

**The Agreement by Labor, Management,
Civic Groups and the Government to
Overcome the Economic Crisis**

February 23, 2009

**Emergency Meeting of Labor, Management, Civic Groups
and the Government to Overcome the Economic Crisis**

Preamble

The Korean economy is facing a serious crisis as the falling exports and shrinking domestic demand are expected to lead to negative growth and the employment situation is deteriorating rapidly. There is even a possibility that the current economic crisis could become a disaster never experienced before in terms of its scale, duration and impacts.

Moreover, this crisis is under way not only in Korea but also all over the world, so it cannot be easily overcome by the government's efforts alone without cooperation from other social partners.

Given these circumstances, this is the moment when active participation and cooperation among all social partners - labor, management, civic groups and the government- along with efforts to coexist and survive together, such as job retaining and job sharing, rather than restructuring or lay-offs, are definitely needed.

We - labor, management, civic groups and the government - share the view that sustainable economic growth and social integration can be made possible by social dialogue and consultation between major economic actors. We also recollect that, in serious economic crises including the foreign-exchange crisis of 1998, Korea was able to overcome difficulties and revive the economy through cooperation and joint efforts among its social partners.

Therefore here we would like to clearly identify what each economic actor should do through social dialogue in order to overcome the economic crisis.

1. Labor and management will do their utmost to retain and share jobs through efforts to share burdens. The government will actively support such efforts by labor and management and try to minimize hardships of the people by stabilizing prices during the economic crisis. And civic and religious groups will support and encourage the joint efforts made by labor, management and the government and join in sharing the painful burdens to overcome the economic crisis.
2. Deeply concerned that the economic crisis may inflict the greatest suffering especially on the socially disadvantaged and the poor, we - labor, management, civic groups and the government - pledge to make every effort to expand the social safety net and to devise protection measures for these people on the basis of community spirit.
3. We will strive together to lay the foundation for enabling sustainable economic growth after the economic crisis by making bold investment in nurturing talent and future growth-engine industries.

A crisis can be a new opportunity. With this agreement, we have created a momentum to be able to get out of the global economic crisis as soon as possible. We firmly believe that if the specific measures agreed upon today are faithfully implemented and trust and cooperation for the future continue to be maintained, the Korean economy will be able not only to overcome the current difficulties swiftly but also to grow into an advanced and powerful one capable of leading the global economy of the 21st century.

Finally, we pledge to continuously and closely cooperate with one another to ensure the faithful implementation of this agreement through careful monitoring

of the implementation process. We will also do our best to disseminate and spread the spirit of this agreement across all sectors of the society.

Chapter 1.

Labor, management, civic groups and the government will actively cooperate in sharing and retaining jobs to overcome the economic crisis.

1-1. Job sharing and retaining through burden sharing between labor and management

- (1) Entrenching a win-win industrial relations culture based on trust and cooperation
 - a. Labor circles will eradicate illegal strikes and refrain from strikes during the economic crisis, while business circles will eradicate unfair labor practices.
 - b. Labor circles will respect companies' personnel and managerial rights and will not demand unreasonable participation in managerial matters, while business circles will try to create trust between labor and management through transparent and ethical management and faithful labor-management consultation.
- (2) Sharing and retaining jobs through burden sharing between labor and management
 - a. In the course of overcoming the economic crisis, labor circles will freeze, return or reduce wages depending upon the business conditions of their companies, while business circles will refrain from dismissing workers for managerial reasons so as to maintain existing levels of employment.

- b. Companies, even when restructuring is inevitable, will make the most of voluntary retirement rather than unilateral lay-offs. Labor, management, civic groups and the government will urge financial institutions to take account of the job-sharing efforts of workers and employers as much as possible.
- c. Labor and management will actively implement job sharing by taking various measures that meet the situation of each workplace. Such measures include reforming shift work systems, reducing working hours, introducing and expanding wage peak systems, introducing (rotational) temporary rest from office, temporary shutdown, and unpaid sabbatical months (years), reassigning workforce, providing training & education (on leave), and allowing work at home.
- d. Labor and management of large enterprises will make efforts to ensure employment security for non-regular workers and workers from subcontractors and suppliers by freezing, returning or reducing wages and cutting down other costs.
- e. Large enterprises will actively support their subcontractors and suppliers (or household heads sacked by these subcontractors and suppliers) for employment security and win-win cooperation.
- f. Labor, management and the government will make joint efforts to make working hours flexible, to adopt pay systems based on value of work and skills, and to support prompt reemployment.

1-2. Support for burden-sharing efforts by labor and management

(1) Support for efforts to freeze or reduce wages

- a. With regard to workers whose wage income has fallen as a result of job sharing, the government will give tax breaks to these workers as it does to companies which implement job sharing, and allow in-house employee welfare funds to be used to support their living costs.
- b. For small- and medium-sized enterprises (SMEs) which have reduced wages through job sharing, the government will provide temporary tax incentives, such as regarding a certain proportion of the wage reduction as losses when calculating taxes.
- c. Labor, management and the government will try to promote the system of paying allowances to workers whose employment is maintained or extended under a wage peak system.
- d. If a worker in a company which implements job sharing through wage reduction has lost his/her job due to bankruptcy, dismissal for managerial reasons, etc., the government will ensure that his/her unemployment benefits and retirement pay are calculated based on the amount of wages prior to the wage reduction.

(2) Support for companies implementing job sharing

- a. The government will increase the level of employment retention subsidy and ease eligibility requirements for training, suspension periods, etc.
- b. Labor, management, civic groups and the government will urge Labor Relations Commissions to respect a company's application for approval of

exceptions to the Labor Standards Act, if its labor and management have agreed to reduce working hours or shut down the company temporarily with compensation for such shutdown set below the legally required level in order to maintain employment. The government will also devise measures to support workers affected by temporary shutdown.

- c. The government will preferentially treat job-sharing companies in various business support programs, such as R&D and consulting, and in financial support programs, such as assistance by policy funds.
- d. If large enterprises and SMEs cooperate to provide training aimed at helping SMEs to retain their workers, the government will expand the provision of necessary assistance.
- e. The government will expand its credit guarantees in order to prevent sound SMEs from becoming insolvent or going bankrupt even when producing profits.
- f. The government will devise support measures for companies which newly implement a shift work system or transform their shift work systems by increasing the number of shifts.

(3) Public-sector support such as stabilizing prices

- a. The government will make active efforts to stabilize prices so as to reduce the burden of living costs on people in general as well as on workers who have had their wages reduced as a result of job sharing.
- b. The government will devise measures to enhance public education in order to reduce the education expenses of the general public as well as workers.

- c. The government will devise measures to stabilize property prices in a sustainable manner in order to stabilize workers' housing costs.
- e. The government will ensure that public organizations minimize and absorb increases in public utility charges resulting from higher exchange rates, prices of raw materials, etc., through continuous enhancement of managerial efficiency.

Chapter 2.

Civic groups will play an active role in overcoming the economic crisis.

- a. Civic groups will express support for job sharing through burden sharing by labor and management and try to create favorable public opinions so that job-sharing efforts can be spread further.
- b. Civic groups will actively deploy campaigns to revive the self-employed and small businesses suffering from the economic crisis and companies implementing job sharing.
- c. Civic groups will urge the National Assembly and the government to swiftly take all necessary steps, such as securing financial resources, to overcome the economic crisis.
- d. Civic groups, together with labor, management and the government, will actively participate in social contribution activities, such as donation, volunteer work, etc., and devise measures to support the spread of sharing culture so as to enable non-regular workers, the unemployed, the

self-employed who have closed or temporarily shut down their businesses, and low-income vulnerable groups to tide over the economic crisis.

- e. Civic groups will conduct campaigns to encourage people to preferentially purchase products of job-sharing companies in order to spread job sharing throughout society.
- f. Civic groups will try to resolve both youth unemployment and labor shortages at SMEs by developing and disseminating various education programs to raise interest and awareness about SMEs among college students.
- g. Civic groups will provide support in various ways, including volunteer work, to ensure the smooth operation of welfare service delivery systems related to job sharing and retaining.

Chapter 3.

Labor, management, civic groups and the government will actively carry out measures to overcome the economic crisis, such as job creation and employment promotion.

3-1. Job creation

- a. The government will create more social service jobs in the areas of health, social welfare, education, culture, the environment, and community development, and expand the institutional framework for making such jobs sustainable.
- b. The government will transform government-funded, short-term and low-paid jobs into those of social enterprises and nurture them.

- c. Companies will try to create jobs by, for instance, preemptively investing their surpluses and other funds in growth-engine industries.
- d. If there is any region where the employment situation has drastically worsened due to changes in economic conditions at home and abroad, the government will designate the region as the one requiring special employment promotion. The government will then devise measures to support employment promotion and job creation by local governments and companies.

3-2. Employment promotion

- (1) Strengthening outplacement services and vocational training for the unemployed, non-regular workers, etc.
 - a. Labor, management and the government will expand employment services, such as job counseling and placement, for the unemployed (and those due to be unemployed) and non-regular workers, by expanding the functions and roles of reemployment service centers and outplacement service centers.
 - b. Labor, management and the government will expand vocational training opportunities for the unemployed (and those due to be unemployed) and non-regular workers by expanding and reforming the areas and scales of training programs conducted jointly by labor and management.
 - c. The government will expand training opportunities for non-regular workers by increasing training courses such workers can take under the skills development card system.

- d. The government will expand vocational training opportunities for the unemployed by securing more financial resources for vocational training of those who want to change their jobs or who have been newly unemployed, and by strengthening trainees' right to choose training courses (for instance, expanding the vocational skills development account system).
- e. The government will expand loans for living costs and provide employment services during training periods so that the unemployed and household members affected by the crisis can concentrate on training.
- f. The government will strengthen support for companies which provide outplacement services to workers who are in danger of being unemployed as a result of restructuring.

(2) Filling vacancies at SMEs

The government will provide intensive employment services, such as building a database of companies with unfilled vacancies and establishing plans for individual employment services. At the same time the government will actively help SMEs to fill their vacancies by improving employment environments at SMEs.

(3) Promotion of youth employment

The government will expand the New Start Project which provides comprehensive employment services to young people having difficulties in getting jobs.

(4) Ensuring employment security for non-regular workers

The government will devise various measures, including financial support, to ensure employment security for non-regular workers.

(5) Expansion of the employment service delivery system

The government will expand the employment service delivery system to ensure the effective implementation of measures related to job sharing and retaining unemployment benefits and employment promotion. Civic groups will provide support in various ways, including volunteer work.

Chapter 4.

The government will actively expand the social safety net to protect vulnerable groups, the unemployed, etc., who suffer most from the economic crisis.

4-1. Expansion of measures to counter unemployment

(1) Expansion of the coverage of unemployment benefits

The government will devise temporary measures to flexibly apply, depending upon employment situations, eligibility requirements for unemployment benefits, requirements for payment of individual or special extended benefits, and their durations.

(2) Protection of vulnerable groups such as the self-employed and small businesses

- a. The government will expand the employment service package for low-income vulnerable groups who are able to work, such as the self-employed and

small businesses, temporary and daily workers, the unemployed for whom the duration of unemployment benefits has expired, etc., and devise measures to institutionalize support for participants in the package.

- b. The government, in order to protect the self-employed and small businesses, will promote introduction of a separate unemployment benefit system in which the self-employed and small businesses can voluntarily participate.
- c. The government will strengthen protection of workers with overdue wages by expanding loans for such workers' living costs and promptly making substitute payments.

(3) Devising measures to secure financing for the employment insurance fund

Labor, management and the government will proactively cooperate in adjusting employment insurance premium rates in consideration of the need for additional funds. The government will make efforts to ensure the financial soundness of the employment insurance fund.

4-2. Removal of blind spots not covered by social insurances

(1) Increasing the proportion of non-regular workers covered by social insurances

The government will devise measures to boost social insurance coverage among non-regular workers who, in spite of being entitled to such coverage, have not yet subscribed.

(2) Strengthening health insurance to make medical care available to every person who is sick

- a. The government will temporarily reduce or partially pay insurance premiums for low-income people to ensure that cost burdens should not prohibit them from using medical services.
 - b. The government will consider introducing low-interest loans to support medical costs (costs borne by the patient concerned and medical care expenses not covered by insurance) of vulnerable groups, such as low-income people
- (3) Strengthening multi-tier old-age income security to prevent elderly people from falling into poverty

The government will expand the scope of people entitled to basic old-age pensions and devise institutional measures to ensure that recipients of basic livelihood security benefits can be automatically entitled to workplace-based national pensions as long as they are workers.

4-3. Guaranteeing people's basic livelihood and supporting their poverty escape

In order to remove blind spots not covered by the national basic livelihood security system, the government will expand the scope of people eligible for basic livelihood security benefits in the process of overcoming the economic crisis. The government will also devise active anti-poverty measures, such as micro credit, asset building, etc., to support their escape from poverty.

4-4. Expanding urgent welfare support and strengthening livelihood security for households in crisis

- a. To secure the livelihood of households in crisis, the government will abolish the provision making urgent welfare support only temporary; expand the scope of households eligible to receive such support to include the self-employed and small businesses which have been closed or temporarily shut down; and extend the support period further. In addition, the government will newly establish education support plans for children of households in crisis so that they can continue their schooling uninterrupted.
- b. The government will devise education support measures to lessen the burden of college expenses for households in crisis by expanding support for school expenses of low-income households and allowing unemployed college graduates to temporarily postpone their loan repayment.

4-5. Converting to a welfare delivery system which actively searches for and protects people facing the economic crisis

The government will build a system of active administrative support, which will provide services customized to meet the demands of each individual and household. In an effort to swiftly find and support households in crisis, the government will inform and provide various services, including health, welfare, labor, education and housing ones, in a comprehensive and interconnected way.

4-6. Supporting children from low-income brackets

- a. The government will support the learning and education/training of children from low-income brackets, and expand the Dream Start Project which provides comprehensive services for children.

- b. To promote sound nurturing of children from low-income brackets as well as female employment, the government will expand national and public child-care facilities; increase support for improving the quality of private child-care facilities; and gradually expand the scope of people entitled to support for child-care expenses.

4-7. Expansion of public medical services

The government will establish the Social Plan on Emergency Medical Care within this year in order to build the National Medical Center, to nurture a hub hospital for each major disease across the country, to increase public health doctors in medically disadvantaged regions, and to reduce regions disadvantaged in terms of emergency medical care.

Chapter 5.

Labor, management, civic groups and the government will make active efforts to spread and implement this agreement across society.

5-1. Spreading concession bargaining at the enterprise, regional and national level

- a. In order to spread concession bargaining at the enterprise level, workers' and employers' organizations will provide guidance about job-sharing and job-retaining measures to their member unions and firms. And the government will set up and operate the Crisis Support Team.
- b. Labor, management and the government will provide support for local labor, management, civic groups and governments to devise and implement crisis-overcoming measures, such as those for job sharing and job retaining.

5-2. Actively supporting implementation of this agreement at the central level

- a. Labor, management, civic groups and the government will set up and operate an implementation monitoring team under the Emergency Meeting of Labor, Management, Civic Groups and the Government to Overcome the Economic Crisis. With support from the Economic and Social Development Commission, the team will conduct thorough monitoring to check if the matters agreed upon are faithfully implemented. In particular, the Prime Minister's Office will provide assistance in monitoring the implementation of government-related agreements.
- b. The government will spread best examples of job sharing implemented in the public and private sectors by finding and publicizing them. It will also expand the practice of giving government awards to companies which have shown excellent performance in job sharing.
- c. Government agencies, media organizations, etc., will jointly conduct campaigns to spread an atmosphere favorable for job sharing.

【ANNEX】

List of participants and organizations

Category	Name	Title
Labor	Mr. Jang Seok Chun	President of the Federation of Korean Trade Unions
	Mr. Kim Dong Man	Vice President of the Federation of Korean Trade Unions
	Mr. Baek Hun Ki	General Secretary of the Federation of Korean Trade Unions
Management	Mr. Cho Suck Rai	Chairman of the Federation of Korean Industries
	Mr. Sohn Kyung Shik	Chairman of the Korea Chamber of Commerce and Industry
	Mr. Lee Soo Young	Chairman of the Korea Employers Federation
	Mr. Lee Hee Beom	Chairman of the Korea International Trade Association
	Mr. Kim Ki Mun	Chairman of the Korea Federation of Small and Medium Business
Government	Mr. Yoon Jeung Hyun	Minister of Strategy and Finance
	Mr. Lee Youn Ho	Minister of Knowledge Economy
	Mrs. Jeon Jae Hee	Minister of Health, Welfare, and Family Affairs
	Mr. Lee Young Hee	Minister of Labor
	Mr. Kim Dae Mo	Chairman of the Economic and Social Development Commission

Category	Name	Title
Civic Groups	Mr. Youn Jang Hyun	President of the Korea YMCA
	Mrs. Kim Jung Sook	President of the Korean National Council of Women
	Mrs. Kim Cheon Ju	President of the Korea National Council of Consumer Organizations
	Prof. Park Hyo Jong	Co-representative of the Citizens United for Better Society
Religious Circle	The Most Ven. Ji Kwan	Executive Director of the Administration of Jogye Order of Korean Buddhism
	Rev. Eom Shin Hyung	President of the Christian Council of Korea
	Bishop Kim Hee Jung	The Catholic Bishops' Conference of Korea
Social Elders	Mr. Kim Su Gon	Honorary professor of Kyunghee University
	Mr. Seong Dae Seok	Chairman of the Association of Korean Journalists
	Mr. Lee Se Jung	Former President of the Korean Bar Association and President of the Hyun-Dae Law and Notary Office
	Mr. Choi Jong Tae	Honorary Professor of the Seoul National University and Chairman of the Minimum Wage Council