

Unions call off strike

## South Korean police storm bank workers' occupation

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South Korean union leaders called off a week-long strike by employees of the Kookmin and Housing & Commercial banks on December 28, the day after 8,000 riot police stormed a training centre being occupied by the workers in Ilsan, just north of Seoul.

In freezing temperatures, police helicopters hovered low over the occupation to blow down tents that had been erected for shelter by around 10,000 workers, their families and supporters. Columns of riot police then smashed their way into the complex with batons, clashing with workers who defended themselves with tent poles and iron bars. Ordered by their unions not to resist, most workers laid or sat down in an attempt to hinder the police. At least 300 workers were arrested and a number were injured.

Just prior to the raid bank workers had begun occupying another training centre in Yoju, to the south-east of the city. Riot police were dispatched to Yoju and to the Korea University in Seoul to prevent workers from regrouping there.

The workers were protesting against the planned merger of the two banks and likely substantial job losses. The strike had effectively crippled the operations of Kookmin and Housing & Commercial which handle a quarter of South Korea's retail banking. The majority of their 1,020 outlets were unable to operate. Last weekend an estimated \$2.2 billion was withdrawn from the two banks amid fears that the strike would continue and spread to other banks.

The industrial action also threatened to undermine plans by President Kim Dae Jung's government to ram through the restructuring of South Korea's debt-laden banking and financial sectors as being demanded by the International Monetary Fund (IMF).

Before sending in the police, Prime Minister Lee Han-dong warned strikers that they would be subject to immediate arrest if they continued to occupy the training centre. "The second phase of the financial restructuring is an unavoidable choice to enhance the banking industry's competitiveness, and will be pushed ahead without delay," he said.

President Kim Dae-jung also condemned workers' opposition to the merger as "unjustified" and said that his government would "deal firmly" with the strike. "Whether to undertake a merger or not is a matter for the management and shareholders of the bank to decide," he said during a cabinet meeting on December 26.

Kim, who built his reputation as a democratic opponent to previous military regimes, won the presidential election in 1997 with the backing of the trade unions. One of his first steps on taking office in the wake of the Asian financial crisis was to revise the country's labour laws to end the system of life-long employment and pave the way for large-scale retrenchments. Over the past two years his administration has been just as ruthless as previous governments in using the riot police to crush working class opposition to its policies.

The dispute was shaping up as a key test case for the administration. The Kookmin and Housing & Commercial banks employ some 23,000 employees and their planned merger in June 2001 is set to create South Korea's largest bank, with a combined market value of \$US6.2 billion. Among the major shareholders pushing for the deal is US investment giant Goldman Sachs.

The intention of the government and the IMF is that the market dominance of the new bank will force

smaller, less viable banks into accepting mergers or buy-outs. A group of financially-strapped banks such as Hanvit, Seoul, Cheju, Peace, Kwangju and Kyongnam are to be put together under a state-run financial holding company and prepared for mergers.

The ability of the government to end the bank workers strike rested heavily on the peak trade union bodies—the Federation of Korean Trade Unions (FKTU) and the Korean Confederation of Trade Unions (KCTU). In recent weeks, the two organisations have carried out a series of protests and strikes against the restructuring and privatisation plans. But the protests have been limited, aimed mainly at letting off steam.

Following the police operation against the Ilsan occupation, the government ordered strikers to return to work the following day or face dismissal or pay cuts. The FKTU issued a half-hearted appeal to other bank workers to strike in sympathy on December 28. Not surprisingly, given the record of the union leaders, the call appears to have won little response. The finance union leaders then formally called off the strike even though the majority of bank workers had not been cowed by the government's threats and had not returned to work.

The political outlook of the union leaders is no different from that of Kim Dae Jung and his government. When it comes to the crunch, they accept the prerogatives of management and the necessity for the IMF restructuring to make South Korean capitalism “internationally competitive” that has rapidly led to the destruction of jobs and the limited gains made by workers in the 1980s and early 1990s.



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