

# Hyundai, Kia workers strike in South Korea in opposition to attacks on wages

By Ben McGrath  
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South Korean workers at Hyundai Motors and Kia staged a four-hour partial strike last Thursday to protest plans by the company and government to impose massive wage cuts on auto workers in the city of Gwangju. The agenda, dressed up as a job creation measure, is a test run of what will be a broader attack on the working class in the future.

Some 51,000 workers from Hyundai and 29,000 from Kia took part. Workers are angry over the so-called Gwangju jobs project that will not only result in a lower-paid tier of workers in that city, but will also be used to slash wages around the country in the name of companies remaining “competitive.”

The Gwangju jobs project has both the backing of the local city government and the administration of President Moon Jae-in. The project, still in the negotiating stage, is a joint venture between Hyundai Motors, which also owns Kia, and the Gwangju Metropolitan Government. It is being sold to workers as a compromise between management and labor, but in reality it will force new employees at Hyundai to accept wages slashed to less than half that of the average auto worker.

While workers would make 35 million won (\$31,000) annually, Hyundai will supposedly create some 12,000 new jobs. Hyundai has been pushing for a two-tier system ever since US automakers imposed it upon their work force with the collaboration of the United Auto Workers. The Gwangju jobs project was influenced by a similar plan implemented by Volkswagen in 2002.

In addition, however, Hyundai is demanding that workers be stripped of the right to collectively bargain until the new Gwangju plant has produced 350,000 vehicles. As the company plans to build approximately 70,000 small SUVs there each year beginning in 2021, workers will not be able to collectively bargain for at

least five years.

The plan is particularly threatening to Kia workers who produce a large number of SUVs. There is no reason Kia will not follow in the footsteps of General Motors and shut down plants, like the one at Gunsan, unless workers accept massive wage cuts and job losses. Even that will be no guarantee jobs will be saved.

This is due in large part to the treachery of the trade union organizations in South Korea, the Federation of Korean Trade Unions (FKTU) and the Korean Confederation of Trade Unions (KCTU). Of the two, the FKTU has negotiated with Gwangju and Hyundai. It is considered friendlier to the government and management, even allowing the city to negotiate with Hyundai on its behalf.

The FKTU only balked at Hyundai’s demand that workers have no collective bargaining rights, leading the city to propose revisions that Hyundai rejected, upending a signing ceremony that had been set for last Thursday. While the union accepted the massive wage cuts, it wants to continue having a seat at the bargaining table to decide how those cuts and other attacks are implemented, and thereby serving as a brake on workers’ militancy.

The KCTU took a more militant stand. Its affiliate, the Korean Metal Workers Union (KMWU) conducted Thursday’s strike and the KCTU as a whole had not taken part in the negotiations between Gwangju and Hyundai, calling the jobs project a “fraud.”

The union cancelled a follow-up strike on Friday, instead saying, “If the company resumes talks with the Gwangju municipal government to push forward the car joint venture plan, we will make all possible efforts, including an industrial action, to stop the plan.”

However, the KCTU no less seeks to enforce the

demands of big business in South Korea. The KMWU's decision to strike on Thursday was not part of a broader plan to initiate a struggle against the Gwangju jobs plan. It was meant to allow workers to let off steam on the very day the agreement was set to be signed while limiting the impact on the company. With the agreement stalled, the KMWU pulled back to provide Hyundai with the breathing space to negotiate with the city and finalize their attacks on workers.

The KMWU and KCTU have regularly made clear that they will not conduct a genuine struggle in defense of jobs, emboldening the companies. In addition, the KMWU and KCTU have not linked the struggles at GM Korea with those at Hyundai and Kia. In fact, the KCTU typically avoids launching any sort of joint strike, even within the same industry, to prevent a broader mobilization of the working class.

The KMWU's GM Korea branch readily accepted the company's plans to shut down the factory at Gunsan, which officially closed on May 31. In exchange, the union demanded that GM Korea guarantee other plants would receive new vehicle models for production and save jobs.

In a restructuring deal reached in May, GM claimed it would provide the new models as well as maintain its current 77 percent stake in GM Korea until 2023, supposedly demonstrating the company's commitment to remaining in South Korea.

Yet, before the year is even out, GM is making clear it has no intention of being bound by this agreement, demonstrating the bankruptcy of the KMWU's "job saving" compromises. GM is attempting to spin off its research and development wing from GM Korea as a separate entity, raising the very real possibility that production in South Korea is slated to be shut down after the shuttering of plants in the United States and Canada.

The attempt to create a separate R&D company is currently being blocked by the Korea Development Bank (KDB), which owns a 17 percent share in GM Korea. The Seoul High Court ruled November 28 that GM would need the approval of the KDB to push forward with its plan. Barry Engle, GM's president of international business, recently made a trip to South Korea to threaten the KDB and local politicians.

An industry insider was quoted in the *Kyunghyang Shinmun* saying, "I heard that Mr. Engle and the GM

executives delivered a message to lawmaker Hong that went something like, 'We will give R&D tasks to GM Korea (or a new corporation) on condition that the company is separated, but if the brakes are pulled, we might not send those operations to South Korea.'"

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