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## Social Solidarity for All?

### **Trade Union Strategies, Labour Market Dualisation and the Welfare State in Italy and South Korea**

Niccolo Durazzi, Timo Fleckenstein\* and Soohyun Christine Lee

#### **Abstract:**

Political-economic analyses of trade unions in post-industrial societies have shifted away from traditional class-analytic approaches to embrace insider/outsider and producer coalition arguments based on the assumption that unions hold on to the defence of their core constituencies in the face of labour market deregulation and dualisation. Challenging this conventional wisdom, we provide an analysis of union strategies in Italy and South Korea, two most-different union movements perceived as unlikely cases for the pursuit of broader social solidarity, and we argue that in both countries unions have successively moved away from insider-focussed strategies. We show a movement towards “solidarity for all” in the industrial relations arena as well as in their social policy preferences. Furthermore, unions also explored new avenues of political agency, often in alliance with civil society organisations. We ascribe this convergent trend towards a social model of unionism to a response of unions to a “double crisis”; that is a *socio-economic* crisis, which takes the form of a growing periphery of the labour market associated with growing social exclusion, and a *socio-political* crisis, which takes the form of a increasing marginalisation of the unions from the political process pursued by right- and left-wing parties alike.

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## Social Solidarity for All?

### **Trade Union Strategies, Labour Market Dualisation and the Welfare State in Italy and South Korea**

Labour markets across the OECD world have been under enormous pressure, and we observe rising social polarisation with the decline of stable, well-remunerated standard employment and the explosion of irregular and precarious jobs at the ever growing margins of labour markets. Globalisation and increasingly aggressive employer strategies have been identified as key drivers of labour market dualisation, but also governments' labour market deregulation across the OECD (typically responding to business lobbying) allowed employers to change their employment practices.<sup>1</sup> These developments pose fundamental challenges to trade unions, which have typically built their industrial and political strategies around the assumption of standard employment – not only as a social reality but also as a normative goal.

The *new* political-economic “mainstream” considers trade unions as being “complicit” in labour market dualisation arguing that organised labour does not only prioritise insider interests at the expense of irregular workers, but also enters producer coalitions with employers to secure the privileged position of insiders, the core of their membership. In other words, insider/outsider and producer coalition theories assume that trade unions are ready to support the greater use of precarious workers if this stabilises core workforces.<sup>2</sup> This literature calls into question *traditional* political-economic research that assumes organised labour as the genuine interest representation of the *entire* working class.<sup>3</sup> Although insider/outsider theory has rightly pointed out that it has become increasingly difficult to assume *one* class interest with the successive differentiation of labour market positions, it merely perceives unions, based on rational choice assumptions, as an interest organisation of insiders, essentially reducing trade unions to business unionism. However, with reference to Hyman's seminal work,<sup>4</sup> recent contributions have highlighted cross-national diversity of trade unions' responses to labour market dualisation, underlining how unions' *historical* identities and institutional structures shape organised labour's strategies towards new challenges.<sup>5</sup>

Whilst our analysis of the Italian and South Korean cases confirms the importance of union identity and structure, and thereby contributes to the emerging body of literature challenging insider/outsider and producer coalition approaches, we also show how the perception of fundamental socio-economic and socio-political crises made organised labour call into question historically established trade union identities and corresponding industrial relations and political strategies. Critically, we do not only observe changes in the industrial relations arena with unions displaying greater inclusiveness towards outsiders, but also a politicisation of union agency with organised labour more proactively engaging in social and labour market policy-making in order to protect *both* insiders and outsiders. Historically, Italian *class* unionism was preoccupied with the workplace and did not ascribe much importance to the universalisation of welfare, as wage increases and contributory social insurance, of primary benefit to insiders (notably old-age pensions), were considered the main source for improving the living standards of the working class. In Korea, we also find union preoccupation with the workplace but rooted in *business* unionism, which considers unions a purely economic agency. However, in the face of dualisation and associated challenges to organised labour, in both Italy and Korea, we show trade unions' deliberate strategies to open up their organisations to outsiders and to reinvent the movement by engaging and forming new coalitions with other civil society organisations for greater, universal public social welfare. In recognition of the limits of their historical organising models, labour movements in the two countries have, in other words, converged towards a new model of *social* unionism – understood as the development of solidaristic policies beyond their “traditional” constituencies (i.e. permanent workers) and domain of action (i.e. the workplace).

Methodologically, these observations in Italy and Korea are particularly intriguing, as unions in both countries are commonly perceived as *conservative* forces that have been struggling with coming to terms with fast changing labour markets.<sup>6</sup> Still, Italian unions are typically seen as being caught up in past class struggles,<sup>7</sup> whereas Korean enterprise unions are commonly viewed as pursuing some of the most particularistic strategies.<sup>8</sup> However, contrary to the image of conservative forces, we show, with a most-different research design, unions' capacity to “innovate” and develop

strategies that aim not only at confronting the secular process of dualisation but also at increasing inclusiveness towards labour market outsiders in two *critical* cases,<sup>9</sup> where the historical predominance of workplace solidarity (based on strong class and business unionism, respectively) should be expected to present particularly high barriers towards greater inclusiveness and “solidarity for all” (especially if compared the *inclusive* social unionism of Scandinavian countries with Ghent systems, where trade unions run unemployment protection with the result of high union density including greater representation of outsiders). In our analysis, we distinguish between trade unions strategies in the workplace (that is, the industrial relations dimension) and their positions with regard to employment and social protection (especially, the inclusiveness with regard to labour market outsiders; that is, the public policy dimension). Empirically, in addition to trade union documents, the article rests upon 28 semi-structured interviews with labour activists and experts in the two countries. Trade unionists are drawn from different confederations and industrial unions to gain an in-depth understanding of the preferences and strategies across the labour movement in both countries.

### **Trade Unions under Siege: Between “Old Battles” and Modernisation?**

Traditionally, the literature on the political economy of industrialised democracies, rooted in a class-analytical understanding, perceived trade unions, together with social-democratic parties, as the natural interest representation of the *entire* working class – challenging the predominance of business in capitalist societies. Empirically, this analysis largely builds on the Scandinavian experience, and on the Swedish case in particular. There, trade unions have historically enjoyed exceptionally high membership rates coupled with horizontal institutional structures that paved way to the pursuit of solidaristic and inclusive policies, as the entire working class was effectively represented by the labour movement.<sup>10</sup> Yet, representing the *entire* working class has become an increasingly difficult task for unions with the intensification of distributional struggles since the 1970s. These are typically associated with globalisation and de-industrialisation – the former putting pressure on labour costs in increasingly price-sensitive global markets, and the latter transforming labour market structures,

especially through the rise of service sector employment and its association with fixed-term employment and shorter job tenure. The insider/outsider literature points out that the preferences for social and employment protection of someone in a traditional employment relation could be rather different to the interests of someone in irregular employment at the margins of the labour market. For insiders, it is argued that employment protection is an absolute priority, whereas unemployment protection is viewed critically because it tends to benefit labour market outsiders with their much greater exposure to the risk of unemployment.<sup>11</sup>

Far-reaching dualisation in Continental and Southern Europe as well as East Asia, especially in the aftermath of labour market deregulation, can be thought as having intensified earlier distributional struggles, posing a fundamental challenge to organised labour that has built its industrial and political strategies around an assumption of standard (full) employment as both reality and normative goal. In this context, the literature increasingly questions the earlier class-analytical approach and rather depicts trade unions as “insider-focussed” organisations contributing to labour market dualisation. Empirically, the focus shifted from the Scandinavian experience to the dualising countries of Continental and Southern Europe. In the “Western” literature, a “new” political-economy consensus emerged suggesting that unions prioritise the interests of their core members in permanent employment, but similar arguments can be observed in the East Asian political economy literature as well.<sup>12</sup> Whilst insider-focused strategies might still involve considerable conflict between organised labour and employers with unions continuing to press for better wage and benefit packages for their members in collective bargaining, they also allow for the establishment of (cross-class) producer coalitions between unions and employers. In exchange for their privileged position, insiders and their unions agree to the use of “cheaper” irregular workers in order to maintain *their* companies’ competitiveness. In this insider-oriented strategy at the explicit expense of outsiders, unions can indeed be considered “complicit” in dualisation and rising social inequality. Initially, this theorisation of unions’ preferences and agency was primarily inferred from the German experience, where scholars noted in particular a trend towards decentralisation of industrial relations that unions did

not significantly challenge and that led to labour pursuing increasingly particularistic interests in the workplace at the expense of broader social or class solidarity objectives.<sup>13</sup> Unsurprisingly, labour market outsiders paid the price for particularistic union strategies, as they saw their position rapidly worsening in the realm of both the labour market (in the form of low-wage employment) and social protection. In a slight modification of the insider/outsider model, it is acknowledged that unions might not have a genuine preference for exposing outsiders to greater insecurity, but still they agree to labour market deregulation at the margins in order to maintain their position in labour market policy-making. Critically, whilst unions are here prepared to sacrifice outsiders, they are not assumed to give in on labour market protection for their core membership.<sup>14</sup> Thus, effectively though reluctantly, unions pursue insider/outsider strategies nonetheless. Models portraying unions as largely pursuing exclusive and particularistic strategies have gained much prominence in recent years and might be best described as the new political economy “mainstream”. Crucially, whilst most of this literature refers empirically to developments taking place in the 1990s and early 2000s, recent contributions extended insider/outsider models and producer coalition arguments to the analysis of policy and institutional change during the recent financial and economic crisis.<sup>15</sup>

Yet, the view of insider-focussed trade unions pursuing exclusive strategies is far from being unchallenged – on both theoretical and empirical grounds. The socio-economic transformations of globalisation and dualisation have hollowed out core workforces in manufacturing industries in particular, the traditional main pool for the recruitment of union members; and in the growing service sector we find labour struggling to mobilise new members (though with some notable exceptions, such as the Scandinavian countries). These transformations translated, across the OECD world, into a secular decline in trade union membership and provide the functional underpinnings for an alternative strategic orientation of trade unions, as the above described strategy of exclusivity cannot be expected to *rejuvenate* the movement. Rather, it might in fact undermine unions’ capacity to remain a meaningful social force. The crucial point to note here is that insider-focussed strategies might be feasible in a context of equilibrium between the “core and periphery”, where the former represents

a stable and extremely sizeable share of the labour market. However, we have seen a successive erosion of the core of the labour market and a related rise in social inequality,<sup>16</sup> which can be thought as politically undermining the equilibrium that is commonly associated with dualisation.<sup>17</sup> In other words, rather than considering dualisation a stable, self-reinforcing mechanism, it needs to be viewed as a potentially powerful mechanism altering the (perceived) benefits of institutional settings. This makes it theoretically plausible that unions, instead of prioritising insiders, pursue the opposite strategy, namely broadening their constituency and agency as a counter-movement to the secular trend of labour market liberalisation and segmentation of social protection occurring across advanced capitalist countries.<sup>18</sup> In this context, increasing appeal to outsiders can be perceived as an *alternative* imperative, and the revitalisation literature suggests a strategy of *greater* inclusion that ascribes to unions “meaningful proactive choices beyond adaptation and subordination”.<sup>19</sup> Critically, this literature refers to Hyman’s distinction between business, class and social unionism,<sup>20</sup> and it argues that trade unions’ perception of what a problem is and corresponding responses are shaped by their historical identities and associated institutional structures.

The importance of trade union identities and structures is *empirically* confirmed in recent work calling into question insider/outsider and producer coalition approaches.<sup>21</sup> These contributions challenge the role of trade unions as drivers of dualisation and highlight cross-national variation in union responses to dualisation, teasing out the key role of unions’ *historical* identities and institutional structures in explaining such variation. More specifically, recent accounts of union agency distinguish between business unionism leading, by and large, to insider-focussed particularistic strategies, whereas class unionism and especially social unionism present greater openness towards representing and bargaining on behalf of a broader constituency, including labour market outsiders. Again, the Scandinavian countries are prime examples of inclusive unionism, owing to their persistently high membership rates, institutionalised involvement in the management of unemployment benefits through Ghent systems and an organisational structure that facilitates solidaristic linkages between segments of the workforce, which also extends to precarious workers and the unem-



ployed.<sup>22</sup> Notwithstanding profound structural transformations and associated socio-economic challenges, trade unions in these countries have found creative solutions to uphold highly solidaristic policies.<sup>23</sup> Recent research has also found a “Southern European path” towards inclusive unionism, where strong class identity is identified as key factor behind unions’ choice to extend workplace solidarity to labour market outsiders, while also highlighting, however, limited inclusion in the realm of social protection.<sup>24</sup> In business unionism, limited outsider representation is possible only when the interests of insiders and outsiders overlap. Yet, recent research suggests a fairly exclusive stance of rather market-oriented unions, which are by and large to be found in Continental Europe and, in a much more pronounced fashion, in East Asia.<sup>25</sup>

Despite providing important insights, these contributions, often based on the analysis of unions at a single point in time, do not fully capture the transformation of trade union agency. Treating union identity as a “fixed” independent variable, the union-identity literature cannot account for the emergence of more inclusive social unionism in the two-most different cases considered here, namely Korean business unionism and Italian class unionism, both displaying significant barriers to the pursuit of broad solidaristic agendas. In particular, the Korean case challenges perceived wisdom, both in the mainstream literature and in more recent critical contributions; and it shows how, starting from business unionism, unions can open up to a broader solidaristic orientation. The Italian case, on the other hand, shows that class-based unionism can pursue solidaristic strategies not only in the industrial relations arena but also in the realm of social protection. Thus, while union-identity approaches restrict their analysis to the industrial relations dimension, we broaden the empirical scope to the public and social policy preferences of trade unions, and we show how both Korean and Italian unions successfully moved from fully exclusive or partially inclusive strategies towards greater inclusiveness and solidarity in both the industrial relations and social protection domains. This raises the critical question of under what socio-economic and socio-political conditions should we expect unions’ identity to shift from an exclusive business model or a partially-inclusive class model towards a more widely inclusive model of “solidarity for all”. In the following, we first analyse how Italians

trade unions developed greater inclusiveness in the workplace and social protection, before turning to Korean organised labour.

### **Italian Trade Union Strategies: From Workplace Solidarity to Social Solidarity**

The historical policy preferences of Italian unions along the industrial relations and public policy dimensions closely align with insider/outsider theory. Whilst, in principle, thriving for the representation of the working class in its entirety and opposing differential treatments between segments of the workforce, Italian unions strongly and exclusively focussed until the 1980s on defending their members' interests by pushing for policies that would boost economic growth and permanent, well-remunerated employment. To the extent that full employment was their prime interest, expanding social protection to the "unproductive" share of the population was actively opposed, denoting a strong *workfarist* orientation of union agency. This strategy achieved high levels of security for union members but scant social protection for those at the margins of the labour market (notably, the unemployed and non-standard workers).<sup>26</sup>

However, the 1990s brought about sharp changes. As economic and political pressures from globalisation and European integration grew stronger, successive (centre-left and centre-right) governments implemented a series of reforms deregulating the labour market. In particular, despite unions' scepticism towards supply-side reform of the labour market,<sup>27</sup> the centre-left government passed a reform in 1997 that introduced a considerable degree of flexibility at the margins of the labour market (most notably, allowing temporary agency work, which was previously banned in Italy).<sup>28</sup> As the 1997 reform has been considered as marking a departure from traditional labour market policy in Italy,<sup>29</sup> examining union agency in the context of this reform is instructive to understand organised labour's preferences and strategies in the face of labour market dualisation. Indeed, following the reform, non-standard work quickly ceased to be a residual phenomenon responding to specific needs (such as seasonal work) but rather became a defining feature of the labour market.<sup>30</sup> But where did unions stand in these processes? Instead of passively accepting labour market dualisa-

tion, union strategy was characterised by efforts to *contain* labour market dualisation and *collectivise* new social risks.<sup>31</sup> Union documents from the mid-1990s show that the main challenge perceived by unions was the sharply rising share of employment that no longer corresponded with the “traditional” workers that unions had been representing historically.<sup>32</sup> Accordingly, it was identified as key responsibility of a *confederal* union “to recompose lacerations and juxtapositions among different subjects in the labour market and in the workplace”,<sup>33</sup> with senior confederal leaders taking a particularly active role in setting an inclusive course as a response to labour market deregulation and the rise of workers in atypical forms of employment<sup>34</sup>. Indeed, the role of the *confederations* was highlighted by interviewees from across the union movement spectrum. A senior representative from the General Confederation of Labour (CGIL), the traditionally left-leaning union, argued that: “We are a general confederation of labour, and we therefore think that labour as such must be represented, in its various forms, and that the interests of labour should always be unified and brought to unity.”<sup>35</sup> The same reasoning was illustrated by a representative of the Italian Confederation of Workers’ Unions (CISL), the centrist-catholic confederation: “In our culture of representation [...], the union should equally represent independent work, dependent work and [...] atypical work, because it is part of our cultural approach which we have traditionally had.”<sup>36</sup> Critically, this approach travelled “down” from the confederations to industrial unions that also shared this view, as explained by a senior representative of the metal workers’ union: “The fact that the union is confederal favours the inclusion of all types of workers.”<sup>37</sup>

In correspondence with the perceived challenge and responsibility, union agency took place at three different levels: (i) lobbying at the level of national policy-making;<sup>38</sup> (ii) collective bargaining on behalf of non-standard workers; and (iii) setting up “bilateral funds” jointly managed with employers.<sup>39</sup> Participation in national level policy-making took place in the macro-corporatist arena that characterised the Italian political economy in the 1990s.<sup>40</sup> In this context, a collaborative relationship between the centre-left government and unions allowed them to exert significant influence on the outcome of the reform. Though unions could not prevent greater labour market flexibility, neither

could the government deregulate the labour market as much as it initially planned.<sup>41</sup> Critically, in the 1997 reform, unions were successful in achieving parity of salary between agency and permanent workers to disincentivise firms to replace regular workers with non-standard ones.<sup>42</sup>

As far as collective bargaining is concerned, a landmark development was achieved in 1998 when all the confederal unions set up organisations specifically to represent non-standard workers and to sign collective bargaining agreements (CBAs) with the association of temporary work agencies. The organisations representing non-standard workers operate in close cooperation with the industry-level federations in a complementary relationship: the non-standard worker unions provide horizontal representation focussing on issues that have to do with the nature of non-standard employment (for instance, setting ceilings on the use of non-standard contracts), while industry-level federations include non-standard workers to ensure that their needs are understood and catered for in the workplace.<sup>43</sup> Motivated by a commitment towards workplace solidarity between non-standard and permanent workers, CBAs offered a set of policy solutions to meet the challenges that the unions identified in an increasingly deregulated labour market: not only do CBAs reiterate parity of salary between agency workers and their colleagues on regular contracts, but also specify equality between regular and agency workers for a variety of non-wage issues and benefits, such as working hours, overtime/night-time work and annual leave.<sup>44</sup> Furthermore, CBAs put a ceiling on the share of agency work that firms are allowed to employ as a proportion of the total workforce and an upper limit of 42 months to employment as agency worker before mandatory conversion into regular employment.<sup>45</sup> Importantly, industry-level CBAs often go beyond CBAs for agency workers by making certain conditions more favourable, such as shorter timeframes for the conversion of agency workers into regular employees,<sup>46</sup> because, as explained by a CGIL official, “we keep thinking that atypical work cannot be seen as a stable condition for individuals, but it should rather be a temporary condition”.<sup>47</sup> Thus, while the establishment of union organisations to represent non-standard workers might be interpreted as largely symbolic, the numerous CBAs that these organisations signed shortly

after their establishment provide significant evidence that rhetoric and action were strongly tied together.

This development can be viewed as a path-dependent response stemming from the class orientation of Italian confederal unionism, which is characterised by the objective of representing *all* workers and bargaining on their behalf, regardless of their employment status.<sup>48</sup> As further evidence of inclusive workplace strategies for *all* workers, it has been reported that not only atypical workers but also migrant workers in Italy enjoy highly inclusive strategies in the workplace, owing to unions' historical class-oriented identity<sup>49</sup>. Yet, this line of reasoning could be challenged from an insider/outsider perspective insofar as the provisions bargained through the collective agreements are of equal benefit to insiders by insulating them from competition from outsiders, and therefore could be regarded as part of an insider-focussed strategy. However, such an interpretation does not hold when we turn to the third strand of union agency, namely that of "bilateralism". Through the establishment of a bilateral fund, jointly managed with employers and financed through mandatory contributions by temporary work agencies, unions created a remarkable framework of training for agency workers, which had been identified in insider/outsider theory as a crucial demand of outsiders, yet one that unions are expected to oppose rather than to push for.<sup>50</sup> Notably, despite Italy being a laggard by European standards in the provision of active labour market policy, Italian agency workers enjoy extensive access to training compared to their European counterparts, with over 35% of agency workers having received training in 2008 (of the countries for which comparative data is available, the Netherlands has the second highest share of coverage at 19%).<sup>51</sup> This shows that the three confederal unions, through organisations specifically set-up to represent atypical workers, *achieved* remarkable results in this policy area, and the framework of training for agency workers speaks strongly in favour of an interpretation of union agency as one centred on the collectivisation of the risks stemming from labour market outsidership rather than narrowly furthering insider interests. Indeed, extensive training opportunities for outsiders cannot be interpreted as (directly or indirectly) favour-

ing insiders; rather, by improving outsiders' employability they could be seen, if anything, as a threat to insiders.<sup>52</sup>

The same strategic action described with respect to the introduction of temporary agency work in 1997 can also be found when a centre-right government passed a labour market reform in 2003 that significantly expanded the types of non-standard work that employers could resort to (such as project-based work).<sup>53</sup> In this context, unions still retained a role in the policy-making process, albeit best characterised as conflictual rather than cooperative. Their ability to contain labour market dualisation was severely reduced, as the centre-right government did not show the same commitment to negotiating with unions displayed by the centre-left government,<sup>54</sup> starting a process of political marginalisation that would become even more pronounced in the following years. Yet, even in a colder political climate and in a context of proliferation of additional forms of irregular work, unions used collective bargaining at national, sectoral and firm level to represent non-standard workers,<sup>55</sup> displaying therefore a high degree of workplace solidarity.

Inclusive strategies along the industrial relations dimension in terms of both wage and non-wage issues and in the domain of training, however, were not matched as far as social protection was concerned. Indeed, assessing the priorities of trade unions in the late 1990s and early 2000s, it has been noted how unions, driven by the pursuit of workplace solidarity and full employment, have been reluctant to support non-contributory income protection, focussing instead their efforts on "(mostly resistance against) pension reforms, labour market competitiveness, wage negotiation and insurance based contributory unemployment compensation".<sup>56</sup> Paradigmatic in this respect was the establishment of a separate bilateral fund for the provision of income protection for agency workers that was characterised by strict adherence to social insurance principles and high contributory requirements. As such, the fund is effectively hardly accessible for agency workers, whose employment record is characterised by short and discontinuous social security contributions. In stark contrast with training opportunities, where Italian agency workers enjoyed a favourable outlook by

comparative standards, universal income protection that moved away from strict contributory principles did not feature on unions' agenda in the 1990s and the early 2000s.<sup>57</sup>

This set of *selectively inclusive* preferences needs to be understood against the background of the time. Unions operated, politically, in a context in which they were (particularly in the 1990s) still a relevant player<sup>58</sup> and, economically, in an expanding labour market.<sup>59</sup> These two conditions were seen by unions as allowing them to include outsiders without deviating from their traditional agency rooted in class identity;<sup>60</sup> and, accordingly, they devised a strategy that prioritised employment over social protection *also for outsiders*. In social concertation and collective bargaining, it became a union priority, in the face of employers' preference for an outright deregulation of temporary employment, to establish a framework facilitating the transition from non-standard work to permanent employment, which trade unions considered a feasible strategy in an expanding labour market.<sup>61</sup>

Socio-economic and socio-political conditions, however, changed dramatically over the course of the following decade, and the viability of unions' workfarist strategies was effectively undermined by the 2007 global economic crisis and by unions' increasing political marginalisation. In other words, the challenges that labour faced changed profoundly as the expansion of atypical employment became only one among several challenges that unions were faced with. In particular, rising poverty rates and social exclusion as a consequence of the economic crisis became a defining socio-economic feature, together with an increasingly hostile attitude of governments towards the unions. As a consequence of this "double crisis", we find Italian unions moving towards social unionism, ascribing more importance than ever in the past to universal forms of social protection, and embracing a broader notion of social solidarity stretching beyond the industrial relations arena. The loss of one million jobs between 2008 and 2013<sup>62</sup> is a striking indicator of the changed socio-economic context. In a shrinking labour market, an exclusive focus on fostering transitions from non-standard to regular employment proved untenable, and the economic crisis provided the motiva-

tions for a strategic re-orientation of union agency whereby the issue of income protection gained salience.

This shift can be clearly detected through the changing policy position of the CGIL, which represents a critical case within the Italian labour movement, not only because it is the largest of the three confederal unions but also because it was most strongly oriented towards the workfarist approach in social policy. In 2010, the CGIL presented a two-pronged proposal for a more inclusive social protection system: firstly, contributory requirements should be lowered and made more homogeneous across sectors and firms; and secondly, a non-contributory element should be introduced to ensure coverage for those who cannot access the social insurance system. The proposal was motivated precisely on the grounds of the changed material conditions. The document outlining the reform proposal begins by arguing that “the crisis [...] has heightened the urgency and need to reform the social protection system”<sup>63</sup> and that a reformed system should lead to “the inclusion through a public and universal system with no difference for workers based on economic sector, firm size, geographical location or type of employment”.<sup>64</sup> The first part of the proposal was short-lived, as it was shelved by the technocratic government in office between 2011 and 2013 on the basis that it was fiscally too expensive.<sup>65</sup> Nevertheless, several unions continued to campaign for more inclusive income protection. An important agenda-setting role can be ascribed in particular to the CGIL affiliated union of workers in education and research, where staff is often employed on short-term contracts (e.g. corresponding with the school year), which prevent them from making sufficient social security contributions to qualify for income support between contracts (e.g. during school closure in the summer holidays). The corresponding campaign, named “Employment is discontinuous, life isn’t”, has been launched in 2013 to keep the public spotlight on the issue of income protection for non-standard workers.<sup>66</sup> Admittedly, *active campaigning* to universalise income protection was most prominent among those unions whose members are relatively more exposed to the risk of unemployment.<sup>67</sup> Conversely, such campaigns do not present a priority for unions representing workers in core industrial sectors, where discontinuous employment and corresponding gaps in income do not



pose a major threat to their members. However, it should be made explicit that lack of active engagement did not translate into active opposition from these unions or parallel insider-oriented campaigns. Critically, the *confederations* – which are labour’s voice in public- and social-policy making at the national level – developed their position in close correspondence with the preferences of the sectoral unions representing those workers highly exposed to discontinuous employment, confirming the commitment of *confederal* unions to represent *all* workers, including those in weaker segments of the labour market.<sup>68</sup> Indeed, in the most recent reform of unemployment protection in 2015, unions’ criticism was precisely directed at the lack of true universalism as the reform “failed to adequately cover *quasi-subordinate* [i.e. non-standard] workers and *seasonal* workers”.<sup>69</sup>

The second strand of labour’s campaign for more inclusive social protection – namely the introduction of a non-contributory element of income support – saw a more favourable political outcome, as it developed through the “Alliance against Poverty” – a network of civil society organisations that the three confederal unions joined as founding partners. The Alliance against Poverty has been lobbying since 2013 for the introduction of a means-tested, non-contributory “Social Inclusion Income” in order to fill the considerable gaps in Italian social protection. Through the engagement with civil society organisations in the Alliance, the broader labour movement developed greater sensitivity to the need to improve income protection for the rising number of individuals – both unemployed and employed in low-wage jobs – facing the risk of poverty and social exclusion. In recent reforms, the role of the Alliance against Poverty has been significant. In particular, it has directly inspired a package of anti-poverty measures, featuring an inclusion income (detached from contributory requirements) as one of its central policies, which was approved by parliament in 2017.<sup>70</sup> As such the proposal of the Alliance laid the grounds for the introduction of a national-level, non-contributory income support scheme, which was never established before in Italy – the only European country, together with Greece, where such instrument was not part of the social policy mix.<sup>71</sup> The Minister of Labour and Welfare publicly acknowledged at the beginning of the legislative process the crucial role played by the Alliance in placing poverty and social exclusion at the centre of the political

debate and in defining the reform proposals that were being examined by the Parliament.<sup>72</sup> Here, it is worth noting that organised labour, as the only actor within the Alliance with an established profile and history of cooperation with policy-makers, played a critical role in making the Alliance's proposal gain political traction.<sup>73</sup> As in the case of extending collective bargaining to outsiders, it was the confederal structure of the union that prompted participation of the confederations in this policy initiative, as explained by a senior CGIL official: "There has been the role of a group of senior unionists that dealt with this issue [the Alliance and more broadly welfare universalization] at UIL, CISL and CGIL [the three confederal organisations]...and at one point...as the officials responsible for welfare, we took the responsibility."<sup>74</sup> The three confederal unions, by joining the Alliance, embraced a notion of social solidarity including all non-standard workers as well as the unemployed, in discontinuity with their strict workfarist tradition inherited from their class identity. The economic crisis certainly stands out as motivating factor for the evolution of unions' preferences, with all three confederations arguing that growing social exclusion after the crisis was a key challenge that they had to face and, therefore, was the key reason for joining the Alliance against Poverty,<sup>75</sup> as articulated by a CGIL representative: "With the economic crisis, the phenomenon [of poverty] has increased and changed. Think for instance of families with young children, think for instance of working poverty. [...] At that point, it has been a choice of the welfare department of the CGIL, as we realised two things: Firstly, that Italy did not have a system of guaranteed minimum income. [...] Secondly, there were no specific policies against poverty other than very fragmented instruments that are nonetheless often referred to specific categories of workers. [...] We were lacking an instrument and at that point and faced by those numbers [of growing poverty and social exclusion] we thought that an instrument was necessary."<sup>76</sup> Indeed, the crisis not only heightened the need to establish a universal instrument of income support, but also triggered a consensual approach across the three confederations allowing them to overcome some disagreements, for instance on whom the main beneficiaries of the policy ought to be: "Between CGIL, CISL and UIL, there are differences. [...] The fact that we stand together doesn't mean we agree on everything. [...] But I am happy with the work we've done within

the Alliance, exactly because we all shared an objective; and we all took a step back from our initial positions, because we found a way to work together. [...] Yet, there were differences, and there still are.”<sup>77</sup>

Yet, political considerations were also a crucial factor, as organised labour was challenged by increasing political marginalisation since the mid-2000s.<sup>78</sup> As an example of the changed socio-political context, Prime Minister Mario Monti (leading a technocratic government from 2011 to 2013) argued that the systematic involvement of social partners in policy-making has generated negative side-effects that future generations will have to pay for.<sup>79</sup> Along the same lines, Prime Minister Matteo Renzi (leading a centre-left government from 2014 to 2016) argued rather outspokenly that “it is important [...] to give a message that, if unions are against these proposals [of reform of the labour market], please let us continue and go ahead. We are not stopped by the fate of the unions. [...] I believe that people are on our side [i.e. the government], not on the side of the unions”.<sup>80</sup> Importantly, Prime Minister Renzi made these declarations at the peak of his political popularity, signalling the government’s intention to pursue reforms without seeking union consent. Thus, the unions not only saw their ability to influence policy-making significantly diminish, but they also faced the problem of their broader public recognition being actively undermined by governments of all stripes. Correspondingly, public opinion data show an increasing dissatisfaction of the general public with trade unions.<sup>81</sup> In this respect, a policy document analysing the *timing* of the emergence of the Alliance against Poverty argues that unions’ unprecedented firm support for the universalisation of social protection should be partly ascribed to strategic political reasoning. In particular, promoting inclusive social policies allowed the unions to engage with parts of society that do not belong to their traditional constituencies, which can be seen as an attempt to reverse the trend of decreasing popularity with the public.<sup>82</sup> Consistent with this assessment, a representative of one of the confederal unions, CISL, explicitly linked joining the Alliance to an effort of unions to “gain new social legitimisation” in recognition that unions “cannot limit themselves to the protection and promotion of permanent workers and pensioners”,<sup>83</sup> denoting how the different socio-political context provided

an incentive structure for unions' to devise strategies beyond their traditional constituencies and their traditional domain of the workplace. A similar strategic reasoning was developed by a senior CGIL official responsible for social policies: "On the terrain of universalism and welfare, the traditional union battle is not enough, because if you take the traditional union stance not only you will lean more towards the protection of dependent work but also because you would often end up with insurance-based solutions. [...] On universalism, I believe there should be different proposals next to a different thinking."<sup>84</sup>

To conclude, as governments first deregulated the labour market in the late 1990s and early 2000s, workplace solidarity was quickly extended to non-standard workers but the universalisation of income protection was not being pursued as convincingly. Unions, in other words, tried to include a *new* segment of the workforce by making use of, by and large, their *traditional* strategies (that is prioritising employment conditions over welfare also for non-standard workers). Yet, their strict adherence to a workfarist class identity was challenged by the economic crisis and by their increasing political marginalisation. The shrinking of the core workforce coupled with rising social exclusion challenged the effectiveness of strategies based primarily on workplace solidarity. In this context, extending the coverage of income protection became an important element of unions' strategy, which led them not only to respond to profound socio-economic transformations but also to engage in new forms of socio-political agency. The more comprehensive solidaristic re-orientation of union agency signals an increasing concern towards the unemployed and an increasing openness towards non-contributory forms of income support, which is not replacing the traditional focus on workplace solidarity but it rather presents an extension of union agency to relatively new (social and public) policy domains.

### **Korean Trade Unions Strategies: From Business Unionism to Social Solidarity**

Prior to Korea' democratisation in 1987, the country's social policies can be described as being most modest with only small parts of the population receiving minimal social protection (e.g. civil servants

and core industrial workers). Instead of providing social welfare, the authoritarian state “protected” jobs with strict employment regulations and in particular with enforcing a no-lay-off policy in large workplaces. Also, rapid industrialisation in the 1970s and 1980s created plenty of job opportunities and allowed for relatively little social inequality despite residual social protection. Here, the government’s wage guidelines were critical, as they prevented any significant wage differences between large companies and SMEs.<sup>85</sup> Whilst acknowledging the interests of workers, the authoritarian state did not allow any meaningful interest representation, as this was feared to facilitate progressive ideology and class identity that could have destabilised the undemocratic regime. Yet, some limited workers’ organisation in the workplace was permitted to keep the labour movement fragmented by promoting business unionism and forcing unions to be affiliated with the government-sanctioned Federation of Korean Trade Unions (FKTU).<sup>86</sup>

Democratisation in the late 1980s, however, provided organised labour with unprecedented power resources – and, with great militancy, unions (in large workplaces in particular) used their new strength to achieve considerable improvements in wages and enterprise welfare, opening up an increasing gap between large companies and SMEs. At the same time, employers, confronted with considerable increases in labour costs which put mounting pressure on the price competitiveness of export-oriented industries, started pressing for labour market deregulation, and a right-wing government (1993-98) responded to calls for neo-liberal reform. In awareness of the strength and militancy of organised labour, though, the government proposed the introduction of unemployment protection (albeit modest and restricted to labour market insiders) in order to achieve consensual labour market reform. But unions did not show any interest in unemployment protection. Not only was employment protection considered an absolute priority by unions, but also it was believed that action in the industrial arena (namely, achieving better wages and enterprise welfare) was the best strategy for improving the material conditions of workers, effectively making *public* social protection an afterthought at best. After failed negotiations, the government enacted labour market deregulation unilaterally, but a general strike that brought the country to a stand-still for one month pre-

vented the implementation of labour market reform.<sup>87</sup> Apparently, corresponding with insider/outsider theory, organised labour after democratisation continued to be preoccupied with particularistic interests in the workplace (especially, large ones), whilst showing little, if not no concerns for those at the margins of the labour market and especially the unemployed. The weakest groups in society, who would have benefited immensely from greater public welfare and particularly unemployment protection, because of their weak labour market position, were not represented by organised labour. In Korean business unionism, solidarity remained restricted to fellow union members in their workplace.

The scene changed dramatically with the East Asian financial crisis of 1997. Unemployment rose from 2 to 8.5 percent; and the country saw major bankruptcies across the economy, including chaebols (family-controlled business conglomerates), which were previously considered to be “safe havens” for employment. In this severe economic crisis and faced with large-scale foreign capital flight, the newly-elected centre-left government (1998-2003), despite previously rejecting deregulation, saw no alternative to greater labour market flexibility for both insiders and outsiders in order to facilitate the restructuring of failing companies. Having learnt the lesson from its predecessor, the new administration proactively sought consensual labour market reform, and it put much emphasis on negotiations in the Tripartite Commission, through which both organised business and labour were formally involved in labour market policy-making.<sup>88</sup> Importantly, besides FKTU, a formerly outlawed and competing trade union confederation with strong links to the democratisation movement was invited as well. Rejecting FKTU’s business unionisms, the leaders of the Korean Confederation of Trade Unions (KCTU) strived for broader economic and social reform, and we thus find KCTU as a peak organisation best characterised as social (movement) unionism – and this social unionism identity drove its fundamental motivation to embrace labour market outsiders. Having said this, at the workplace level, KCTU member unions (particularly chaebol enterprise unions, which enjoyed great autonomy) pursued, with great militancy, insider interests for their constituencies.<sup>89</sup>

In the Tripartite Commission, both labour confederations pursued a radical policy U-turn by accepting labour market deregulation of both regular and irregular employment, in exchange of improved unemployment protection (especially, for outsiders) and improved labour rights (for instance, the recognition of teachers' unions). Here, it is important to underline that organised labour prioritised improving unemployment protection for outsiders, when other insider-focussed policies (such as improving Bismarckian old-age security) could have been demanded – indicating unions' genuine commitment to improving the conditions for irregular workers. For consenting to deregulation, the experience of large-scale bankruptcies was critical, as union leaders acknowledged the “new reality” of limits to the established practice of life-time employment, and more generally they arrived at the conclusion that the traditional welfare-through-work model had become ever less feasible considering Korea's extremely export-oriented growth model in evermore competitive global markets (that is, the recognition of severe limits to future wage increases and enterprise welfare). With (militant) industrial action increasingly struggling to achieve better living conditions for workers, “in the wake of the crisis, KCTU tried to shift their emphasis from wage increases at firm level to public welfare policies”<sup>90</sup>, as explained by a senior policy officer at FKTU; and we observe both KCTU and FKTU pushing for these policies beyond the readiness of the new centre-left government.<sup>91</sup> In addition to this change in the material conditions, Korean unions also faced mounting criticism in the public that they were largely self-serving, prioritising insider interests and effectively ignoring those at the margins of the labour market. Although the public showed a great support to the labour movement during the period immediately after the democratic transition, due to unions' active involvement in the democratic struggle, the immense public criticism and pressure to overcome the narrow interest representation was perceived as a potentially existential crisis of the Korean labour movement, which also experienced a significant drop in membership. In this context, union leaders, especially those of labour federations, effectively fearing de-legitimisation in society, felt the imperative to “re-invent” and “revitalise” the movement in order to re-main a meaningful social force – “to address the public criticism of self-serving behaviour, the representation of labour market outsiders was con-

sidered critical”<sup>92</sup>, a senior policy officer with KCTU underlines. In other words, they considered reinventing the labour movement as an inclusive one, by championing the right of labour market outsiders, key to the re-legitimisation and revitalisation of the movement.<sup>93</sup>

Thus, the East Asian crisis fundamentally changed the socio-economic and socio-political underpinnings for unions, challenging established behaviours and strategies, and the Tripartite Commission provided labour confederations a new forum for exercising influence in social policy-making. The KCTU *leadership* in particular, corresponding with its social movement identity and its ideological desire for broader economic and social reform, seized this opportunity by promoting broader social solidarity in the form of better social protection for those at the periphery of the labour market. FKTU, though in the past explicitly rejecting the inclusion of outsiders in social insurances,<sup>94</sup> adopted in principle the same positions despite the lack of any social movement legacy. “Increased competition [for members] between the two confederations”<sup>95</sup>, as highlighted by a senior policy officer at FKTU, and a political climate in which the conditions of irregular workers became a major political issue that could not be ignored pushed FKTU towards the left, whilst *in practice* still maintaining a more conciliatory approach and greater readiness to compromise in correspondence with the union’s legacy of pragmatic business unionism.<sup>96</sup>

The policy U-turn of union confederations, however, created a serious cleavage between the centre and enterprise unions (especially, chaebol unions), which continued to prioritise insider interests and fiercely opposed the deregulation of regular employment. The KCTU leadership was particularly challenged and eventually replaced, although the change in leadership had no direct policy implications. Nonetheless, it revealed deep divisions that existed within labour. Many enterprise unions, lacking a sense of solidarity beyond their narrow membership, not only prevented irregular workers from joining them, but insiders actually looked quite favourably at the use of non-standard workers, as these were seen, acknowledged by representatives from both KCTU and FKTU, as “buffers”<sup>97</sup> that contributed to their employment security in economic crisis.<sup>98</sup> In other words, progressive union leaders, recognising the risks and dangers of irregular employment, faced enterprise unions



that were prepared to enter producer coalition with employers in order to secure their employment at the expense of outsiders.

However, the massive increase in irregular employment in the aftermath of the East Asian financial crisis and labour market deregulation made many enterprise unions more receptive towards the concerns of non-standard workers. Across different parts of the union movement, labour market dualisation was increasingly seen as raising “the question of organisational strength and survival of unions as a meaningful social force”<sup>99</sup>, as put by a KCTU senior policy officer – with dualisation eroding internal labour markets from which the great majority of members were recruited. In other words, irregular employment was not only considered a social problem but also as a “serious crisis for the labour movement”<sup>100</sup>, as argued by a representative of the KCTU affiliated Seoul General Union. Unsurprisingly, industries that were particularly hit by economic crisis (for instance, the finance sector) opened up to irregular workers more quickly, whereas the metalworking industry, for example, was somewhat slow to change. In fact, Hyundai Heavy Industry company union was expelled from the Korean Metal Workers’ Union (a KCTU member union) for their discriminatory stance towards non-standard workers. However, when the shipbuilding industry faced severe corporate restructuring in the face of increasing competition from China, enterprise unions in shipbuilding and other metal-working industries started to represent the interests of outsiders as well (for instance, negotiating wages on their behalf for greater workplace solidarity), in recognition that “cheap” irregular employment and the widening gap between insiders and outsiders ultimately presents “a barrier to achieving standard workers’ demands for better wages and working conditions”, as summarised by a representative from the KCTU affiliated metal workers’ union.<sup>101</sup> Having said this, despite greater inclusiveness, enterprise unions did not give up their prioritisation of insiders, but they started to perceive an overlap of insider and outsider interests.<sup>102</sup>

In addition to the observed change in the material conditions, it is important to highlight that pressure from labour confederations on company unions to become more inclusive “has started to make a difference”.<sup>103</sup> The genuine commitment of peak organisations to greater inclusiveness

towards labour market outsiders was translated into important action – including the above mentioned expulsion of Hyundai Heavy Industry company union, but also KCTU’s “solidarity wage” initiative, which a union officer explicitly described as a strategy “to close the wage gap between standard and non-standard workers”<sup>104</sup> by promoting lump-sum pay increases rather than percentage point increases to the benefit of better remunerated regular workers.<sup>105</sup> Furthermore, recognising the institutional deficiencies of Korea’s fragmented industrial relations system, the union leadership intensified the reorganisation along industrial union structures, with support from many enterprise unions acknowledging that one, in the words of a policy officer of the FKTU affiliated financial industry union, “cannot fight capital as company unions”.<sup>106</sup> Although these initiatives might have been of limited success because of great hostility from business (and in fact some powerful chaebol unions),<sup>107</sup> these observations question the assumption of exclusive unions in insider/outsider and producer coalition theories.

In the domain of public policy, we also find unions, in close cooperation with civil society organisations, pushing for legislation on irregular employment starting in 2000. The massive increase in non-standard employment and the growing gap between insiders and outsiders made dualisation and associated social inequality and exclusion important political issues that could not be ignored by any *progressive* force.<sup>108</sup> Joining forces in the “Alliance for Non-Standard Workers” for greater political impact, trade unions and civil society organisations set the agenda for limiting irregular employment and stipulating the principle of non-discrimination, whereas the second centre-left but business-friendly government (2003-2008) was only prepared to commit to much laxer regulation (for instance, the proposal of a three-year limit and allowing reasonable discrimination of irregular workers). However, pressure from unions in the Tripartite Commission, especially from KCTU, was critical for making the government compromise to limiting fixed-term employment to two years and outlawing discrimination based on employment status, though the legislation did not materialise before 2008.<sup>109</sup>

The innovations of the legislation on irregular employment were followed by two conservative governments (until 2017) with a comprehensive deregulation agenda, including the deregulation of atypical employment (e.g. allowing four years of fixed-term employment). This met fierce opposition from unions and civil society groups, which were able to block attempts by these governments to deregulate the labour market, especially through unions' involvement in the Tripartite Commission where the government sought to achieve consensual labour market reforms. At the same time, however, unions and civil society (in a rather hostile political environment) were obviously not in a position to achieve any better protection of irregular workers with the conservative governments taking extremely business-friendly positions.<sup>110</sup> Despite no social progress, this episode (that is, the prevention of further deregulation) suggests that organised labour has developed into a de-facto veto player in labour market reform, even during the rule of the political right with little meaningful access to political decision-makers.<sup>111</sup>

In May 2017, following the impeachment of the conservative President, the centre-left took control of government, with an agenda of social modernisation; and tackling social inequality associated with the rise in irregular employment was identified as a political priority.<sup>112</sup> Whilst out of power, the centre-left party endeavoured to build stronger links with organised labour to consolidate its support base; and unions also sought to firm up ties with the centre-left, as exemplified by a high-profile event in 2012 when around a thousand trade union members (including a former president of KCTU and other prominent leaders) joined the party.<sup>113</sup> Labour activists were heavily involved in the centre-left President's election campaign, with former senior union leaders from KCTU and FKU filling important positions in the candidate's labour policy committee and the President's transition team after the election. Not only have unions shaped the President's labour market policy agenda, but we also find labour activists in key government positions, most notably the minister of labour and the president of the Tripartite Commission (a minister-level appointment).<sup>114</sup> After the election, the new President presented a five-year plan of government priorities; including further limiting irregular employment, introducing stricter non-discrimination measures, reducing irregular employ-

ment by creating decent jobs, and converting irregular workers in the public sector into standard workers.<sup>115</sup> Whilst the previous, right-wing governments took great advantage of the deregulated labour market, not only is the new government set to present a best-practice example as an employer, it also puts increasing pressure on private employers to convert irregular to regular jobs. The conservative governments' weak enforcement of labour laws has already been reversed with the ministry of labour pursuing prosecution and heavy fines of non-compliant businesses.<sup>116</sup> In light of these recent developments, it is not surprising that the new government is widely considered "pro-labour" reflecting trade unions' growing influence on public policy, whereas business expresses strong discontent, claiming "government only listens to unions".<sup>117</sup>

Obviously, union action does not fit the producer coalition argument, although some union behaviour *might* still be read as not challenging the insider/outsider model. Yet, when contextualising union behaviour, we find strong support for genuine concerns for irregular workers, and the emergence of the Alliance for Non-Standard Workers, combining union and civil society forces, provides strong support for the argument of social (movement) unionism transforming Korean organised labour and pushing back long-established business unionism. The identity of KCTU's leadership as a social movement (that is, striving for social justice and social progress for all) was critical for overcoming narrow insider interest representation, and the progressive leadership used the "window of opportunity" for innovation and revitalisation that the East Asian financial crisis and the subsequent social crisis of dualisation provided. In the new socio-economic environment, the limits of old union strategies became increasingly obvious, in addition to the crises putting unions under enormous public pressure to display greater responsiveness to dualisation and the poor conditions of irregular workers. We thus find proactive trade unions that display capacity to innovate with a view on current *and* future strategic capacity challenging the depiction of unions that cannot overcome narrow insider interests. The sequencing in the Korean case (that is, the initial prioritisation of social protection in union modernisation) can be interpreted in terms of institutional capacity. The historical dominance of enterprise unions in Korean industrial relations and the weakness of labour

federations did, at first, not allow union modernisation at the workplace level. However, social concertation to cope with the East Asian financial crisis gave union federations a strong voice in labour market and social policy-making, which union leadership used for social policy modernisation. After labour market deregulation, irregular employment increased massively with a huge impact in Korean workplaces. Slowly, enterprise unions started to “wake up” to the far-reaching changes in the Korean labour market, translating into changing union behaviour in many workplaces. In other words, we have started to observe modernisation in the industrial relations dimension as well; and more recently with the election of a centre-left government, unions have gained possibly unprecedented influence in public policy that could be interpreted as a result of organised labour’s *strategic* re-orientation.

## Conclusions

There is no doubt that labour market dualisation put organised labour under pressure. But far from simply turning inwards, trade unions in Italy and Korea displayed the capacity to overcome their strong insider orientation, and opened up their organisations to labour market outsiders, despite coming from very different historical models of unionism, each presenting rather high barriers to the pursuit of “social solidarity for all”. In both the industrial relations and public policy domains, unions developed greater inclusiveness overcoming their narrow conceptions of solidarity restricted to the workplace. Labour market dualisation made historically established organising models and industrial strategies ever less feasible with the decline of standard employment. In Italy, unions with class identity and a moral claim to represent the *entire* working class could no longer ignore labour market outsiders, who saw massive increases after labour market deregulation. In correspondence with Italian class unionism, greater inclusiveness focussed, at first, on the workplace; and unions effectively extended their established industrial strategies towards outsiders. But as the economic crisis contributed to an ever-growing periphery of the labour market, unions acknowledged the limits of an inclusive strategy focussed on the industrial relations dimension; and they started ascribing greater prominence to universalistic social protection policies. Here, it is also important to note the increasing political marginalisation of unions actively pursued by successive governments, including – critically – the centre-left. The turning towards civil society with the Alliance against Poverty might thus be considered a sensible response towards the increasingly “cold climate” between the political left and organised labour. Whilst our observation of greater inclusiveness challenges the *new* political economy mainstream, the increasing distance between political left and labour also presents a problem for traditional political economy research rooted in the power resources model, assuming a “natural” alliance between social democracy and trade unions.

Developments in Korea, despite much higher barriers towards change, display great similarity, but we observe inverse sequencing that is associated with differences in industrial relations regime, highlighting the importance of institutional structures shaping behavioural changes and strat-

egies. The predominance of “exclusive” business unionism did, at first, not allow for innovations in the workplace, even though progressive union leaders had long acknowledged problems with Korean enterprise unionism. But the KCTU leadership was able to use the East Asian financial crisis innovatively to champion the social rights of outsiders (most notably, improved unemployment protection), and public pressure made the more conservative FKTU follow the lead of their left competitors. Also, a massive drop in union membership since early democratisation (exceeding the long-term secular decline in Italy) added to a sense of an existential crisis. In this context, the attempt of corporatist concertation to cope with the East Asian financial crisis provided union leaders with a window of opportunity to “reinvent” the movement – though this triggered massive discontent with enterprise unions. The scene changed in the aftermath of labour market deregulation. On the one hand, the massive growth in irregular workers gradually undermined the conditions of insiders, and for this reason company unions, which had previously looked somewhat favourably at “cheap” outsiders in correspondence with the producer coalition approach, became increasingly engaged in negotiating on behalf of irregular workers in order to prevent further growth in the gap between insiders and outsiders. Thus, to some extent, the interest of outsiders and insider started overlapping, which allowed greater inclusiveness at the workplace level – though with limits. This is recognised by union leaders, which have started to push for industrial union in order to overcome the inherent faults of Korean enterprise unionism. On the other hand, as in the Italian case, Korean unions faced increasing political marginalisation with rather business-friendly governments, including the second centre-left government as far as labour market policy was concerned. In this context, unions joined forces with civil society organisations to promote the labour and social rights of irregular workers. Thus, as in Italy, Korean unions started to embrace more inclusive social unionism including deeper cooperation with civil society, and this allowed for weakening though admittedly not abandoning business unionism and associated insider orientation in parts of the union movement, especially in some powerful chaebol unions.

However, regardless of some “legacy effects”, it is remarkable, especially if considering the “mainstream” of insider/outsider and producer coalition theories, how unions in two most-different industrial relations systems reflected upon institutional weaknesses and the political context, and then made deliberate efforts to increase the inclusiveness of organised labour and turned towards civil society in order to regain social force and legitimisation. This shows that dualisation is not a stable equilibrium, but it needs to be considered a powerful mechanism that has the capacity to alter the preferences and strategies of key political and economic agency.<sup>118</sup> In Italy and Korea, the rise of social unionism and the associated politicisation of unions that in the past focussed on the workplace was critical for overcoming narrow industrial strategies and making better social policy a trade union priority – that is moving from workplace solidarity towards social solidarity. Intriguingly, with some significant “delay” though, we appear to observe similar developments in Germany, where unions (also facing a hollowing-out of the core, fierce low-wage competition and a public that views dualisation and inequality rather critically) have turned towards greater outsider inclusiveness with the recent introduction of a minimum wage and an increasingly critical stance towards temporary agency work.<sup>119</sup> Despite greater social solidarity, this is not to argue that problems do not persist. On the contrary, dualisation and social inequality are still massive social problems in Italy and Korea, as elsewhere; and unions are still in the process of consolidating their new industrial and political strategies. But this should not deflect from organised labour’s capacity to innovate and respond strategically to socio-economic and socio-political challenges; and, in Korea, with the recent election of a *progressive* centre-left government that was greatly shaped by unions’ and civil society’s agenda-setting, a window of opportunity might have opened for substantial social reform.



## Interview List

No.	Interviewee's affiliation
1	CGIL-atypical workers' union/former senior officer
2	CGIL-metal workers' union/former senior officer
3	CGIL/senior policy officer
4	CGIL-atypical workers' union/senior officer
5	CISL/senior policy officer
6	CISL-atypical workers' union/senior officer
7	UIL-atypical workers' union/senior officer
8	Alliance Against Poverty/policy advisor
9	CGIL/senior policy officer
10	CGIL/former senior policy officer
11	KCTU/former senior policy officer
12	KCTU/senior policy officer
13	FKTU/senior policy officer
14	KCTU-health workers' union/senior officer
15	KCTU-metal workers' union/senior officer
16	FKTU-financial industry union/senior officer
17	KCTU/former senior policy officer
18	KCTU/former senior policy officer
19	Member of Tripartite Commission
20	Member of Tripartite Commission
21	FKTU/former senior policy officer
22	FKTU/senior policy officer
23	Korea Contingent Workers' Centre/senior officer

24	KCTU-Seoul General Union/senior officer
25	Member of Presidential Transition Committee
26	Member of Presidential Transition Committee
27	Member of Presidential Transition Committee
28	Member of Presidential Transition Committee

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<sup>1</sup> Lucio Baccaro and Chris Howell, "A Common Neoliberal Trajectory the Transformation of Industrial Relations in Advanced Capitalism," *Politics & Society* 39, no. 4 (2011); Timo Fleckenstein and Soohyun Christine Lee, "The Politics of Labor Reform in Coordinated Welfare Capitalism: Comparing Sweden, Germany, and South Korea," *World Politics* 69, no. 1 (2017).

<sup>2</sup> Anke Hassel, "The Paradox of Liberalization: Understanding Dualism and the Recovery of the German Political Economy," *British Journal of Industrial Relations* 52, no. 1 (2014); Bruno Palier and Kathleen Thelen, "Institutionalizing Dualism: Complementarities and Change in France and Germany," *Politics & Society* 38, no. 1 (2010); David Rueda, "Social Democracy and Active Labour-Market Policies: Insiders, Outsiders and the Politics of Employment Promotion," *British Journal of Political Science* 36, no. 3 (2006).

<sup>3</sup> Walter Korpi, *The Democratic Class Struggle*(London: Routledge and Kegan Paul, 1983); John D. Stephens, *The Transition from Capitalism to Socialism*(London: Macmillan, 1979).

<sup>4</sup> Richard Hyman, *Understanding European Trade Unionism: Between Market, Class and Society*(London: Sage, 2001).

<sup>5</sup> Chiara Benassi and Tim Vlandas, "Union Inclusiveness and Temporary Agency Workers: The Role of Power Resources and Union Ideology," *European Journal of Industrial Relations* 22, no. 1 (2016); Niccolo Durazzi, "Inclusive Unions in a Dualized Labour Market? The Challenge of Organizing Labour Market Policy and Social Protection for Labour Market Outsiders," *Social Policy & Administration* 51,

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