

# The Park Geun-hye Government and the Crisis of Labor Movement

A criticism of the Park administration's labor policies

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It has been three months since the right-wing Park Geun-hye administration took office, succeeding the former Lee Myung-bak administration. During the presidential election campaign period, Park was able to win the votes of people who were angered by the former government by emphasizing the center-left discourses of "economic democratization" and "welfare". She took office at the Blue House, under such favorable titles as "first female president since the Korean Constitution was established" and "first president to earn a majority since the Amendment of the Constitution in 1987".

President Park, however, soon betrayed herself when she gave important government positions to corrupt public officials, and conservative figures from the military and the judiciary. Her rosy promises to improve the situation of the economically and socially vulnerable and correct chaebol's "large conglomerates" corrupt practices of have faded from sight. In just two months expectations have turned to sour disappointment.

## Economic Crisis and South Korea's Chaebol

Immediately after Park's election, workers at Hanjin Heavy Industries, Hyundai Heavy Industries, Ssangyong Motors and Hyundai-Kia Motor Group committed or attempted suicide. The direct cause of these deaths was economic, social and psychological hardship due to mass dismissals, precarious employment, and repression against trade union activities. The indirect cause was the frustration these workers felt when they recognized that the Park government has no real intention to solve these problems or punish big businesses that violate trade unions rights.

Large manufacturing companies in the electronics, automotive, shipbuilding and steelmaking industries bolster the export-led economy of South Korea, the world's eighth largest trader. Under the export-centered economic policies of Park Chung Hee, the dictator who led South Korean and the 1960s and 70s and Park Geun-hye's father, Korean Chaebol enjoyed special favors and accelerated growth. The "democratic" Kim Dae-jung and Roh Moo-hyun governments continued these export and Chaebol-centered policies. During the unprecedented 1997-98 Asian Financial Crisis, these two governments faithfully followed the doctrines of neo-liberalism, allowing and supported the chaebol to institute structural adjustment programs, conduct massive layoffs and use countless precariously-employed workers and promoting the myth of "too big to fail". In addition, the

government implemented measures to depreciate the Korean won. These measures enabled the chaebol to regain profitability and export competitiveness. At the same time, the police and other government authorities aggressively intervened in labor relations to weaken trade unions.

Ironically, the democratic governments were determined to implement and execute neo-liberal reform policies, lowering wages and deteriorating working conditions. Given that South Korea lags behind Japan in terms of technological competitiveness and also behind China in terms of price competitiveness, Korean businesses responded by further strengthening the low-wage economic structure. Caught at the bottom of a system of multi-level subcontracting that characterizes Korean manufacturing, workers at small and medium-sized businesses suffer low wages, long working hours and high labor intensity, while large businesses at the top of the supply chain enjoy disproportionate benefits. In 2008, financial crisis shocked the global economy. In South Korea, the newly-elected Lee Myung-bak administration implemented undisguised business-friendly policies, accelerating all the trends described above. As a result, Korean workers now work longer than any other OECD countries with the majority of them making an hourly wage that is slightly more than what is need to buy a Big Mac. On the other hand, Samsung Electronics, Hyundai, Kia and other large Korean companies have been able to emerge as global players boasting ever-larger profits by taking advantage of the financial crisis. Lee Gun-hee of Samsung and Chung Mong-koo of Hyundai, whose images are recall Rockefeller, Carnegie and other robber barons of the gilded age, wield omnipotent power, even ignoring the rules of free market capitalism.

### **Labor Policies of the Park Geun-hye Administration**

The situation described above forms the backdrop against which both conservative and liberal parties came up with “economic democratization” and “welfare” as the main concepts in their platforms during the 2012 general and presidential elections. An economy highly dependent on exports, strong dominance by the chaebol and the ongoing economic crisis leave Park few options, however. Moreover, the government and the ruling party have to care for the interests of large businesses and the wealthy population because it is from these groups that their support traditionally comes. Symbolically, President Park demonstrated her intention relying on the chaebol for an exit to the crisis when she let the largest-ever business delegation, including Lee Gun&-hee and Chung Mong&-koo, accompany her on her trip to the U.S. earlier this month.

Given these circumstances, the labor policies of the Park government can hardly be labor-friendly even though she loves to use the title &“president that cares for people’s livelihoods”. In fact, the policies of the current administration resemble those of the former Lee government more in the area of labor than in any other field. The Lee government presented raising employment rates as the first goal of labor policies, pursuing “flexicurity” programs. Likewise, the Park government has set as a her top priority raising the employment/population ratio to 70 percent.

The key idea behind flexicurity, which includes some aggressive labor market policies, is to increase employment by making the wage and employment conditions of regular workers more flexible, expanding working hour elasticity through flexible work hour schemes and working time accounts, creating part-time jobs. The policies for a flexible labor market have evolved from the introduction of mass dismissals “flexibility in employment” to agency work “flexibility in employment relationship” to job sharing “flexibility in wages and working hours”. To raise the employment/population ratio to 70 percent, work-life balance policies for women are implemented in combination with programs to address the low fertility rate and Korea’s aging society. The government sees the expansion of part-time jobs and discretionary work as an effective policy tool to prevent women workers from leaving the labor market. The logic here is based on belief that women leave the market when their domestic

duties intensify as part of the natural life cycle because the current labor market is mainly organized with long-working-hour, full-time jobs and that part-time work is therefore preferable. In fact however, the measures planned by the Park administration will lead to the expansion of short-time, low-wage, precarious jobs for women workers.

Prioritizing measures to raise the employment/population ratio means pushing respect for basic trade union rights and healthy labor relations aside. The Park government has clearly demonstrated that it has no intention to amend current labor laws, which allow claims for damage and provisional seizure of assets against unionists in retaliation for union activities and charges against unionists for obstruction of business and ban employer payment of salaries to full-time union officers, industrial actions taken by minority unions and political activities by government employees and teachers. While the government emphasizes the importance of tripartite committees, its true intention is to isolate and weaken the Korea Confederation of Trade Unions (KCTU) by forming an alliance with the business-friendly Federation of Korean Trade Unions (FKTU) just as the Lee government did.

In addition, the government has announced no plans for addressing mass dismissals or agency work, the root causes behind the deaths of workers at Ssangyong, Hyundai and Kia. On the contrary, the ruling party has presented a bill to legalize in-house subcontracting practices to the National Assembly, and is working on policies to link the wage peak system with the extension of the retirement age. Privatization of the railway and energy industries, closure of a public medical clinic, and other programs to deteriorate the public sector are also underway.

### **The Labor Movement's Response**

Having been continuously defeated under the neo-liberal reform initiatives of the Kim Dae-jung and Roh Moo-hyun governments and the attack of the Lee Myung-bak government, the Korean working class is now in a serious predicament. The labor movement is facing the challenge of confronting the Park government in the midst of deepening economic crisis.

Many of the traditional union leadership, workers who gained their experience as union officers during the 1987 Great Workers' Struggle, are now aged and about to retire, while the new generation of workers is largely unorganized. Divisions and conflicts within the working class based on business size, employment status, gender and nationality are growing more extreme, yet the democratic trade union movement, as not been able to put forth wage and employment policies that can reduce these divisions and increase working class unity. Above all, the KCTU, which is responsible for representing the entire labor movement in Korea, is faced with significant external and internal challenges. Externally, progressive parties, formed as a result of a decade-long effort to organize the working class as a political force, have collapsed. Internally, the KCTU has been unable to elect a leadership due to disagreements between various political forces.

In order to overcome its current predicament, the Korean labor movement first needs to win real victories in ongoing disputes so as to rebuild the trust and confidence of the union membership. Going forward, it must renew its work on the ground with the mindset of opening up a new gate for democratic unionism. To develop new rank-and-file officers and promote leadership among the new generation, we must come up with multifaceted strategies to aggressively organize unorganized workers and truly represent precarious, low-wage workers rather than merely supporting the defensive fights of existing trade unions.

To this end, we must develop a strategy to change the chaebol-led economic system. This means transforming the vertical hierarchy of the multi-layer subcontracting and the split labor market. To do this we must develop solidarity wage and employment strategies that include workers in

subcontracting companies at the industrial and sectoral levels. Strategic organizing campaigns in key industries and industrial complexes that play pivotal roles in supply chains or the manufacturing basis of specific sectors will also be part of this process. In the process of these struggles and organizing campaigns, we need to revise the basic principle that “liberation of the working class must be won by the power of the working class itself”. If we can commit firmly to the ideals of liberation and transformation, we will have a chance to turn the current crisis of labor movement into an opportunity. If we cannot, the crisis will remain and deepen as such.

### **People’s Solidarity for Social Progress (PSSP)**

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