

Hyundai autoworkers in South Korea strike for better wages

Ben McGrath**29 September 2015**

Hyundai Motor's labor union struck for three days last week in South Korea, demanding increased wages and job security. This is the fourth straight year that strikes have occurred at the company and comes amid a global assault on autoworkers, notably in the US where the United Auto Workers (UAW) is attempting to force sellout contracts on its membership.

The Korean Metal Workers Union (KMWU), which represents Hyundai autoworkers, staged walkouts during the first four hours of both the day and afternoon shifts last Wednesday, and then walked out again for six hours during the two shifts on Thursday. On Friday, workers on the day shift refused to work for six hours. No afternoon shift was scheduled as South Korea marked the traditional Chuseok holiday over the weekend.

Hyundai workers initially voted to strike on September 10 with 77.9 percent of the union's 48,000 workers in favor. The demands include a 7.84 percent monthly wage increase of 159,900 won (\$US133), 30 percent of Hyundai's profits to be used for bonus pay, and guaranteed job security, including raising the retirement age to 65. The union is also against a proposed peak wage system that would slash salaries for older workers.

Workers struck at all three of Hyundai's factories in South Korea, during which the company lost an estimated 9,000 to 10,000 units in production. However, while workers at Hyundai's affiliate KIA voted to strike two weeks ago, they have not done so. KIA workers as well as those at GM Korea and Ssangyong are all represented by the KMWU, the largest union within the Korean Confederation of Trade Unions (KCTU).

Hyundai claims that it is unable to afford any pay increases as its sales have fallen. "There is nothing to

be gained from a strike that ignores reality," said Hyundai CEO Yun Gap-han last week. Hyundai Motors' net profits have declined over the last six quarters. The company faces increased competition from Japan where the lower value of the yen has given Japanese companies an edge in the export market. Sales have also decreased domestically and in countries like China, Hyundai's largest market by volume.

The isolated, partial strikes are a standard-operating procedure for the KMWU, which often bombastically talks of "general strikes" and "all out struggles" against management. In reality, however, its partial strikes are aimed at letting off steam while a deal is done with management. The union already reached a separate agreement with GM Korea in July. These workers will receive an 83,000 won monthly pay increase, a 6.5 million won signing bonus, and a 4 million won performance-based bonus at the end of the year.

In line with the demands of GM Korea, the union agreed to enforce speedups. Speaking September 17 at a forum dubbed Global CEOs' View on Korean Labor Market, GM Korea chief Sergio Rocha complained that "salaries increased too fast" while productivity was too low.

Rocha continued to attack workers' wages saying, "While other countries are collaborating, enhancing competitiveness to attract foreign direct investment (FDI), [South Korea is] moving to the wrong direction—Singapore, Taiwan and other smaller countries attract more FDI than here."

In fact, the KMWU is willing to meet the demands of companies like Hyundai and GM Korea. The union agreed with Hyundai's demand to keep negotiations secret, a departure from the past. An auto company insider quoted in *Business Korea* stated in July: "For labor in the car industry, many political interests are

internally entangled. So, they have no choice but to take a strong stand against the companies in negotiation. However, labor is also forming a consensus over the recent economic downturn with the companies this year.”

Workers are deeply concerned about job security. At the behest of big business, the Park Geun-hye government is pushing “labor reform” that will slash wages and casualize the workforce. Speaking at a press briefing on August 31, the Korea Employers Federation (KEF) executive vice chairman Kim Yeong-bae stated: “We expect labor-related laws, the wage structure, and income disparity between regular and contract workers will improve through the ongoing labor market reform.” The KEF is one of five major organizations representing the interests of big business in South Korea, all of which took part in the press briefing.

Kim went on to attack older workers who “get paid three times more than entry-level employees.” He demanded unions accept the peak wage system that would slash the salaries of workers when they near the age of 55. The savings would ostensibly be used to hire younger workers, but in reality will be used to lift the corporation’s bottom line.

On September 16, the ruling Saenuri Party submitted five bills to the National Assembly that would allow companies to fire regular workers more easily, lengthen the number of years irregular workers can be employed from two to four, and expand the number of industries in which irregular workers can be employed.

Youth unemployment is a huge issue in South Korea where families and young people spend large amounts of money on private education in the hope of finding stable, well-paid jobs. Among nations in the Organization for Economic Cooperation and Development (OECD), South Korea has the third highest rate of young people at 15.6 percent in the NEET category or “not in education, employment, or training.”

Many people after graduating from university are forced into irregular and part-time positions. Irregular workers lack job security and earn only about half as much as their regular counterparts doing the same jobs. An estimated 8 million to 8.5 million people out of South Korea’s workforce of 18.24 million are considered in irregular or casual positions.

The assault taking place on auto workers in South

Korea is part of a global drive to force the working class to bear the burden of the capitalist economic breakdown. In opposition to the retrograde nationalist outlook of the trade unions in every country, auto workers in South Korea, the United States and around the world to wage a united struggle to defend jobs and living standards on the basis of a socialist perspective.



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