

South Korea: Kumho Tire workers reject sell-out agreement

Sangjin Kim
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In a two-day ballot this week, workers at Kumho Tire voted to reject an agreement reached between the company union and management to slash pay and jobs as part of a corporate debt restructuring plan. The vote sets the stage for a confrontation not only with management but the union, which backed the sell-out deal.

Last December, the heavily indebted Kumho Asiana group was forced by its major creditor, the Korea Development Bank (KDB), to agree to a debt restructuring of two of its units, including Kumho Tire. In February, the creditors provided emergency cash aid of 100 billion won (\$US89.5 million) as long as major cost cutting went ahead.

In early March, Kumho Tire's management announced a list of 1,199 workers, out of workforce of 4,100, to be laid off. Workers voted on March 9 by a 72 percent majority to take strike action against the job cuts. However, the Kumho Tire union continued to seek a deal to head off industrial action, engaging in 22 negotiating sessions over the past two months.

Following a token one-day strike, the union and management announced a deal on April 1 to force 597 full-time workers to take contract positions and to boost productivity by 6.5 to 12.1 percent. The sell-out agreement also included a 10 percent cut in basic pay, plus sharply reduced bonuses, which amounted to a reduction of up to 40 percent in monthly salaries. Significantly, the union also pledged to limit further industrial action.

Intense pressure is now being brought to bear to force workers to cave in and back the restructuring plan. Management has already sent text messages to 191 workers telling them they have been laid off. The union had offered the pay cut as a means of "saving" these jobs.

Korea Development Bank official Ahn Yang-soo warned: "Unless union workers agree to the restructuring, they won't

be able to save their company." Creditors are threatening to put the company into receivership.

Other sections of workers are caught in the same bind: either accept the management dictates, or the company will shut its doors. The only means for fighting to defend jobs and conditions is on the basis of a socialist program to abolish the capitalist system that puts the profits of the few ahead of the basic social needs of working people. The trade unions, however, are bitterly opposed to such a struggle.

From the outset, the Kumho Tire union ruled out any defence of workers' jobs and conditions. Instead, it declared: "If the circumstances are not favourable, we will first wait and see how serious the layoffs turn out to be. And then we could stage anti-Kumho struggles with dismissed workers and their families, civil groups and labour groups."

The Kumho union is affiliated to the Korean Confederation of Trade Unions (KCTU) and the Korean Metal Workers Union (KMWU), which in the 1980s were illegal and gained a reputation for militancy. In the present economic crisis, however, the KCTU and KMWU have become the essential instruments for the government and corporations to suppress any opposition by workers.

The KCTU and KMWU played the central role in isolating and eventually betraying the 77-day occupation by workers to defend jobs at the Ssangyong Motors plant in Pyeongtaek last year. The plant's union chief Kim Kyu-Han told the media this month that many workers called him "a traitor and some still do, but I don't care". He said he now spent "more time cooperating with management to pull the company out of this crisis."

Last month, the new KCTU chairman, Kim Young-hoon, proudly declared that the union body was doing away with steel pipes—the primitive weapon used by militant workers defend themselves from police and company thugs during

strikes—in order to “try to win back the trust of the public, raising the brand value of the KCTU”. The statement is a pledge that the corporate elite and government can count on the KCTU to suppress militancy.

Right-wing President Lee Myung-bak is increasingly reliant on the unions to contain any outbreak of industrial action. Fearful of provoking wider strikes, his Grand National Party (GNP) administration only dispatched police to crush the Ssangyong occupation toward the end. Not only is Lee’s economic agenda in a shambles but public anger is rising over continuing inflation, job losses and deepening social inequality.

Jung Yong-hua, the GNP candidate for a regional election in Gwangju city, where the Kumho headquarters and main plant are located, joined big business in warning that the Kumho plants would close if any strike went ahead. Lee Yong-seob, a leading Democrat in Gwangju, repeated the same argument, saying that strike action could be “a critical blow to the company’s revival”.

Other sections of workers in South Korea are facing similar struggles. Over 100 workers at one of Valeo’s branches in Cheonan city have occupied the workplace since October against job cuts and a lockout by the French-based multinational car components giant. Valeo, which has 125 subsidiaries with more than 60,000 workers around world, last year announced the elimination of 5,000 jobs globally.

Another 600 Valeo workers at Keong-ju city in Keong-buk Province have been protesting since a mid-February lockout. Valeo shut down the plant without any notice, right after holidays, and blocked the entrance with hundreds of thugs. These company thugs used water cannon and fire extinguishers to attack workers trying to enter the premises on March 4. Workers occupied a nearby highway and the police arrested 32 workers for obstruction of traffic. On March 12, about 3,000 metal workers from 22 workplaces around the city staged a walkout in support of the Valeo employees.

The global economic crisis has seriously affected South Korea’s export-dependent economy. The shipbuilding industry has seen new orders shrink; triggering deep attacks on jobs, wages and conditions. On February 26, 800 Hanjin Heavy Industries & Construction workers went on strike against a 30 percent job cut, forcing the company to temporarily suspend the layoffs. Hyundai Heavy Industry has reshuffled 700 shipbuilding workers, while its subcontractors have laid-off more than 2,000.

The construction industry has been rocked by bankruptcies caused by a frozen housing market and tightening credit. Namyang Construction applied for court receivership on April 2 after failing to raise the funds for its current apartment building project, leaving all workers unpaid for March. In the finance sector, the Korean Financial Trade Union estimates that 9,000–14,000 jobs will be axed in a merger between Woori Bank and Kookmin Bank, or 5,600–8,500 jobs in a union between Woori Bank and Hana Bank.

Massive retrenchments are looming among small and medium enterprises (SMEs) that account for 87.5 percent of jobs. The Korea Development Bank, the major bank for SMEs, is planning to restructure 200 of its 800 SMEs debtors that have loans of over 2,000 million won and demand job losses of as much as 40–50 percent.

Corporate restructuring is producing record unemployment—the official figure of 1.21 million jobless in February was the worst since Asian financial crisis in 1997–98. According to the *Korea Times* in March, the actual number of unemployed is more than 3 million and the real rate is above 10 percent, as many have given up looking for work. Hardest hit are university graduates, temporary workers and female workers. The unemployment among female university graduates reached an astonishing 57.5 percent in February.

Any struggle to defend jobs at Kumho Tires or elsewhere necessitates a turn to other sections of workers facing the same attacks and to the unemployed to build an independent political movement against the Lee government and the corporate elite. That in turn requires a complete break from the opposition parties and trade unions, and the adoption of a socialist program to guide these struggles and unify them with those of workers worldwide.



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