South Korea's economic recovery—a recovery for whom?

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According to recent reports, South Korea's economy is on the road to recovery. The Bank of Korea issued a statement last week predicting 6.8 percent economic growth with one percent inflation this year.

Other indictors used to support the claim are the drop in unemployment and a rise in wage levels. However, a more careful examination of these factors shows that the so-called recovery does not herald a new era of prosperity for Korea's working people. On the contrary, statistics reveal that the recovery has been fueled, and will only be maintained, at workers' expense.

Announcing the latest job figures the *Korea Herald* proclaimed: “The number of employed rose in almost every sector in May, including the manufacturing and construction sectors, thanks to a strong rebound in the economy.”

Seasonally adjusted unemployment for the last two and a half months fell by 0.3 to 6.4 percent, the lowest rate since April last year. The number of jobless declined by 144,000 to 1.4 million.

Besides the fact that the stated number of unemployed is more than double the 1997 level of 500,000, the raw figures serve to cloak the real situation.

Over the past two years the Kim Dae Jung government, acting under the terms of the International Monetary Fund's $58 billion recovery package, has imposed an economic and industrial restructuring program. Central to the operation has been the drive to end Korea's “lifetime employment” and the creation of a “flexible” workforce.

The present employment patterns reflect just how far this process has been advanced. While there has been a growth of jobs, a great proportion are part-time, casual and day labour (workers hired on a day to day basis).

According to a Central Bank of Korea (CBK) report, the number of full-time workers, “meaning employed for life” declined below 30 percent of the nation's total workforce in May, the lowest level since early 1990s.

The number of contracted or part-time workers almost doubled compared to previous periods. Out of the 20.3 million workforce, lifetime employees accounted for only 5.9 million, or 29.3 percent. The number of workers recruited on a day-by-day basis jumped 46.2 percent to 2.45 million.

This trend continued last month. The number of full-time workers declined to 5.96 million, 8.4 percent less than a year ago and well below the 7 million before the financial crisis.

While unemployment overall fell to 6.4 percent the level in many of the major industrial centres continues to remain high. In Pusan the rate is 9.6 percent, in Kwangju 7.6 percent and in Inchon 8.1 percent.

In another indicator of the loss of earnings suffered by workers, overtime payments made to manufacturing workers fell by 16.3 percent over the past year, while bonus payments were cut by 15.7 percent.

Remarks made by a government spokesman last week reveal the dog-eat dog climate that has been created to divide workers. “The labor market has now become more flexible in the aftermath of the economic difficulty. There is no longer a strong tendency for guaranteeing lifetime employment by the business circle,” he said.

“Workers should be prepared to move from one labor market to another. This will eventually lead to an increased competitiveness of each individual participant within the local labor sector. They need to survive the competition.”

A study of the so-called wages recovery reveals a parallel deterioration in the conditions of workers. While pay rates in some areas have risen—for example

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the monthly pay of manufacturing workers reportedly rose 9.8 percent in the first four months of this year—the wages of many workers have not returned to the pre-crisis level.

Over the past two years wages were either savagely cut or frozen, allowing the country's conglomerates to maintain and even increase their profits. The real monthly wage of manufacturing workers plunged 9.8 percent last year allowing employers to cut unit labour costs by 11 percent. The CBK estimated that: “Decreases in monthly pay and the cost of labour improved the manufacturing sector's return on operating income by 1.6 points last year.”

Not only did the manufacturing magnates benefit from wage cuts, they also used the crisis to downsize their workforces and drive up productivity. Last year the number of workers employed in that sector plunged 13.2 percent to 3.88 million from the previous year's level of 4.7 million. In the same period, labour productivity increased by 13 percent.

The same process has produced a leap in profits in other sectors of industry. Last week the *Korea Herald* reported that: “Korea's top-100 listed firms saw net profits soar a record 1,140 percent to 4.59 trillion won ($3.87 billion) in the first half of this year”.

The list includes Korea Electric Power Corp with a profit of 710 billion won; Pohang Iron & Steel, 583.4 billion won; Samsung Electronics, 465.6 billion won; Korea Telecom, 267.3 billion won; LG Electronics, 252 billion won; and SK Corp, 194 billion won.

Housing & Commercial Bank, LG Chemical, Kookmin Bank, Korean Air, SK Telecom, Ssangyong Oil Refining, KorAm Bank and Samsung Display Devices registered profits ranging from 151.8 billion won to 100.8 billion won. All these companies have axed thousands of jobs from their workforces over the past two years.

One other indicator of economic revival often cited is the influx of overseas investment. However, the truth is that US and other transnationals and banks have long demanded the opening up of Korea's economy and are now able to take advantage of the bargain basement sell-off of “failed” industrial units, through buy-outs and mergers.

To add further to the corporate bonanza, the government this week announced it will proceed with the fire sale of its stake in state-owned enterprises, including Korea Telecom, Korea Tobacco & Ginseng Corp, Pohang Iron and Steel Co, and Korea Electric Power's power plants in Anyang and Puchon.

Little wonder the stock market is celebrating. Last Saturday the Korea Composite Stock Price Index hit a four-year high of 1027.93 points.

The destruction of jobs and the elimination of hard-won conditions is only possible with the assistance of the trade union bureaucracy, which acts at every point to dissipate workers' opposition and inflict defeats on some of the most militant sections of the working class.

In the most recent betrayal, two months ago the Korean Confederation of Trade Unions, the country's second largest union peak body, called off its threatened offensive against the Kim Dae Jung government's “big deal” restructuring plans. This resulted in the defeat of the Seoul subway workers who had gone on strike to defend jobs.

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