

South Korean president unveils phony job package

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South Korean President Park Geun-hye's government announced in early June that it would implement a job program with the target of creating 2.38 million jobs by 2017. The plan was hailed in the media as Park's commitment to "economic democratization" and a follow through on her election promise to raise the country's employment rate to 70 percent from the current 64.2 percent of the working age population.

The jobs plan, however, is not a step towards greater economic and social equality. Rather it will further lower wages and increase the number of workers in temporary and part-time work.

At a press conference announcing the job plan, Prime Minister Chung Hong-won said the government would "fundamentally" change job creation. "For this, we need to change the labor market led by male workers, manufacturers and big companies, and create a new environment where everyone can take on flexible types of work and take care of their families at the same time."

What in fact Chung means by "flexible" is the expansion of the irregular labor market made up of low-paid, part-time workers. Forty percent of the jobs to be created, or 938,000, are marked for part-time positions. Often referred to as "job sharing", the scheme calls for workers to accept reduced hours and forfeit the corresponding wages, while companies receive government subsidies and tax breaks.

The plan has met with some resistance from big business, which complains that hiring any additional workers would raise labor costs. The Hyundai Research Institute, an economic think tank, recently warned that employment without economic growth was more dangerous than economic growth without employment. Lee Jun-hyup, an economist with the institute, criticized the government saying: "This is a very

difficult task to reach a 70 percent employment rate under the current economic structure. The government needs to set up more long-term projects based on realistic plans."

This criticism stems from the fact that the plan does not go far enough in attacking working standards and conditions. Since the Asian financial crisis of 1997-1998, the South Korean ruling elite has been on a campaign to create a low-paid, part-time work force. Park's plan is the continuation of the assault on full-time employment begun under President Kim Dae-jung from 1998 to 2003, and intensified under every subsequent president.

In 2009, President Lee Myung-bak unveiled a proposal similar to the one now proposed by Park. Lee's job sharing plan, depicted at the time as protecting workers' jobs, called for workers to surrender upwards of 30 percent of their wages in order to keep their jobs while companies received large tax breaks. In some cases, companies such as KT, a large telecommunications firm, participated in the program and then proceeded to slash 6,000 jobs anyway.

Unemployment and underemployment is a growing problem in South Korea. The official jobless rate of 3.2 percent in April greatly understates the situation. A National Assembly report released in March suggested that unemployment was at least 2.3 percentage points higher than the official figure.

The emphasis the government has placed on job creation demonstrates it is well aware of the explosive nature of the problem, particularly for youth. In 2011, the Hyundai Research Institute estimated that unemployment for those aged 15-29 was as high as 22.1 percent.

Park's job plan received support from the opposition Democratic Party (DP—formerly the Democratic United

Party). Party chairman Kim Han-gil said: “I think that the time to consider a Korean version of the Wassenaar Agreement has come.” The Wassenaar Agreement was signed in 1982 in the Netherlands between the government, labor unions and businesses. Businesses promised to create more jobs and the unions pledged to curtail wages. The result was a sharp redistribution of wealth to the upper class. Income and corporate taxes were reduced while real income for workers dropped.

Kim’s call reveals clearly the true nature of the Democratic Party. For months leading up to the elections last year, the Democrats bombarded workers with the slogan “economic democratization”, holding out the illusion that the country’s business conglomerates or chaebols would be challenged. Once the elections were over, the Democrats quickly dropped their rhetoric.

The DP’s embrace of the jobs plan is also revealing of the trade unions, particularly the Korean Confederation of Trade Unions (KCTU). While the overtly pro-government and pro-business Federation of Korean Trade Unions (FKTU) supports Park’s plan, the KCTU, which tacitly backs the Democrats, ostensibly came out against it.

While organizing protests allowing workers—particularly part-time, irregular workers—to let off steam, the KCTU has sought to direct workers’ anger behind the Democrats. Last year, the KCTU backed the Democrats in the general and presidential elections. In January, the KCTU demanded parliamentary hearings into the layoffs at Ssangyong in 2009, a bitter experience for workers who occupied the plant for weeks.

In early May, when President Park pledged to address big business demands over rising regular wages, the KCTU asked workers to put their faith in lawsuits and the government’s courts. It also endorsed a DP-sponsored amendment to the Labor Standards Law, supposedly in order to resolve the issue in workers’ favor. Any such bill would have to pass through the National Assembly controlled by Park’s right-wing Saenuri Party.

By defusing the anger and opposition in the working class, the DP and KCTU are playing the key role in allowing Park to proceed with her bogus jobs plan that is designed to provide a cheaper, “more flexible” workforce for big business.



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