independent of the board, via direct relations between the blocs which make up the Labor Foundation and the top levels of Government and the political parties.

The system worked smoothly up to 1954, when some employers, feeling that emergency conditions were over, began to seek greater freedom. Union opposition to the system grew in the 1954 and 1955 prosperity as the share of wages in national income suffered. To preserve wage control, the Government bought union acquiescence by restoring direct controls on prices.

Strikes have been extremely rare since the war. This has been largely a result of the centralized collective bargaining system, but also reflects the longstanding policy of the Catholic and Protestant unions of striking only in extreme circumstances.

Contracts

Contracts are binding only upon approval by the Board of Government Conciliators (which may, however, disapprove or alter them). Cost-of-living adjustments are standard and come semiannually. At the end of 1954, there were in force 469 collective agreements, 71 of which applied throughout the country.

Collective bargaining and disputes legislation

The basic law regulating collective bargaining is the extraordinary decree on labor relations of 1945 (intended as an emergency measure, it has remained in effect). The law frames a scheme for comprehensive wage control. It set up a so-called Board of Government Conciliators, which is really a wage control board, with power to (1) establish general rules and principles of wage determination, (2) set specific wage rates, (3) approve, disapprove, or modify the terms of collective agreements (which are not valid until the board has approved them), (4) extend the provisions of contracts to parties outside the bargaining unit, (5) grant specific exceptions to established wage rates, and (6) obtain compliance with its regulations via court action. Its powers are limited (1) by the fact that it is responsible to the Minister of Social Affairs, who is in turn responsible to Parliament and (2) by the requirement that it obtain the advice and opinion of the Labor Foundation "concerning matters of general importance" (as seen above, this is not treated as a mere formality, but taken very seriously).

Government wage policy

In 1950 the Government established a Social and Economic Council to advise it on policy. The council is composed of persons nominated by the unions, the employers' associations, and the Government. It is intended to supplement rather than supersede the work of the Labor Foundation.

The main goals of the comprehensive national wage policy have been (1) the maintenance of economic stability through control of the general wage level and (2) the establishment of an equitable and satisfactory wage structure. The idea of achieving these goals through the market was deliberately abandoned. In regard to the latter objective, a formula was accepted whereby semiskilled workers' wages were fixed at 10 percent and skilled workers' wages 20 percent above the level for unskilled workers. To allow for differences in the cost of living, the country was divided into five zones and wages were graded acordingly. A minimum wage for unskilled labor was set at a level corresponding to reasonable subsistence.

Up to 1950, the wage structure was simply adjusted upward at a rate equal to the rise in the cost of living. With the Korean inflation, the unions agreed to a cut in real wages and this was done by raising wages only 5 percent while prices rose 10 percent. Since 1954 the general improvement of economic conditions has led to the sanctioning of wage increases in excess of the rise of living costs.

Wage determination has in recent years remained under close central control. The Government has, at various times, been instrumental in instituting economy-wide changes in specific fringe benefits, such as vacation pay, retirement benefits, and bonuses.

Price control

A system of price control exists at present, having been forced on the Government in 1954 as a prerequisite to wage stabilization. The current price control consists of an agreement that prices will not be raised without Government approval. This control is entirely distinct from that which was in effect after the war, which was progressively abandoned with the recovery of output in the late forties: some relaxation preceded the currency devaluation of September 1949, prices were frozen for a short period afterward, and then further relaxation followed.