in abusing precarious employment. Since the economic crisis in 1997, the Government has driven the public sector to reduce personnel and to contract out their services.<sup>2</sup> The Government has pushed away with deregulation on financial markets and corporate activities and pursued labour market flexibilisation. The Government, particularly, took the lead in legislation to legalise redundancy and agency work in 1998 and fixed-term employment contract in 2006 (Yun 2007).

After the global economic crisis in 2008, big enterprises and the Government again took the lead in restructuring, which mainly focused on wage cuts, working time reduction and redundancy. Going through two economic crises as above mentioned, Korea has become one of countries where income inequality was drastically exacerbated. While a business recovery occurred on the side of big exporting corporations, on the other side, labour income has been stagnant. During the period of 2000 – 2010, for example, a growth rate gap between corporate profits and labour income amounted to seven times, which is ranked second among the OECD countries. Figure 2 below shows the trend of real wages rate that was below economic growth rate.

<sup>2</sup> The share of precarious employment in public service sector including education and health has increased from 37.6 per cent in 2003, when the first survey on precarious employment in public service sector was conducted, to 40.1 per cent in 2007 (Korean Public Workers Union 2008).

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Figure 2: Trends in economic growth rate and real wages rate in firms with five or more employees, 2001-2012

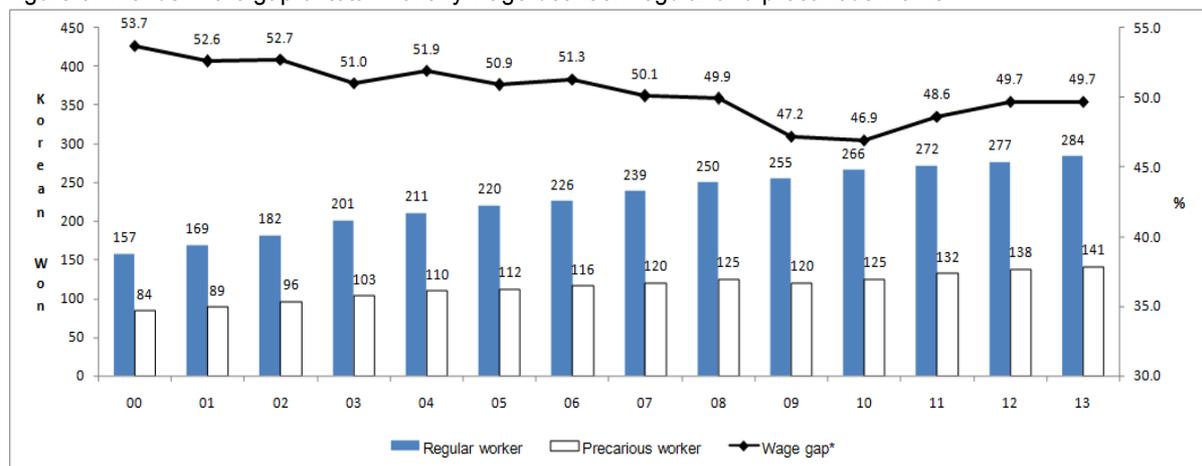


Source: Kim, Y (2013b:5)

The recent research conducted by the ILO noted that discrepancies between wages and economic (or productivity) growth have resulted in a falling share of labour income, which exacerbates income inequality and low-wage work in many countries (ILO 2012).

A wage gap between regular workers and precarious workers has also increased. In 2013, the average monthly wage of precarious workers who amount to 45.9 per cent in the whole ones is merely half (49.7%) of that of regular workers. Figure 3 below shows the wage gap between regular employees and precarious workers, and how the economic crises aggravated wage inequality.

Figure 3: Trends in the gap of total monthly wage between regular and precarious worker



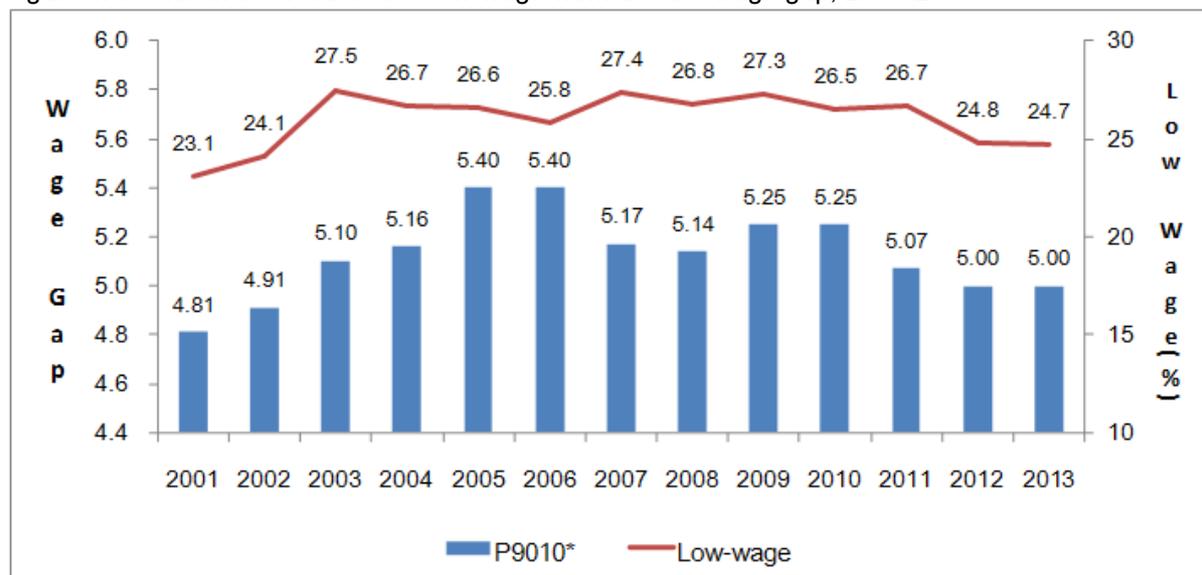
\* The total monthly wages of precarious workers as a share of those of regular workers

Source: Kim, Y (2013b: 11)

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The economic crises and neoliberal policies which the Government pushed ahead with, hit the most vulnerable workers among others. Figure 4 presents that both low-wage work and the wage gap has been sizable and stagnant in Korea.<sup>3</sup>

Figure 4: Trends in the incidence of low-wage work and the wage gap, 2001-2013



\* P9010: average wages of workers whose wage level is at the top 10%/ those at the bottom 10%  
Source: Kim (2013b)

According to a study (Kim 2013a), low-paid workers amount to 24.7 per cent (4.5 millions) among the whole workers in 2013. The incidence of low-wage is disproportionate depending on employment status. While the size of low-wage work is relatively small (6.5 per cent) among regular employees, that is much bigger (46.1 per cent) among precarious workers.

### 2.2. Changes in the industrial structure and collective bargaining system

A strategy of “costs-transfer” as well as low-wage work has been a key tactic of big enterprises, which did not seem hard-hit under economic turbulence as in 1997 and in 2008 in Korea. An example of Hyundai Motor clearly shows these features of changes in the industrial structure and collective bargaining system. Before the economic crisis in late 1990s, there existed a division of labour between Hyundai Motor which assembled a car and suppliers which provided auto parts for Hyundai Motor. After the economic crisis, Hyundai Motor have contracted out many parts of the assembly

<sup>3</sup> ‘Low-wage’ or ‘low-paid’ is here defined as the proportion of workers whose hourly wages are less than two-thirds of the median wage across all jobs (ILO 2010:31).

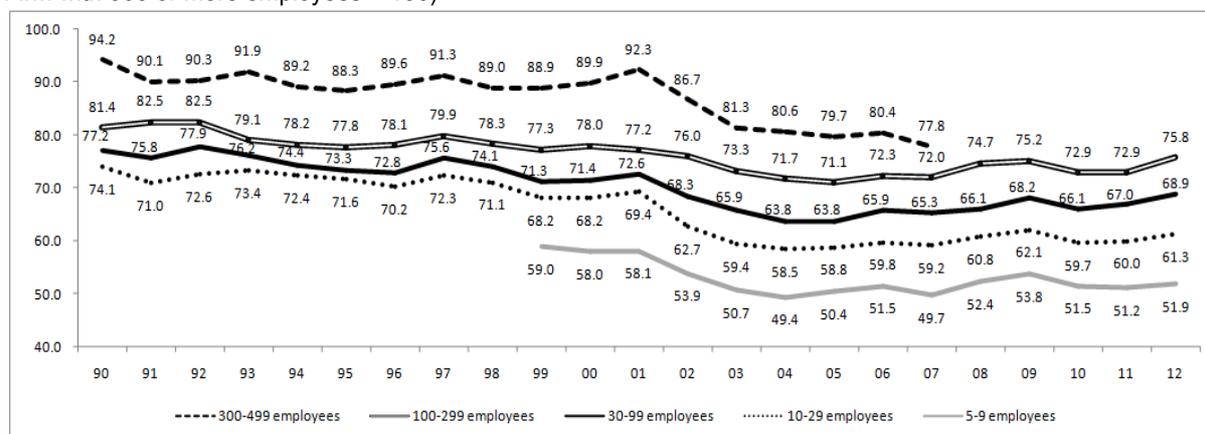
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lines and founded an affiliate company (Hyundai Mobis) that supplies modularised<sup>4</sup> auto parts to Hyundai motor. Previous suppliers were set as subcontractors below Hyundai Mobis.

In this industrial structure, Hyundai Motor controls suppliers via the modular manufacturing system. Now that subcontractors have to compete with each other, automakers can easily control them by volume of orders. Hyundai Motor pressures subcontractors into a cost-reduction usually, and interfered in personnel management and industrial relations. At the same time, Hyundai Motor and Hyundai Mobis have increased a use of agency work, and suppliers have also increased a use of precarious workers and subcontracting (Kim 2009).

In this industrial hierarchy, the wage gap among regular employees of Hyundai, agency workers of Hyundai and workers of suppliers has been widened as a profit gap among Hyundai and suppliers has grown. When we say ‘100’ regarding the amount of wages of a regular employee at Hyundai Motor, for example, that of an agency worker at Hyundai Motor was 67, while that of a subcontractor’s employee and a sub-subcontractor’s employee was respectively 61 and 60 (Cho 2006: 92). Figure 5 below shows the trends in wage gap based on the number of employees.

Figure 5: Trends in wage gap based on the number of employees, 1990-2013  
Firm with 500 or more employees = 100)



Source: Kim, Y (2013b:11)

Most trade unions represent regular employees of big companies which exist at the upper layer in this industrial hierarchy. In the case of Korean Metal Workers Union, for example, 85 per cent in union members belong to firms with 500 or more workers, while merely 3 per cent in union members work at firms with 100 or less (Sohn 2010: 8). This representation gap is also found in the result of the Economically Active Population Survey (EAPS) conducted by the National Statistics Office: at firms with 30 or less workers which hired 59 per cent among the whole workers, the union density was

<sup>4</sup> Modular manufacturing means designing manufacturing and assembly in such a way as to reduce the complexity in the main process by means of sub-assembly, pre-fitment testing of modules and transferring some of these activities to suppliers (Camuffo 2000).

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merely 3.7 per cent. On the contrary, the union density was 33 per cent in the case of firms with 300 or more workers which hired only 11 per cent among the whole (National Statistics Office 2011).

A similar picture is found as regards the union density of precarious workers. While 21 per cent among regular employees were unionized, merely 2 per cent among precarious workers were the case (Kim 2013a: 32).

The low union density is exacerbated by the fact that in Korea enterprise-level industrial relations are still dominant and collective bargaining is limited to trade union members. Historically, labour laws and the Government policies in Korea have oppressed freedom of association and forced trade unions to collectively bargain at enterprise level.<sup>5</sup> Whilst a large number of enterprise-level unions have been integrated into industrial unions since 2000 and have formally become chapters of them, each chapter still has the right to bargain collectively and strike. In other words, it is not an industry-wide collective bargaining system but a set of enterprise-level negotiations to establish the actual working conditions in the workplace. This fragmented structure of collective bargaining has made it more difficult for unions to challenge the increasing wage gap and/or to establish the minimum wage rate in the industry. As a result, labour movement in Korea is suffered low coverage of collective agreement as well as low union density (12 per cent).

### 2.3. Statutory minimum wage system

In Korea, statutory minimum wage was enacted in 1988, under the impact of the massive eruption of labour union movement in the late 1980s. The Constitution amended in 1987 states, “All citizens shall have the right to work. The State shall endeavor to promote the employment of workers and to guarantee optimum wages through social and economic means and shall enforce a minimum wage system under the conditions as prescribed by Act” (Article 32 paragraph 1).

Under the Minimum Wage Act (MWA), a statutory minimum wage is applied to all kinds of businesses or workplaces which employ one or more workers except a domestic worker, a seafarer and a worker with a very limited working capacity due to a mental or physical handicap.<sup>6</sup>

The minimum wage is annually set by the Government following the proposal of the Minimum Wage Council which is comprised of representatives of workers and employers and experts who are deemed to represent public interests on a basis of equality. While the Minimum Wage Council seems tripartite

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<sup>5</sup> Before 1997, for example, forming a trade union was legalized only at enterprise level where no trade union existed. After trade union pluralism and industrial trade unions were legalized, collective bargaining is allowed only when trade unions unify the bargaining channel at enterprise level.

<sup>6</sup> In addition, the Minimum Wage Act allows that a worker employed on probation and a worker who engages in surveillance or intermittent work can be paid such amount as 90 per cent of minimum hourly wage rate.

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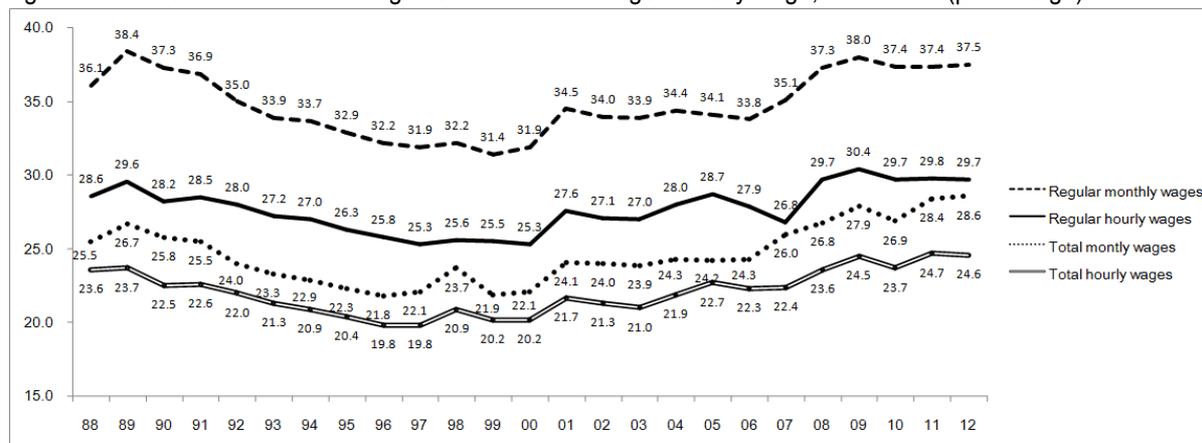
and independent in theory, in practice experts take the lead in fixing the minimum wage rate, which have been strongly influenced by the Government policy.<sup>7</sup>

In Korea, historically, the Government has controlled the wage rate in private sector as well as in public sector. Since the industrialization under the military dictatorship in 1960s, the Government directly controlled and suppressed trade unions, and wage rates were set by employers. After the eruption of massive labour movement in the late 1980s, trade unions achieved the wage increase which had been oppressed for decades. Since 1990, the Government again attempted to control a wage increase by issuing ‘Guidelines on Wages’.<sup>8</sup> In this wage control policy, the minimum wage policy also has focused on eradicating the most extreme cases of exploitation.

The Minimum Wage Act states, “The minimum wage shall be determined taking into account the cost of living of workers, the wages of similar workers, the labour productivity and the distribution of income, etc” (Article 4 paragraph 1). In practice, however, the level of the minimum wage have been set very low, mainly considering economic conditions such as inflation rate and the “ability of employers to pay” particularly in cases of small and medium-sized enterprises.

Figure 6 shows that trends in the minimum wage as a share of average monthly wage.

Figure 6: Trends in the minimum wage as a share of average monthly wage, 1988-2012 (percentage)



Source: Kim, Y (2013b:21)

<sup>7</sup> Experts (“public interest members”) shall be commissioned from among persons who have profound knowledge and experience concerned, such as public officials, professors and researchers of an officially authorized research institute. In practice, independent representatives have been commissioned from professors whose major is economics or business administration.

<sup>8</sup> During 1985 – 90, the average annual wage increase in manufacturing amounted to 18.8 per cent (Korean won). The Government issued the Guidelines on Wage during 1990 – 1992, and curbed the wage increase in private sector as well as in public sector. At the same time, the Government suppressed the Korean Trade Union Council which was the matrix of the Korean Confederation of Trade Unions. Under this labour oppression, about 1,450 unionists were arrested during 1989 – 1991 (Choi et al. 2001).

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The ratio of minimum to average hourly wages in 2012 was 24.6 per cent. From a comparative perspective, the minimum wage in Korea has been relatively low, compared with that most countries set their minimum wages at around 40 per cent of average wages (ILO 2008: 47).

Another characteristic is that in Korea the statutory minimum wage functions as a ‘standard’ wage rate for precarious workers and workers at small and medium-sized enterprises. According to a research, among workers whose wage was calculated by the hour, those paid close to the minimum wage amounted to 32.7 per cent, while those paid the minimum wage or less formed 23.8 per cent (Kim 2013a: 22).

### 3. MINIMUM WAGE CAMPAIGN AND LABOUR MOVEMENT

#### 3.1. Minimum wage campaign since 2000

Since the Korean Confederation of Trade Unions (KCTU) took part in the Minimum Wage Council in 2000, debates about fixing a minimum wage were vitalized.<sup>9</sup> As explained earlier, the level of minimum wage had been determined subject to the economic policy of the Government until then. The KCTU has demanded on the minimum wage increase and have been campaigning vigorously to improve the minimum wage system after 2000:

Firstly, the KCTU has demanded on substantial increases in a minimum wage, with a view to reaching 50 per cent of the average national wage. In particular, the KCTU raised the demand for precarious and/or low-wage workers whose wage was fixed at the minimum wage level, and asked the provision of a reduction of minimum wage regarding workers on probation and so on should be eliminated.

By setting the minimum wage system as the agenda of precarious work which held a majority in labour market, the minimum wage campaign gained social and political supports widely. Although the KCTU’s proposal for fixing criteria of minimum wage – a half of average wage of the whole waged workers – raised discussions, this vitalized the issue on the appropriate level of minimum wage, which had not been questioned in public until then.

Secondly, the agenda and participants in the minimum wage campaign have expanded in labour movement. From the beginning, the campaign was mere picketing in front of a building of the Minimum Wage Council and/or the Korea Employers Federation. Before long, the campaign

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<sup>9</sup> Under the Enforcement Decree of the Minimum Wage Act, a representative of workers shall be the representative of the confederation of trade unions or the industrial federation of trade unions. The Korean Confederation of Trade Unions began to participate in the Minimum Wage Council in 2000 after it was legalized in 1999. Until then, only the Federation of Korean Trade Unions (FKTU) which was under the control of the Government could take part in the Council.

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developed beyond debates at the Minimum Wage Council. After 2002, various trade unions such as regional centres of the KCTU and the affiliates, community unions, the Korean Women's Trade Union and so on which attempted to organize precarious workers and workers at SME, began to make use of the minimum wage agenda for organizing them. Such trade unions have regularly reported the working conditions of low-wage workers, demand on a higher minimum wage and/or a living wage based on surveys targeting low-wage workers, publicized the statutory minimum wage and monitored workplaces for compliance with the minimum wage.

After 2004, the KCTU affiliates including the Korean Metal Workers Union and the Korea Health & Medical Workers' Union, attempted to set collectively agreed minimum wage over the level of the statutory minimum wage. In particular, the Korean Metal Workers Union concluded collectively agreed minimum wages, which were applied to not only regular employees but also agency and subcontracted workers and migrant workers. The Korean Public Service Workers Union attempted to narrow the wage gap among workers by a pay increase of the same amount between regular and precarious workers.

As such, the minimum wage became a top agenda at the KCTU. After the global economic crisis of 2008, the KCTU has attempted to combine the minimum wage agenda with the regular round of collective bargaining.

Thirdly, the KCTU has asked various workers' organizations and civic groups to join the minimum wage campaign from the beginning. Organizations of women workers, youth workers and migrant workers who were usually paid close to the minimum wage level, in particular, have taken active part in the campaign. This resulted in forming a permanent campaign organization – Solidarity for Minimum Wage – which embraced a wide range of civic and political organizations. The KCTU took the position that it would fight for the rights of all workers as well as its members, and that union members whose majority was regular employees should build solidarity with women, precarious, migrant workers and workers at SMEs (KCTU 2001:14). As a result, the minimum wage campaign became one of the most successful campaigns whereby the KCTU gained representativeness despite low union density.

### 3.2. Minimum wage campaign and precarious workers empowerment

As earlier explained, the minimum wage has functioned as a “standard” regarding the wage rate of precarious workers in Korea. Trade unions, therefore, have attempted to organize and empower precarious workers as an active agent in minimum wage campaign. Two representative cases are as follow.

#### 3.2.1. Case 1 Cleaners at universities

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Jobs of cleaners and janitors at a building were replaced with agency work from the beginning of 1990s. In particular, cleaners are generally middle and old aged women in Korea. A result of the Occupational Employment Statistics Survey (OES, 2005) conducted by the Korea Employment Information Service shows characteristics of their job: the proportion of women was 74.3 per cent and 77.4 per cent among cleaners was precarious workers, 38 per cent in whom was agency workers. The average working hours were 40.9 hours per week and the average monthly wage was 684,000 Korean Won, which was close to the minimum wage (651,240 Korean Won) in that year.

In 2009, the Local Seoul & Gyeonggi of Korean Public Service Union (*'Seogyongjibu'*) launched an organizing campaign targeting cleaners at university in Seoul, with the KCTU, the KPSU headquarter and various civic group including university student organizations. Until then, the union organized precarious workers usually when a worker having a problem at workplace came to the union for advice. In this organizing campaign, however, the union developed a strategy as follows:

Table 1: Manual for organizing cleaners at university

Stage	Task
1	Selecting a target university
2	Visiting a cleaners' lounge & conducting the interview survey on working conditions
3	Visiting a cleaners' lounge (whenever necessary)
4	Identifying potential leaders & building up confidence in the union
5	Holding regular meeting with potential leaders & unionizing them
6	Forming a workplace unit of union & collecting an application for admission in public
7	Asking a user-employer (university) and temporary agencies to collectively bargain
8	Concluding collective agreements & securing the union activity right
9	Enlarging organizing campaign to other unorganized workers or universities

Source: Korean Public Service Union (2013)

In this organizing campaign, a demand for higher minimum wage became a top agenda. As their pay rates were usually set close to the minimum wage, an increase in the minimum wage directly affected their wage. As for cleaners, joining the minimum wage campaign was directly related to collective bargaining for higher pay, and thus they became the most enthusiastic and the largest participants in the minimum wage campaign.

The *Seogyongjibu* went on one step further beyond a demand for higher minimum wage. In 2011, the union demanded that the wage of cleaners should be raised up to 50 per cent of the average national wage. Although the KCTU has pushed forward the same demand for higher minimum wage every year since 2000, this demand has not been a practical issue in the Minimum Wage Council yet.

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*Seogyongjibu* attempted to bring this demand to life by combining it with collective bargaining. On March 8<sup>th</sup> 2011, cleaners at university where union members worked together went on a strike in remembrance of International Women's Day, and presented the common demand for pay increase, that is, the KCTU's demand for higher minimum wage of the year.

Through this fight, cleaners achieved the pay raise which exceeded the level of statutory minimum wage for the first time, and this affected that in July 2011 the Minimum Wage Council decided a proposal for a substantial increase in the minimum wage.

The campaign of *Seogyongjibu* is a good example with respect to union member empowerment and enlargement of solidarity: firstly, voice of middle and old aged women cleaners who existed at the lowest position in trade unions as well as in society was found. The union provided cleaners with an educational course which focused on building self-respect and leadership. With a declaration, "We are not ghosts", cleaners disclosed multiple discrimination based on gender, age and employment status which decided their wage rates.<sup>10</sup> They stepped up to fight for a decent work with a living wage and dignity and became enthusiastic organizers. Women workers in fifties or sixties visited neighboring workplaces to see other cleaners and talked them to join a union, presenting their experience of victory as unionists.

Secondly, the union opened its door and encouraged various social movement organization including student and human rights movement to join the campaign from the beginning. The Korean Public Service Union, the umbrella organization of the *Seogyongjibu* conducted the campaign 'Right for a Warm Lunch' to support the fight of cleaners.<sup>11</sup> That was part of effort to overcome a shortage of resources as well as to build a social solidarity for labour right.<sup>12</sup>

Thirdly, the campaign was aimed at collective bargaining with user-employers (universities). It was only when the university authorities agreed with subcontractors that cleaners got a pay raise. At first, the universities refused to bargain collectively on the basis that they were not the formal employer under employment contract. Cleaners, with students and campaigners, publicized their poor working conditions and liability of the university authorities, and often staged collective action at university.

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<sup>10</sup> Cleaners usually began their work before other workers came to the workplace, and had a rest in the toilet or at the foot of the stairs as no staff lounge was provided for them. The campaign slogan, "We are not ghosts" was a challenge to the devaluation of their work and a declaration as human being. Under this slogan, they went on a strike together on the International Women's Day and marched along the street.

<sup>11</sup> Cleaners had to bring their lunch and eat it (usually cold rice) in the toilet or the shed, because neither lunch nor a staff lounge was provided for them. The campaign 'Right for Warm Lunch' disclosed this inhumane working conditions and demanded that a user-employer (a building owner) should provide cleaners with a appropriate staff lounge and safety facilities at workplace. This has borne fruit as a revision of the Occupational Safety and Health Act in 2011, which obliges a contracting company (a user-employer) to provide sanitary facilities for employees of a subcontractor.

<sup>12</sup> As the organizing campaign developed, the number of full-time organizers increased from 3 persons in 2009 to 7 persons in 2013.

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Through this insistent fight, cleaners have obtained agreement with user-employers more and more, albeit that not every agreement is written.

Consequently, the number of members of the *Seogyongjibu* increased from 650 in 2006 to over 2,000 in 2013.

### 3.2.2. Case 2 Organizing small and medium sized enterprise workers at industrial complex

As earlier explained, small and medium sized enterprises (SME) at industrial complex in Korea exist in many cases at the lower of a production chain, in which big enterprises such as large conglomerate (*Jaebeol*), for example, Samsung, exist at the top. After the economic crisis of 1997, some unions have attempted to organize workers at SMEs and to combine organizing strategy with minimum wage issues. The Southern Seoul Local of Korean Metal Workers Union (*Nambugeumsok*), for example, formed an organizing campaign alliance (*“Future of Workers”*) with the Seoul Regional Centre of the KCTU and various social movement organizations, aiming at organizing workers at Seoul Digital Complex in the southern Seoul. Approximately 200,000 workers work there, but the union density is less than 1 per cent. In 2009 present, the share of firms of four or less workers amounted to 46.4 per cent, and that of firms of between five and nine workers was 25.6 per cent (*Future of Workers* 2011:20).

The result of survey conducted by the campaign alliance in 2011 revealed poor working conditions at Seoul Digital Complex: over half of workers were precarious workers (52.0%), and the amount of average monthly wages was 1,923,000 Korean Won, which was less than those of whole workers (2,026,000). The average working hours were 47.1 hours per week, and one in five workers worked for over 52 hours per week. The amount of average hourly wages was 4,391 Korean Won, which was close to the minimum wage in 2011 (4,320 Korean Won). Workers paid less than the minimum wage amounted to 13.8 per cent (*Future of Workers* 2011).

*Nambugeumsok* has organized workers in southern Seoul over 20 years, but faced challenges that enterprises as well as workers moved frequently and temporary agency workers and low-wage workers rapidly increased. It meant that organizing workers at enterprise level was no longer effective. The union, thus, pursued a region-wide approach to organize workers beyond enterprise-level: Firstly, the campaign alliance conducted a massive interview survey on working conditions at the complex, and collected basic contact information (mobile phone number, e-mail address etc.). This survey also helped to raise a public-awareness on the union among workers and to understand common interests among workers.

Secondly, the campaign alliance conducted a survey on workers' demand for higher minimum wage, considering the trends that the statutory minimum wage functioned as a “standard” hourly wage rates at the complex. Under the campaign slogan, “Have the Minimum Wage Fixed by Our Hands!” , the

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campaign alliance attempted to put forward “the needs of workers and their families” as an important criteria on fixing the minimum wage.

In 2014, the campaign alliance goes further to demand on pay raise for all workers at the complex, based on a result of survey on workers’ demand for pay raise. This is aimed at changing the frame from a minimum wage raise within inflation rate, to a pay raise for securing a living.

On the other side, *Nambugeumsok* attempted to build a physical ground for solidarity between the organized workers and the unorganized. Union members got to recognize that their regular wage rates also have been fixed at the level of the minimum wage, and understand that higher minimum wages benefit to all workers. Thus, workplace representatives of *Nambugeumsok* have tried to adjust their demand for pay raise and collective bargaining round, so that the wage raise of the organized would influence on wage rates of the whole workers at the complex.

### 3.3. Minimum wage campaign as “National Wage Bargaining”

As explained above, the minimum wage has played a role as the “standard” wage rate as regards a majority of workforce in Korea. Pointing out this, the KCTU named the minimum wage campaign “National Wage Bargaining” and made that the key action programme after the economic crisis of 2008.

As public awareness that the higher minimum wage would benefit the majority of society increased, the coalition of the minimum wage campaign has been enlarged as such. The Solidarity for the Minimum Wage, a permanent campaign organization, now embraces 32 organizations including the KCTU, Federation of Korean Trade Unions, the Korean Women Workers’ Union, Youth Union, Migrant Workers Union, poverty eradication movement groups, human rights groups and most opposition parties. In many local areas as well, the local centres of the KCTU has led various groups in building a coalition for higher minimum wages.

Among others, youth organizations are the most enthusiastic agent. According to the Minimum Wage Council, 29.4 per cent of youth workers who are under 29 are low-wage workers, which is more than the proportion of the whole workforce (Minimum Wage Council, 2013:70). More and more young people have to work as a precarious worker, because they need to pay college tuition or they cannot find other job after graduation. Their work has been usually undervalued under the name of “Intern” or “Temporary”.

Noticing that the minimum wage rate is in practice the ‘youth wage rate’, youth organizations such as Youth Union and Temporary Workers Solidarity have staged various campaign for basic labour rights of young workers: they filed massive complaints about non-compliance with the Minimum Wage Act and the Labour Standard Act against employers who hired youth on a large scale, for example such as a coffee shop and a fast food restaurant. They issued demands of youth for higher minimum wages,

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and staged sit-ins in front of a building of the Korea Employers' Federation and Minimum Wage Council. They also suggested that young workers should be one of the parties to fights for higher minimum wage, and thus, youth representatives should be capable of joining the Minimum Wage Council.

Eventually the higher minimum wage campaign has become one of the most successful fights whereby the KCTU gained representativeness among precarious and unorganized workers despite low union density. The result of a national poll conducted in 2006 showed that 56.9 per cent responded they were aware of the statutory minimum wage and 45.3 per cent knew the minimum wage rates. 83.0 per cent of responders thought the level of minimum wage was low. About the demand of unions for higher minimum wage, 47.5 per cent responded the amount was low, and 41.6 per cent answered "appropriate" (Hankil Research Institute 2006).

### 4. CONCLUDING REMARKS

The ILO Convention and the Recommendation on Minimum Wage Fixing states that in determining the level of minimum wages, account should be taken of the needs of workers and their families, the general level of wages in the country, the cost of living and changes therein, social security benefits, the relative living standards of other social groups and economic factors. However, in Korea, the minimum wages have been fixed solely by a consideration of economic factors. As a result, the low level of minimum wages has not reduced low-wage work nor wage inequality. Furthermore, the statutory minimum wages have functioned as a "standard" wage rates for precarious and unorganized workers, and thus played a role of maintaining low-wage and wage inequality, instead of reducing those.

Korean labour movement has challenged this iron law of wages through organizing precarious and low-wage workers and building a coalition with various social movement organizations for a decade. This effort made the representativeness of the KCTU enlarged despite low union density and collective bargaining coverage, and more importantly gave an opportunity that organized workers build a physical ground of solidarity with the unorganized.

Korean case shows that higher minimum wages could serve to enhance the bargaining power of unions when efforts to mobilising union members as well as the unorganized are made, and more importantly when low-wage workers themselves become an active agent in this movement.

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