South Korean bank unions call off indefinite strike

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Leaders of the Korean Federation of Bank & Financial Labour Unions have called off an indefinite strike by 35,000 bank workers in South Korea due to begin on Tuesday and agreed to the central demand of employers for widespread retrenchments and the restructuring in nine banks.

The South Korean press, the unions and management claimed that the deals reached after last minute negotiations represent a compromise. But the agreements, which allow for jobs losses of up to 32 percent of the workforce, are a disaster for bank workers. About 10,000 jobs are expected to go on top of 8,000 positions that have been already been destroyed to the end of last year.

The so-called concessions made by management were the scaling back of their original demand for a 40 percent cut and an increase in the severance pay for sacked workers. The agreement, however, is no guarantee that jobs will not be slashed in the future. In fact, the unions' capitulation will only encourage further demands from the banks once the latest round of job cuts has been carried out.

Separate talks took place with each of the nine ailing banks--Korea First, Seoul, Cho Hung, Hanil, Korean Exchange, Commercial, Peace, Kangwon and Chungbuk--which together account for about 75 percent of the country's financial transactions. Workers at two of the banks went on strike but were sent back to work after two hours.

More than 20,000 workers took part in an overnight rally workers at Myongdong Cathedral in downtown Seoul to protest the destruction of jobs. But no vote was taken over ending the strike action.

The reason for calling of the strike was outlined by bank union leader Choo Won Suh who told a news conference on Tuesday: 'We reached an agreement with management to call off the action, given its negative impact on the nation's external credibility and the difficult economic situation.'

As these comments make clear, the central issue for the union leaders was not the saving of workers' jobs but the defence of South Korean capitalism. Faced with threats by the Kim Dae Jung government to declare the strike illegal and pressure from the media and big business, the unions caved in and called off the industrial action.

The sackings are a result of the bank restructuring drawn up in July by the government's Financial Supervisory Commission (FSC) as part of the IMF's terms for a huge bailout of the South Korean economy. Initially slated for closure, the nine banks have insisted on the massive layoffs as the basis for their continued operation.

Bank workers have held a series of protests against the job cuts. Only last week riot police arrested 47 people including nine union officials who had locked bank presidents in a boardroom after they refused to withdraw the planned sackings.

The latest capitulation comes on top of the decision of the auto unions to end the protracted occupation of the Hyundai plants on management terms, and is certain to give the green light for further sackings throughout industry. The South Korean stock market responded to the news with a rise of more than 2 percent.

Already the official unemployment rate has more than trebled to 8.1 percent in August compared to just 2.3 percent a year ago. Broad layers of workers face the bleak prospect of retrenchment in coming months. Yet the response of the unions has been to isolate different sections of workers, and confine any action to limited protests. The Korean Confederation of Trade Unions

(KCTU) has threatened national strike action on at least three separate occasion this year only to back down at the last minute and bow to the requirements of big business.