

Union sellout facilitates South Korean General Motors restructuring plans

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On May 10, the South Korean government finalized a deal with automaker General Motors (GM) to maintain operations within the country through the imposition of a restructure that will slash workers' jobs, wages and conditions. The agreement was facilitated by a sellout rammed through by the Korean Metal Workers Union (KMWU) at the end of April.

The company announced that a "rescue plan" includes a Korea Development Bank (KDB) bailout of \$750 million and additional investment of \$6.4 billion from GM. In addition, GM will convert \$2.8 billion of debt into equity.

The company also pledged to maintain its current 77 percent stake in GM Korea for five years and keep at least a 35 percent stake for an additional five years after 2023. The KDB owns 17 percent of shares.

GM will introduce two new vehicle models at its Bupyeong facilities and its Changwon plant in 2019 and 2022. However, the Gunsan factory will still be shut down. The threat of a GM pullout from South Korea was raised when the company announced the closure in February.

The workforce at the remaining plants will continue to be restructured, including through 2,600 job cuts imposed under a "voluntary" retirement plan. The company is seeking to slash labor costs by \$400–\$500 million across the board.

In a separate agreement, GM will also move its Asia-Pacific headquarters to South Korea from Singapore, which had been effectively shuttered since its pullout from Australia. The new facility will cover operations in South Korea, Indonesia, Thailand, Malaysia, the Philippines, Vietnam, Singapore, Brunei, Burma, and India.

The GM deal could have only gone forward with agreement from the KMWU, which reached a sellout

agreement with management on April 23.

Finance Minister Kim Dong-yeon stated that a "precondition [for government support] is that an agreement must be reached on 'sharing the pain' between labor and management in line with restructuring principles and on a management normalization plan that is sustainable in the long term." Despite the euphemism about "sharing the pain," the brunt of the deal will fall on the workers. The government of President Moon Jae-in, which is imposing the cuts has been promoted by the trade unions as a pro-worker alternative to previous president Park Geun-hye.

The union isolated GM workers from others it nominally represents, both within and outside the auto industry. The KMWU reached a similar sellout deal with STX Offshore and Shipbuilding earlier in April that set a template for the GM betrayal.

Within GM, the KMWU divided regular and irregular employees, the latter of which are easily fired and work for significantly less pay for the same job.

GM Korea union members voted to accept the deal a few days after it was struck, under threat of mass job cuts among the remaining 13,000 factory workers. A wage freeze will be imposed upon the workers while they will also be forced to give up their bonuses this year. Welfare benefits including education subsidies and holiday and travel allowances will also be suspended.

Management agreed to extend its "voluntary" retirement scheme to 680 workers at the Gunsan plant who refused to accept it the first time around. However, as of last week, only 30 workers had chosen to accept the "offer." Another 300 will be moved to other GM Korea plants. The remaining 350 workers will be forced to accept a three-year leave of absence.

The workers will supposedly receive a stipend from the government of 1.8 million won (\$1,671) monthly for the first six months and then 2.25 million won (\$2,100) each month for the next two and half years to be paid jointly by GM Korea and the KMWU.

Workers' union dues will be used to pay those on leave to reduce the impact to the company. Regardless, two million won is hardly enough for a single person to support themselves in South Korea, let alone those who have families. However, there is no guarantee that the workers will be hired back after three years or that they will not simply be fired before then.

The irregular workers' union at GM Korea staged a protest Monday during GM's press conference announcing the stabilization deal. More than 10 members of the union, which is separate from the KMWU union representing regular workers, entered the press conference and silently stood to the side, leading to its postponement.

Union leader Hwang Ho-in plaintively stated: "We are sorry for the fuss, but we also wanted to hear what the normalization plan will be and what will happen to our future." There are more than 2,000 irregular workers at GM Korea, 300 of which have already been fired via text message.

The KMWU's posturing as a "militant" union was just for show. The union made clear after the Gunsan plant closure announcement that it was willing to impose a sell-out.

GM Korea union branch leader Im Han-taek said on February 20: "If the company unveils a concrete plan on new models and export volume, the labor union is ready to yield." In other words, jobs, wages, and working conditions would all be on the chopping block.

The KMWU is the largest union within the umbrella labor organization, the Korean Confederation of Trade Unions (KCTU). The KCTU is similarly portrayed as militant, especially by the pseudo-left which promotes union betrayals as "victories" and promotes the fraud that all that is required is a more "militant" leadership.

From its inception in the 1990s, the KCTU has been a nationalist, pro-capitalist organization that has served as an appendage of the Democrats and has sought to prevent any political struggle against the government of the day.

This has been the case whether under Democrat or conservative governments. For instance, the KCTU

terminated a major rail workers' strike in 2013 under the right-wing administration of Park Geun-hye. The union federation did everything it could during the mass protests against Park in 2016-2017 to prevent the emergence of a movement of the working class against the profit system and all of its defenders, and to promote the Democrats and Moon Jae-in.

The KMWU sellout will have an impact on workers at other companies beyond the auto industry. They will be expected to surrender their own wages and benefits in the name of "remaining competitive."

Workers can place no faith in the unions, which will again be called upon to enforce the company and government demands. They must turn to the international working class, which is moving into open confrontation with big business and the governments that represent it in the United States, France and around the world.



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