

Thousands to be sacked at GM factory in South Korea

Ben McGrath
15 February 2018

General Motors announced Tuesday that it would shut down one of its four auto factories in South Korea by the end of May. More than 2,000 workers are set to be laid off from the plant in Gunsan, North Jeolla Province and the closure would have a devastating impact on jobs throughout the city. The company's move marks an intensification of the assault, not only on autoworkers in South Korea, but internationally.

GM, which employs 15,663 South Korean workers through its affiliate GM Korea, is using the plant closure and the threat of a complete exit from the country to win financial concessions from the South Korean government and drive down wages. The company pointed to high labor costs, along with falling sales, as the reasons for its decision. GM CEO Mary Barra foreshadowed the closure last week when she said GM Korea had to be "viable."

The company is now in talks with the government and the Korean Metal Workers Union (KMWU), which represents autoworkers at companies like GM Korea, Hyundai and Kia. GM president Dan Ammann issued a veiled warning to workers to accept the auto producer's demands, saying: "Time is short and everyone must move with urgency." The company expects acquiescence before the end of February, when product allocation decisions are made.

While the company's specific demands have not been made public, GM is calling for additional financial support from the state-run Korean Development Bank, which owns 17 percent of GM Korea. GM, headquartered in Detroit, owns 77 percent, while the remaining 6 percent is owned by the Shanghai-based SAIC Motor Corporation.

Seoul is questioning GM's rationale and is considering looking into GM Korea's business practices. GM may have pocketed as much as three

trillion won (\$2.78 billion) from its Korean affiliate through underhanded means since acquiring the company in 2002. This includes 462 billion won (\$431 million) in interest on loans from 2013 to 2016, with the company charging rates higher than the commercial average. Some of the funds supposedly went to research and development.

Lee Hang-koo, a senior researcher at the Korea Institute for Industrial Economics and Trade, refuted GM's explanation, saying: "The R&D costs were too high given the number of new cars released here. Based on strategic bookkeeping, GM took all the money from GM Korea and now is asking for money from the Korean government."

The supposedly "militant" Korean Metal Workers Union is stepping in to ensure workers' anger is directed into safe channels for the government and company. The union denounced GM's decision as "unilateral." Senior KMWU official Dang Sung-geun said: "We can't accept this. The company informed us about the closure plan, not asking for our opinion. It was already the end of the discussions."

In other words, the KMWU is upset that it was not directly involved in the slashing of wages and factory conditions so that it could sell the decision to its membership more easily.

Adding insult to injury, GM's decision was announced a few days before the Lunar New Year, a major holiday in Korea, in an attempt to forestall industrial action.

The Gunsan branch of the KMWU held a protest at the factory after the closure was announced. But aside from empty posturing, the union bureaucrats will do nothing to defend workers' jobs. Kim Jae-hong, who leads the branch, said at the protest: "Let's protect our right to live on our own." This indicates that the protest

would not be expanded outside the plant.

In fact, the KMWU has been involved with the job cuts at Gunsan from the beginning. In early 2014, when GM Korea announced it would lay off an entire shift comprising 1,100 workers, a union official told the media: “Job cuts are inevitable because of reduced production. We will settle the situation through negotiations.” The following year, the KMWU sanctioned the shift’s elimination, promising workers would be relocated. Instead, hundreds were sacked.

The KMWU’s refusal to defend Gunsan workers and oppose the company’s demands has paved the way for this latest round of firings. There has been no attempt to unite workers at the soon-to-be-shuttered factory with GM workers at the other three GM plants in South Korea, let alone with workers at other companies like Hyundai or the broader international working class.

At best, the KMWU will stage a few partial strikes and token protests to let off steam, while limiting the impact on the company. The union will then enforce speedups after the strikes are over to make up for lost production.

The closure will have a significant impact on the city of Gunsan. “Gunsan worked really hard to rescue GM, buying GM cars produced from the factory,” city council chairwoman Park Chung-hi told Reuters. “The whole town is now in panic.” She added that one in five city residents among a population of 280,000 were reliant in some way on GM Korea’s factory.

In the US, President Donald Trump claimed, during a trade-related meeting, that GM was bringing jobs back to the United States. He also attacked the Korea-US Free Trade Agreement. Trump called for retaliatory taxes on goods such as steel, which would have a negative impact on South Korea, declaring: “Countries are taking advantage of us.” He lashed out at South Korea and Japan specifically, accusing them of not paying enough to host the US military, a further sign of the growing tensions with nominal allies.

As militarism and economic instability on the Korean Peninsula and the region grows, workers and youth in the United States, South Korea and throughout Asia are increasingly coming into conflict with multinational corporations and governments. Unions like the KMWU or the United Auto Workers in the United States are striving to subordinate their members to the demands of big business. What is required is a unified struggle of

workers in South Korea and internationally on socialist principles to defend jobs and living standards. This will require a political break from all the defenders of capitalism, including the trade unions.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact