

New South Korean government plans onslaught on working class

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South Korean President Yoon Suk-yeol took office May 10 amid a growing economic crisis, exacerbated by the COVID-19 pandemic and the outbreak of the US/NATO-instigated proxy war against Russia in Ukraine. The new right-wing administration and the ruling People Power Party intend to exploit this crisis to deepen the attacks on workers and further remove any restrictions on the ability of big business to maximize profits.

In line with the demands of the ruling class, the new administration's agenda includes "boldly lifting," in the words of Prime Minister Han Deok-su, corporate regulations and providing tax cuts for both local conglomerates and foreign firms.

The lobbying group Korea Enterprises Federation (KEF) stated earlier this month, "The incoming government needs to take a lead in drastic regulatory reform in line with global standards and improvement laws and systems to advance labor-management relations to create a 'friendly business environment' that can enhance the dynamism of our economy and create a virtuous cycle of revitalization of corporate investment, job creation, and economic growth."

Big business has criticized South Korea's maximum corporate tax rate of 27.5 percent as too high compared to cities like Singapore and Hong Kong where the rates stand at 17 percent and 16.5 percent respectively. Yoon has also pledged to increase the work week from the current 52 hours and create "labor flexibility," a euphemism for further casualization, a worsening of working conditions and mass layoffs.

This agenda is to be implemented in conditions where the International Monetary Fund predicts that South Korea's economy will grow by only 2.5 percent this year, down from earlier projections of 3 percent. It will be the working class that will be forced to bear the

brunt of the economic downturn.

In particular, the Yoon administration plans to focus on developing businesses in areas such as semiconductors and artificial intelligence, calling them national priorities. As discussed at the recent summit between Yoon and President Joe Biden, Seoul also plans on working with the United States to establish stable supply chains as part of the US war drive against China.

Yoon has made clear he is at the beck and call of big business. During a meeting in March with representatives of six corporate lobbying groups, he told them, "If public officials try to regulate nonsense and abuse their power, call me right away. I will answer the phone immediately."

Yoon is also preparing for a confrontation with the working class. He has denounced workers who strike for better conditions, in comments that open the door for violent suppression of workers' struggles. In March, Yoon's transition committee stated that worker demonstrations were "a source of public distrust of the law enforcement authorities."

During his inauguration speech, Yoon claimed that "truth is oftentimes bent out of shape and grossly distorted... because of animosity between different groups within society." He continued: "When the masses"—i.e., the working class taking strike action—"bludgeon and silence those who do not agree with them and do this through brute force—this is how anti-intellectualism gravely weakens our democracy and puts us in peril."

Han Sang-jin, a spokesman for the Korean Confederation of Trade Unions (KCTU), criticized Yoon's speech, saying, "Labor strikes are guaranteed by the Constitution, yet he gave a lopsided description of a powerful union from the perspective of

management.”

This does not mean the KCTU will wage a genuine struggle against Yoon’s administration, despite radical-sounding noises to the contrary. The KCTU promotes illusions in the main opposition Democratic Party of Korea (DP) and is looking to prop up a future DP government just as it did under previous President Moon Jae-in, under whom inequality rose sharply.

According to a report released by Shinhan Bank in April, the income gap last year between the wealthiest 20 percent of society and the poorest 20 percent grew by 5.23 times. The top 20 percent saw a 5.9 percent increase from 2020 to an average 9.48 million won (\$US7,453) a month while the bottom 20 percent earned 1.81 million (\$US1,423), down 1.1 percent, which often includes meager government aid. However, Yoon’s administration already plans to cut 57 trillion won (\$US44.8 billion) in welfare spending over the next five years.

In February, Statistics Korea reported that as of 2020, South Korea’s monthly median wage was only 2.42 million won (\$US1,902). Workers paid between 1.5 million won (\$US1,179) and 2.5 million won (\$US1,965) made up the largest percentage of income earners at 27.9 percent. 24.1 percent of workers earned less than 1.5 million won. 17.1 percent made between 2.5 million won and 3.5 million won (\$US2,751), all totaling 69.1 percent.

Furthermore, 3.2 million hourly workers last year were paid less than the legal minimum wage, then set at 8,720 won (\$US6.90). Big business organizations have seized on this to demand the cutting of the already paltry amount. The KEF declared in April, “The figure is an indication that the rising minimum wage is not being accepted in the labor market.”

Conditions are now being compounded by the impact of the US/NATO proxy war in Ukraine. Inflation has grown sharply, reaching 4.8 percent in April, the highest in 13 years, driven by surges in the cost of petroleum products. Truck drivers, for example, are experiencing a huge increase in costs, which are passed on to them by their companies.

One truck driver told the media, “Before, when I’d fill up, it’d cost me 250 to 260,000 won (\$US197-\$US204). But now it costs me 350,000 won (\$US275).” Drivers belonging to Cargo Truckers Solidarity, affiliated with the KCTU, are threatening to

strike next month if they do not receive support measures.

While the official unemployment rate is at a record-low 2.7 percent, it hides the reality facing workers, particularly young workers. According to Statistics Korea, at the end of 2021, the real unemployment rate stood at 11 percent, which includes the underemployed and those who have given up looking for work. The Korea Employment Information Service reported in December that nearly 1.59 million people between the ages of 15 and 29, or one-fifth, were classified as not in employment, education, or training (NEET).

Many young people now find themselves employed in the highly unstable gig economy, lacking job protections or other benefits. The *Chosun Ilbo* reported that during the course of the COVID-19 pandemic, the number of workers in the gig economy, which includes jobs like food delivery, nearly tripled to approximately 660,000. These conditions will only continue to deteriorate under Yoon.



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