

South Korean union agrees to implement mass layoffs at Daewoo

Terry Cook
2 December 2000

In a complete about face, South Korea's Daewoo Motor Company labour union dropped its campaign against job cuts and agreed on November 27 to accept the mass layoffs demanded by management, the government and the Incheon District Court.

The ailing company, with debts of more than \$US15 billion, was declared bankrupt by government-controlled creditor banks on November 8. Two days later Daewoo Motors, the country's third-largest carmaker, closed down operations at its main plant and filed with the District Court to appoint a receiver.

Last week the District Court delayed making a decision on receivership until December 9 and called on the union to reach an accord with the company accepting the job losses. The implication was that, if the terms were not agreed to, the company would be liquidated and the workforce sacked.

South Korea's President Kim Dae-jung made the threat even more explicit when he toured Incheon on November 20. He warned that the company "would not survive even under receivership, unless the union accepted layoffs... All workers will become jobless if the company fails."

The four-point agreement struck on November 27 was the outcome of marathon closed-door negotiations between union president Kim Il-Seob and Daewoo Motors chairman Lee Jong-Dae. Under the deal, the union will cease all opposition to the layoffs and establish a joint committee with the management to oversee the early implementation of a "self-rescue" plan. For its part, the company agreed only to delay the start of lay-offs.

The union backdown came only days after leading officials reaffirmed they would never agree to Daewoo's plan to axe more than 3,500 jobs—almost 20 percent of the company's Korean workforce. Union

spokesman Choin Jong-hak said recently: "It was the management, not the union, that is responsible for the Daewoo trouble... We will do everything in our power to fight layoffs."

The opposition of South Korean trade unions to the widespread layoffs that have taken place since the 1997-98 Asian financial crisis has been nominal at best. But the cave-in at Daewoo is the first time that a union, in either the public or private sector, has given prior consent to extensive layoffs.

The Daewoo union is affiliated with the Korean Confederation of Trade Unions (KCTU), which emerged out of the militant strike struggles of South Korean workers in the 1980s and led a semi-illegal existence until granted official recognition by the current administration of President Kim Dae-jung.

Workers have repeatedly demonstrated their willingness to fight to defend jobs. Two large demonstrations of over 20,000 workers as well as a number of strikes have already taken place this month against the government's restructuring program and in support of Daewoo jobs. On November 12, thousands of workers, angered by the threatened Daewoo closure, denounced the government and battled riot police in the streets of the capital Seoul.

Under the pressure from their members, South Korea's two largest peak union bodies—the KCTU and the Federation of Korean Trade Unions (FKTU)—have planned a joint campaign of rallies and strikes, including two one-day national strikes on December 5 and 8.

But the union decision to accept the Daewoo's layoffs undermines the campaign and strengthens the hand of the government and corporate management to press ahead with closures and layoffs. In early November, the government named 52 private companies as "being in

such poor financial state they should be liquidated". It also has plans to restructure a number of major public corporations by early February.

Although the South Korean economy is expected to grow by 9 percent this year, the government is under pressure to accelerate the carve-up or closure of debt-laden corporations like Daewoo. A recent *Associated Press* article entitled "South Korea facing economic turmoil" noted: "[E]xperts warn the economic situation could deteriorate unless the government moves decisively to restructure bloated big business that subsist on large bank loans."

Already there are indications that other unions are backing away from any campaign to defend jobs. On October 9, more than 15,000 workers from state corporations, including the Korea Electrical Power Company (KEPCO) and Korean Telcom, staged a joint rally in Seoul against the government's privatisation plans. They demanded a five-day working week, with no loss of pay, instead of job losses.

But since then, the FKTU-affiliated KEPCO union has repeatedly called off further industrial action. A strike initially planned for November 24, to protest the lack of progress in negotiations, was postponed to November 30 and again to December 3, even though the government has not altered its position. The government intends to split the corporation into five separate units for sale to private investors.

The trade unions accept the logic of the capitalist market and therefore have no fundamental opposition to the government's restructuring plans and the consequent job shedding. In early 1998, shortly after Kim Dae-jung came to power, both the FKTU and the KCTU leaderships approved changes to the country's labour laws that effectively abolished the previous lifetime employment system and opened the door to the type of mass layoffs taking place at Daewoo.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact