South Korean Hyundai workers to vote on wage agreement

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The labor union for Hyundai Motors autoworkers announced last Tuesday that it had reached a tentative agreement with the company on a new contract. The deal falls far short of what workers are demanding, amounting to another sellout by the union. Workers should reject the contract when they vote on the deal on July 19 and organize independently of the union to fight for decent wages and conditions.

The agreement, which was negotiated by the Hyundai branch of the Korean Metal Workers' Union (KMWU), fails to address surging inflation in South Korea. Furthermore, despite union claims to the contrary, the deal paves the way for future job cuts as Hyundai switches to the production of electric vehicles.

The deal includes a nominal 98,000 won ($US75) raise in basic monthly pay, a 4.3 percent increase. This is despite the fact that workers were demanding 165,200 won ($US126) and that consumer prices rose 6 percent in June, the highest rise since 1998 amid the Asian financial crisis. In real terms, Hyundai workers would take a pay cut under this deal.

In addition, the tentative agreement includes a 200 percent bonus equal to workers' monthly salaries; an additional 4 million won ($US3,052); and 20 Hyundai Motors shares per worker. Missing from the agreement were the demands to extend the retirement age from 60 to 64 and the reinstatement of fired workers.

Hyundai workers should not only reject the union's sellout agreement, but reach out to autoworkers at Kia, GM Korea, and Renault Korea where workers face similar wage-cutting agreements.

Workers needs to form rank-and-file committees independent of the unions and the capitalist political parties. The KMWU, which is affiliated with the so-called "militant" Korean Confederation of Trade Unions (KCTU), regularly sells out its membership. This has been on display the past four years when the union has refused to call strikes and even enforced a wage freeze in 2020.

By concluding talks at Hyundai, the largest auto maker in South Korea, the KMWU is setting the benchmark for agreements to be forced on other sections of workers. Hyundai workers should reach out to other sections of workers in South Korea and internationally. Hyundai operates plants around the world, including in the US, China, India, and Brazil.

South Korean workers in general are facing declining real wages while the wealthy enjoy huge increases to their fortunes, driven by the profiteering during the COVID-19 pandemic. In the first quarter of this year, real wages fell for most of the population, excluding the top 20 percent, who saw their income grow by 8.6 percent. For the second, third, and fourth quintiles, wages fell by 2.8 percent, 1 percent, and 1.6 percent respectively. For the bottom 20 percent, those making less than 1.79 million won ($US1,366) per month, income grew by a meagre 0.9 percent.

For years, the media has derided autoworkers as "labor aristocrats," making upwards of 96 million won ($US73,258) annually—a figure regularly cited to justify attacks on wages. In reality, the average employee's annual base salary at Hyundai Motors is 32.7 million won ($US24,951) according to Job Korea, an online recruiting company.

Hyundai Motors, however, recorded its highest-ever sales last year, bringing in 117.61 trillion won ($US89.8 billion), a 13.1 percent increase from the previous year. Operating profit tripled over the same period to 6.679 trillion won ($US5.1 billion). This trend continued in the first quarter of this year, with a record 1.93 trillion won in operating profits and 30.3 trillion won in revenue. This is being driven by increased sales

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of Hyundai's luxury brand Genesis model, another indication that, for the wealthy, times are good.

Workers should reject Hyundai's declaration that the company is facing financial difficulty due to the global semiconductor chip shortage and cannot afford to pay higher wages. Likewise, they should dismiss the union's claims that the deal is the best workers can get.

To justify the deal, the KMWU hails Hyundai's supposed agreement to open a new factory line in South Korea to produce electric vehicles (EV). The company is due to break ground next year, with completion of the new plant scheduled for 2025. The company has also pledged to upgrade existing lines to enhance "competitiveness" and "efficiency," but these are euphemisms for speed-ups and cost-cutting.

However, the *Hankyoreh* newspaper reported in February last year that, as auto manufacturers move towards production of electric vehicles, as many as 60 percent of existing auto manufacturing positions could be cut by 2030. These vehicles require fewer parts and therefore fewer workers to assemble them. The union is claiming that if the plant is built—and there is still no guarantee that Hyundai may change its mind—the company will have to provide more jobs to run the factory.

Hyundai is already slashing jobs. Its refusal to extend the retirement age is not only designed to cut costs by reducing the number of older, higher paid workers, but also to utterly eliminate those positions. By accepting Hyundai's refusal to extend the retirement age, the KMWU is agreeing to these job cuts as well.

The KMWU has also accepted Hyundai's claims that it will form a council with the union, meeting quarterly, to discuss future automation, job cuts and changes in the global business environment. In other words, the union will work hand in hand with management to restructure the enterprise to ensure the company's profits at the expense of workers, while at the same time suppressing their opposition.

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