

South Korean “non-regular” workers face mass job losses

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After weeks of protest blockages of parliament by opposition lawmakers, the right-wing government of President Lee Myung-bak has delayed until September a vote on legislation making it easier for employers to lay off casual and temporary workers.

The parliamentary standoff has highlighted the political instability produced in South Korea by the global economic crisis, which has seen more than 300 “non-regular” workers losing their jobs every day. Heavily dependent on manufactured exports, the economy is officially forecast to contract by 1.5 percent during 2009.

Unable to fashion a compromise with the opposition Democratic Party (DP), the government has put off the bill to revise the Non-Regular Workers Protection Act, which requires employers to promote temporary workers to permanent status after two years of employment.

The previous administration of President Roh Moon-hyun introduced the measure in 2007, supposedly to protect contract workers but companies have instead usually sacked them after two years. In an effort to contain rising anger among workers, the DP has been blockading the entrance to the National Assembly, seeking to stop votes on the amendment and other legislation.

For its part, fearing that the escalating job losses could lead to a social explosion, Lee’s ruling Grand National Party (GNP) has cynically sought to present its plan to double the two-year deadline to four years as a move to halt the destruction of thousands more jobs. The government has warned that up to one million workers could lose their jobs because of the existing law.

In May, an estimated 219,000 workers were sacked, the largest monthly total since 1999 in the wake of the 1997-98 Asian financial crisis, taking the official jobless toll to nearly one million. In the face of an economic downturn far worse than the Asian crisis, most employers are sacking, not upgrading, non-regular workers. The best that these workers can hope for is to be rehired on new contracts for a further two years.

The number of contract workers is estimated at 5.4 million, or one third of the country’s total workforce. They generally earn around 1.2 million won (\$US960) a month, or just 60 percent of the average income of regular workers. In addition, they have significantly lower health care benefits and less unemployment insurance.

More than 50 percent of non-regular workers are working on the minimum wage, or about \$3.20 per hour. Even state enterprises like Korea Post have replaced thousands of regular workers with temporary staff in recent years.

At a meeting with officials, lawmakers and business leaders on July 2, President Lee blamed the DP for the adoption of the legislation in 2007. “Thousands of these workers face the risk of losing their jobs due to wrangling in the National Assembly,” he declared.

Far from being concerned for the plight of the working class, the government is intent on delivering the “labour market flexibility” demanded by the employers and investors to further drive down wages and conditions. “Foreign investors are watching the outcome closely,” the London-based *Financial Times* reported on July 27.

Lee, the former CEO of conglomerate Hyundai, is the naked representative of the super rich. According to

Chaebol.com, in July the number of South Koreans worth more than one trillion won jumped from five in 2008 to nine, as the stock market recovered ground from last September's crash. Number 4 on the list was Shinsegae Group chairwoman Lee Myung-hee—President Lee's younger sister. Number 5 was GNP lawmaker Chung Mong-joon, the largest shareholder of Hyundai Heavy Industries.

The Federation of Korean Industries (FKI) and other business associations have called for all workers to be relegated to non-regular status. "The current problems originated from the labour market rigidity," a FKI spokesman declared. "We have to see the issue on a larger scale and reform the market for all workers to introduce flexibility."

With the support of the trade union bureaucracy, the DP and its predecessors (the Uri Party and the Millennium Democratic Party) implemented free market reforms in the aftermath of the Asian financial crisis and destroyed the previous life-long employment system.

After a wave of militant strikes by predominately female workers in Homever, New Core and E-land department stores, as well as the high-speed rail KTX in 2006—sections of the working class not controlled by the old manufacturing unions—former President Roh pushed the Non-Regular Workers Protection Act in the name of establishing rights for the expanding contract workforce.

In reality, the law offered no protection for millions of workers. The *New York Times* on July 23 noted: "As South Korea struggles with the global economic downturn, temporary workers are bearing the brunt of corporate cost-cutting... Temps typically have smaller nest eggs than regular workers, so as more of them end up employed, social problems seem to rise faster. In Seoul, subway commuters cringe at a relatively new scene: homeless people lining up at soup kitchens or sleeping in paper boxes."

Kim Joo-won, who lost his \$3 an hour minimum-wage car assembling job at Donghee Auto in March, told the newspaper that he and several other temporary workers had been staging protests every day. At first, he chained himself to a factory column, but security guards cut the chain, hauled him away and threw him out the back gate. "They treat us non-regular workers like used toilet

paper," Kim explained.

Living on just \$630 a month in unemployment benefits, which end in three months, Kim explained why he and other workers wanted their jobs back: "If I give up, I will drift from one temporary job to another for the rest of my life. If you are a non-regular in South Korea, your life is second class."

Owned by Hyundai-Kia, Donghee is a new model for South Korean industry, farming out assembly jobs to 16 job agencies that hire one-year contract workers. Anyone associated with a union is dismissed, and workers who complete their contracts start over again on the bottom wage. Another former Donghee employee, Lee Cheong-woo, told the *New York Times*: "It's a factory of dreams for managers and a place of despair for workers."

The plight of non-regular workers has become a focus of public opposition to the entire political establishment. A survey conducted by Hangil Research & Consulting in early July found that 51.7 percent of respondents blamed the GNP government for layoffs of irregular workers, while 22.3 percent attributed the responsibility to both the ruling party and the opposition.

The DP has been unable to capitalise on the hostility to the government, because of its record of betraying the hopes of working people that it represents a "progressive" force against the GNP, the party of former military dictatorship and conglomerates. As a result of its own pro-business agenda, the party lost office in 2007. The *Economist* on July 9 cited a poll showing that while the support for GNP was just 33 percent, the DP was even lower, at 21 percent.



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