

South Korea: Clashes erupt at Ssangyong factory occupation

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A lengthy factory occupation in defence of jobs at Ssangyong Motor's Pyeongtaek plant in South Korea's Gyeonggi Province reached a critical turning point last weekend. Clashes took place last Friday and Saturday between around 900 occupying workers on one side and several thousand company thugs, supervisory staff and non-striking workers on the other.

The government of President Lee Myung-bak sent 500 riot police to the plant on Friday, supposedly to maintain public order. The police allowed management and its supporters to enter the plant then used the battle that erupted inside as the pretext for storming into the premises. Heavily outnumbered, the striking workers retreated to a paint workshop and store complex. Several were arrested and at least 20 people were injured. Further clashes took place in the early hours of Saturday morning before the police and company temporarily backed off.

The occupation began on May 22 after the management announced a list of 1,056 workers to be immediately sacked as part of its restructuring plans to satisfy the demands of creditors. The company filed for bankruptcy in the Seoul District Central Court in February. In total, the company is to axe 2,646 jobs or about 36 percent of its workforce.

Ssangyong has put Pyeongtaek plant up as collateral to raise a new bank loan of 250 billion won (\$199.5 million) in order to emerge from bankruptcy. Two court-appointed managers warned last month that the company would be liquidated unless the jobs cuts took place.

Ssangyong is South Korea's smallest auto company, producing mainly luxury sedans and sports utility vehicles. China's Shanghai Automotive Industry Corp (SAIC) bought a 51 percent stake in the company in 2004 but has ruled out providing financial assistance. The other major shareholder is the state-controlled Korea Development Bank.

Like auto producers worldwide, Ssangyong has been hit by the global financial crisis and tightening credit that has led to a dramatic fall in sales. Last year the company, which has an annual production capacity of 200,000 vehicles, posted a net loss of 709.7 billion won. In the first four months of this year, vehicle sales plunged 72 percent to 9,935 units.

Last Friday's attack on the occupation followed a concerted campaign by the company to intimidate the strikers and demand that the government intervene. On June 16, the company organised around 1,500 people, mostly supervisory staff and hired thugs, to rally outside the plant, threatening to enter the premises and disperse the workers inside. The plan was thwarted when over 800 workers from nearby factories, including Kia Motors, arrived to defend the occupation.

The government's reluctance to intervene directly is certainly not out of sympathy for the strikers. In fact, it has given its approval as required under South Korea's labour laws for the mass sackings to go ahead. The fact that the state-operated Korea Development Bank is a major Ssangyong shareholder is an added incentive to push through the restructuring plans.

President Lee, however, is concerned that an overt police assault on the occupation could provoke a backlash among sections of the working class. The right-wing Lee won the presidency in 2007 by capitalising on widespread dissatisfaction with his predecessor Roh Moo-hyun, a so-called democrat, who implemented pro-market reforms and presided over a deepening social divide.

Lee promoted himself as a better economic manager and made grandiose promises to boost income, growth rates and South Korea's economic position, all of which have lapsed in the wake of the global economic crisis. The depth of public hostility to Lee was evident in the outpouring of

public sympathy for Roh, following his apparent suicide in May. Hundreds of thousands paid their respects to Roh, many accusing Lee of hounding the former president to his death by pursuing corruption charges.

Unemployment is a major concern for workers. The OECD last month predicted that the South Korean economy would contract by 2.2 percent in 2009, despite government stimulus packages equivalent to 7 percent of GDP and cuts in interest rates to a record low of 2.0 percent. The grossly understated official jobless rate rose to a four year high of 3.9 percent in May after 219,000 workers lost their jobs—the highest monthly figure since March 1999.

The Ssangyong occupation takes place amid other signs of unrest. At the end of May, demonstrators protesting the government's anti-labour measures clashed with riot police, resulting in 104 police officers and around 50 protestors being injured. In early June, the government was forced to deploy 3,400 police to 323 logistic centres because of the threat of blockades by striking truck drivers.

One of Lee's election promises was to crack down on "excessive labour disputes" to make the country investment-friendly. Last year, his administration set up a special police unit to deal with protests and demonstrations. According to a recent report by the Dasan Human Rights Centre, police used the government's Assembly and Demonstration Act to ban 42 assemblies and demonstrations in May and June, including a rally in support of the sacked Ssangyong Motors workers.

The Ssangyong workers are members of the Korean Metal Workers Union (KMWU), which belongs to the Korean Confederation of Trade Unions (KCTU). Neither the KMWU nor the KCTU has mobilised its membership in support of the occupation, which erupted spontaneously after workers heard they were to lose their jobs. While professing their support for the occupying workers, the KMWU leaders have been in discussions with management over alternative methods of cost cutting—including work sharing and short time working.

The unions have also proposed that the ailing automaker be transformed into a public entity, with the Korea Development Bank as the majority shareholder and a massive injection of government funding. The proposal echoes the measures adopted by the Obama administration in restructuring General Motors. The US bailout was contingent on mass sackings, plant closures and deep cuts to wages, pensions and health benefits. To date, occupying

workers have rejected all company offers that do not guarantee jobs.

The KCTU and its affiliates, while posturing as militants, have played a pivotal role under successive governments in imposing the demands of big business. In the midst of the 1997-98 Asian financial crisis, the KCTU was instrumental in stifling the mass movement against President Kim Dae Jung's axing of the country's lifelong employment guarantee. The union confederation has increasingly functioned as the industrial policeman for government and business, resulting in defeats across a range of industries, including auto, heavy engineering, and transport.

In the wake of last Friday's attack on the Ssangyong occupation, the KMWU has made promises of wider strike action. However, the thrust of the union's demands remains the same: to pressure the government and the company to adjust their restructuring plan. The plain truth is that the demands of workers for secure jobs, proper conditions and a decent living standard are incompatible with the profit system.

By occupying the plant in defiance of the government and the company, the Ssangyong workers have taken an important stand in defending jobs and livelihoods. This action raises the necessity of nationalising the company, not under the Korea Development Bank, but under workers' control, as part of the socialist reorganisation of society to meet the social needs of the majority, rather the private profits of the wealthy few.

Such a political struggle will only take place in direct opposition to the company, the Lee government and the union leaderships, which are staunch defenders of the present capitalist order. To break out of the isolation imposed by the unions, Ssangyong workers have to act independently, establish their own rank-and-file committees and appeal to broad sections of the working class not only in South Korea but internationally who face similar attacks on their jobs and living standards.



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