

Korean union federation quits government economic committee

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Amid signs of growing industrial unrest, the Korean Confederation of Trade Unions, one of country's two peak union bodies, has left the tripartite committee of employers, government and unions created by South Korean President Kim Dae Jung last year.

For months the KCTU leaders sat alongside representatives of the government and big business establishing the framework for mass layoffs, wage cuts and the destruction of working conditions as demanded by the International Monetary Fund in exchange for its \$57 billion bailout package for South Korea.

Last week a KCTU spokesman said the union had decided to quit the tripartite committee because of disagreements with the government's agenda of continuing layoffs and its "mismanagement of economic affairs". He claimed that the union would now "launch an all-out battle against the Kim administration".

The KCTU has been on and off the tripartite committee since it was established at the beginning of last year. Throughout all the twists and turns, however, the federation's basic policy has remained the same: it has sought by any means possible to prevent a political struggle in defence of jobs and conditions against the Kim Dae Jung government.

In February 1998, the KCTU leaders threatened strike action against the government's plans to change the labour laws and abolish the country's longstanding lifetime employment system, which guaranteed workers permanent jobs, at least in the major corporations. But at the last minute the KCTU caved in, called off planned industrial action and agreed to the legislative changes, thus opening the way for the destruction of hundreds of thousands of jobs.

Under the changed laws, employers were able to lay-off workers "through reasonable and fair procedures"

and for "emergency management reasons," including mergers and acquisitions. The unions told their members that industrial restructuring was "painful but inevitable". The KCTU leaders dropped their initial objections to the government's tripartite committee and took their place alongside the Federation of Korean Trade Unions, Korea's other union umbrella organisation.

The KCTU has played the central role in breaking the resistance of workers to the government's attacks. In August, the KCTU supported its affiliate, the Korean Metal Workers Federation, when it isolated and then closed down a month-long occupation by Hyundai workers of the company's Ulsan plant to oppose sackings.

While the workers and their families fought 15,000 heavily armed riot police, the union leaders were locked in discussions with the company to broker a deal that accepted all of the employers' demands. The defeat of the Ulsan Hyundai workers, one of the most militant sections of the Korean working class, cleared the way for attacks on other sections of workers.

The government is currently pointing to a number economic indicators--a stabilised currency, a fall in interest rates from 30 percent to 8 percent and \$3.8 billion in repayments to the IMF--and claiming that the country is on the verge of recovery. But these results have been at the expense of the working class.

The unemployment rate stands at 7.9 percent and is expected to leap to 10 percent later this year as the government presses ahead with further economic restructuring. Nearly two million are out of work. In the industrial centres of Pusan, Incheon and Kwangju, unemployment is already at between 10.7 percent and 11 percent. A recent survey showed that average monthly income had declined by 585,700 won (about

\$450).

Last month leading credit agencies Moody's Investment Services, Standard and Poor's and Fitch IBAC upgraded South Korea's credit rating to investment grade. While expressing approval of the restructuring progress to date, the credit upgrade was a signal that international investors and the IMF expect much more.

Following the upgrade announcement Finance Minister Lee Kyu-sung said: "My fear is that little has been done to improve Korea's global competitiveness. The emphasis is still on economies of scale and smokestack industries rather than developing high-tech industries."

Since the beginning of the year the government has acted to force Korea's major conglomerates to shed so-called underperforming industrial subsidiaries and to carry out a series of mergers and industrial unit swaps known as "big deals".

The restructuring, which is part of the IMF's demands, has provoked industrial action as these "big deals" will lead to downsizing and the loss of thousands more jobs. Over the last three months, strikes by workers demanding job security have erupted in Daewoo, Samsung and LG Semicom plants across the country.

At the same time, workers are gearing up for campaigns for wage rises. Over past weeks, 33,000 workers at Hyundai and Kia motors have been engaged in a series of partial strikes over pay claims.

Last Saturday, 10,000 workers fought with riot police at a KCTU-sponsored rally in Seoul. The workers chanted "No to layoffs" and "no to restructuring," overpowered dozens of riot police and stripped them of their shields, helmets and batons.

The government is relying on the union leaderships to contain the movement and clear the path for the next round of cuts. In order to carry out this task, the KCTU has been forced to leave the government's tripartite committee in an effort to bolster its flagging credibility among militant workers.



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