

South Korean government orders massive police assault on Daewoo workers

A correspondent
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The South Korean government this week launched a full-scale attack on workers at the Daewoo Motor Co., aimed at breaking resistance to mass layoffs and clearing the way for the sale of the bankrupt vehicle maker.

On the evening of February 19, 4,200 riot police with shields and batons stormed the company's main plant at Pupyong in the western city of Incheon, violently evicting some 1,000 striking workers and their families, including women and children, who had been occupying the factory for three days.

The workers seized the factory after the company sent out 1,750 dismissal notices, the first step in shedding a further 6,884 jobs, and imposed a three-week shutdown in order to reduce its car inventory.

The layoffs are the largest by any single company since South Korean President Kim Dae-jung carried through changes to the country's labour laws in early 1998, effectively abolishing the previous system of life-long employment.

The police used eight forklifts and five large excavators to tear down a 10-metre-high factory wall and smash through barricades that workers had erected across five entrances to the plant. The embattled workers used Molotov cocktails, iron bars and fire hoses in an attempt to ward off the police and defend themselves.

Police arrested more than 80 workers, including union delegates and officials of the Korean Confederation of Trade Unions (KCTU). Clashes continued outside the plant the following day as hundreds of angry workers demanded the release of those arrested, hurling petrol bombs at police lines and burning two empty police buses. Union officials said they planned to stage further protests but failed to specify when.

The government's decision to launch the all-out offensive to crush opposition at Daewoo was spurred by the waning interest of major corporations, in particular General Motors (GM), in purchasing the ailing concern. The US auto giant began negotiations to buy out parts of Daewoo in 1999 but demanded a major restructuring of the company's operations, including mass layoffs, before any deal was finalised.

The government has also taken action against a number of Daewoo's leading executives, whom it blames for diminished overseas interest in the sale. On the same day as the police raid at Pupyong, the country's Supreme Public Prosecutors Office indicted 34 executives for illegal practices, including the systematic doctoring of account balances and obtaining illegal loans.

In the country's first-ever criminal action against an accounting firm, a number of accountants who assisted in covering up the true state of the Daewoo's finances were also indicted. Daewoo Motor was declared bankrupt on November 8 with debts of more than \$15 billion.

Daewoo's former chairman and owner, Kim Woo-chong, is under investigation for embezzling \$1.5 billion through a secret overseas account managed by a subsidiary British Finance Centre. He has fled the country and the Korean government has requested the assistance of Interpol to track him down.

The government is desperate to push through Daewoo's sale, which is central to its plans for restructuring South Korea's conglomerates and financial institutions in line with the demands of international investors and the International Monetary Fund.

Immediately after the police raid, Commerce, Industry and Energy Minister Shin Kook Hwan

declared: “We will jump-start the talks with GM” as soon as possible “since the obstacles have been removed.” He added: “[A]s the government lays the groundwork for Daewoo Motor's normalisation, I expect GM to come out and resume talks by the end this month.”

Daewoo Motor chairman Lee Jong-dae yesterday endorsed Shin's statement and confirmed that the management had “laid off so many of the plant's workers in order to have it taken over by GM”. Lee said he was very confident that GM would announce within the next weeks the price and date of a buy out.

Even if the sale goes ahead, Daewoo Motors will be subject to further restructuring, including job losses and the undermining of working conditions. GM has said it is not interested in purchasing the company's overseas units—a total of 15 production plants and 31 sales outlets. Its objective is to take over Daewoo's Korean-based plants in Changwon and Kunsan through an asset-by-asset purchase and at a much lower price than the \$3.7 billion offered last year.

Both the government and management have relied heavily on the KCTU and its affiliated Daewoo Motor unions to contain the opposition of workers to the restructuring and job losses. Last November, the union leaders called off strike action in support of Daewoo workers, dropped their opposition to a restructuring plan and reached a deal with management to accept more than 3,500 job losses.

The four-point agreement with the company's chairman Lee Jong-Dae included the establishment of a joint committee with management to work out the terms of a “self-rescue package”. Management's only concession was to delay the starting date for lay-offs.

The deal effectively removed Daewoo workers from the centre of the growing opposition by thousands of workers from other conglomerates, banks and public institutions to the government's restructuring drive. Two demonstrations of more than 20,000 had already taken place. On November 12, thousands of workers, angered at the threatened Daewoo closure, denounced the government and battled riot police in the streets of Seoul.

Following the November deal with Daewoo, the KCTU and South Korea's other main peak union body, the Federation of Korean Trade Unions, called off proposed joint national strikes and effectively ended the

campaign against the government's broader restructuring plans. The occupation of the Pupyong plant erupted after the union campaign had been reduced to a series of empty and demoralising one-hour protest rolling stoppages.



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