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Economic Democracy and Labor Movements

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This study is an attempt to situate the economic democracy on the social transformation in Korea and to suggest how labor movements should respond to this question. In general, labor movements have three tasks of democracy. These are the political democracy, social democracy and economic democracy. We think our labor movements have reached to the stage for maintaining the economic democracy.

Recently many theories have been discussed in the context of IMF ‘ economic crisis’ in Korea. There was the socialization of ownership, market socialism, structural reform of economy, ESOP (employee stock ownership plan), profit sharing scheme, wage earner fund, worker owned-enterprise, stockholder capitalism, stakeholder capitalism etc. In this book, we define the economic democracy as “ the various forms of worker participation in the ownership of enterprises, the democratic reforms of economy and the worker participation in the process of decision making” . That is to say, economic democracy has three parts.

In the tradition of labor movements, the focus of economic democracy was the worker participation of ownership. So labor movements in the advanced countries (Germany, Sweden, Denmark etc.) have pursued the socialization of ownership and have established the ‘ socialization committee’ in the beginning of 20th century. But as capitalism system developed, the influence of socialization idea has been diminished in the capitalism world economy. Instead, the social market economy and mixed economy ideas have emerged.

In Sweden the new socialization project i.e. ‘ wage earner fund’ have been proceed to the social democratic society in the middle of 1970s. Before the fund of Sweden, the similar attempts have been done in Germany and Denmark. The wage earner fund

the various forms of ownership policy instead of nationalization policy.

In USA the main methods of economic democracy have been the management participation in the enterprise through ESOP and worker participation in the pension fund. AFL-CIO has proposed the new idea and act i.e. ' stockholder activism' in 1990s. This point has many differences with Sweden and UK, with the traditional ideal of labor movements.

In South Africa, the social economic policies of labor movements were the simultaneous pursuit of state initiative growth and democratic redistribution. Trade union had four policies for the economic democracy. These were the reform of industry structure, People budget movement, the strengthening of cooperative, the control of pension fund. But the goal of the plan had not been achieved because of economic instability in South Africa. Now they are facing the some challenges against the economic democracy.

To know the trade unionist's consciousness on the economic democracy in Korea, we surveyed a questionnaire in October 2002. The questions is composed of four parts, * social economic system and socialization * ownership participation and ESOP * profit sharing scheme * reform of economic structure. 115 trade unionists of labor unions took part in this poll. 48.7% of those polled belong to the KCTU and 51.3% belong to FKTU.

We can learn some lessons from this survey. Trade unionists think social democracy and economic democracy as the important tasks. Main contents of economic democracy are the participation of decision-making process, economy reforms, and ownership socialization. For the management participation of workers, trade union should have the rights of worker director and collective agreement on the decision-making process of economic policy and enterprise management. And trade union assess the ESOP and PS negatively, the reforms of economic structure positively. We confirmed these points from the history and cases of economic democracy (ESOP, PS, worker-owned enterprise) in Korea.

Eventually, to make economic democracy realized, labor movements in Korea should three directions of policy, 1) ownership participation 2) economic reform 3) decision-making participation. We propose the reinforcement of public characteristics,