

South Korean president-elect moves to abandon welfare promises

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As the South Korean economy continues to deteriorate, president-elect Park Geun-hye and her right-wing Saenuri Party are laying the groundwork for abandoning election campaign pledges on welfare. Park, who assumes the presidency on February 25, has made clear that her election buzz phrase of “economic democracy” was just window dressing for her real agenda of austerity.

Saenuri Party lawmakers, government officials, and the media are now regularly calling for a scaling back of the election pledges on welfare, arguing that there is no money to fund them. Government lawmaker Shim Jae-chul told the media: “It is inappropriate to insist that because they are pledges they should remain intact when there is no budget.”

Included among Park’s pledges—252 in all—are a doubling of monthly pensions to 200,000 won (\$US187) for those over 65 years old, full medical coverage for sufferers of four major medical conditions—cerebrovascular and cardiac disorders, cancer, and terminal illnesses—free day care for children under five, and expanding basic social security, which currently provides very limited financial assistance to only a fraction of those in need.

One media estimate put the likely cost of the pension, medical insurance, and social security promises at 77 trillion won (\$72 billion), more than double the 34 trillion won (\$31.8 billion) Park claimed during the election.

The government is also preparing to ditch another major election pledge. Speaking about Park’s promise to reduce the length of compulsory military service, a Saenuri Party lawmaker explained: “That promise was no more than an off-the-cuff remark, made when it looked like the tables were turning at the end of the [election] race.”

Park’s calls during the campaign for “economy democracy” were addressed towards growing discontent about the widening gap between rich and poor. Clearly concerned about a public backlash, she has not yet openly abandoned her welfare pledges but is instead biding her time. “It is premature to discuss whether what we pledged during the election is feasible or not,” she explained. “That is the job when the new government is launched.”

With Park facing opposition inside her own party, the so-called “liberal” opposition, the Democratic United Party (DUP), has offered to help out. DUP interim chairman Moon Hee-sang said: “There are already many policies in common with the DUP which are backed by social consent as well. I hope the Saenuri Party will also be cooperative on offers that we make.”

The DUP is well aware that Park has no intention of enacting her welfare measures, just as it did not intend to implement its populist pledges. The DUP is offering Park cooperation in constructing a “progressive” cover to allow her to implement an austerity agenda. Both of the major parties are committed to implementing the demands of big business to reduce government spending and force workers to increase productivity, under conditions of deepening global economic crisis.

Following the election Park met with business leaders, including chaebol (conglomerate) owners such as Hyundai-KIA Automotive Group chairman Chung Mong-koo, LG Group chairman Koo Bon-moo, and SK Group chairman Chey Tae-won. Park promised these billionaires: “In my term, I will ensure corporate investment or management never suffers setbacks caused by an uncertainty in the government’s policy.”

Park also referred to her campaign pledge for “corporate social responsibility”, calling on the chaebols to implement their own reforms. “I urge large

conglomerates to change your ways,” she said. “I ask that as you try to overcome management difficulties, you do not start with restructuring or layoffs, but instead with sharing wisdom and pain, by trying as much as you can to save the jobs of our workers.”

This posturing is designed to mislead workers. “Sharing the pain” will translate into pushing the entire burden of the economic crisis onto the working class, as outgoing president Lee Myung-bak did in 2009 through his “job-sharing” program. That exercise in “shared sacrifice” involved forcing workers to accept massive pay cuts, while managers only gave up token tax breaks. Moreover, for many workers, job-sharing was no guarantee that they would keep their jobs.

Park glorified the chaebols as a necessary part of economic life, even as more and more businesses announce plans for layoffs. “In the context of Korea’s modern history and economic structure, the nation’s conglomerates have a stronger role to serve the public,” she declared. The assembled businessmen were fully aware that Park has absolutely no intention of placing any restrictions on their profiteering.

A wave of restructuring, plant closures and relocations is underway that will result in further job losses and wage cuts. A survey conducted by the Korea Employers Federation (KEF) in early December indicated that more than half of the 272 major CEOs questioned were planning some form of downsizing in 2013. Over the past year, thousands of workers have lost their jobs in major corporations like LG and SK.

As an export-driven economy, South Korea has been hard hit by the global downturn. The Bank of Korea has already revised its 2013 growth estimate down to a mere 2.8 percent. Contrary to Park’s promises of “economic democracy”, her presidency will see a ratcheting up of the rate of exploitation of the working class as the government seeks to bolster the profitability of the largest corporations.



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