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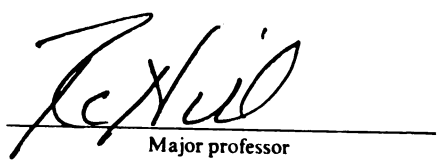

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URBANIZATION, PRODUCTION SYSTEM, AND THE LABOR MOVEMENT IN SOUTH KOREA: THE CASE OF ULSAN

By

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ABSTRACT

URBANIZATION, PRODUCTION SYSTEM, AND THE LABOR MOVEMENT IN SOUTH KOREA: THE CASE OF ULSAN

By

Jungkeun Lim

The role of Hyundai workers in the development of the Korean labor movement since 1987 has been remarkable. This thesis uses a case study of workers at Hyundai companies in Ulsan City to explore the relationship between rapid industrialization, urbanization, and the labor movement in South Korea. Drawing on bibliographic and field research, it examines characteristics of industrial urbanization in Ulsan and their impact on the condition of Hyundai workers. In particular, it focuses on the interplay among urbanization, Hyundai's production system, and workers' struggles to understand how and why the labor movement has been involved with community concerns and national issues in addition to conflicts at workplaces. The conclusions suggest that the workers' struggles is are bringing significant changes to Ulsan City, and urban studies should

not miss the role of proletariat as a collective actor. Finally, the paper discusses appropriate roles of trade unions for the development of the labor movement in the face of internal conflicts and subtler countermeasures from the state and capital. It emphasizes the importance of workers' experience, direct struggles, and community resources for achieving democracy and autonomy in workers' lives as well as in their organizations.

Dedicated to Hyundai workers and my parents, cherishing the memory of my late father, Hankyung Lim who was not only an esteemed lawyer but also a true humanist

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Needless to say, every thesis owe much to many people. However, it is really hard to express how much I owe to many people's help and support. First of all, I am grateful to my major professor, Richard Child Hill for his sincere and patient guidance and continuous encouragement without which I could not be a sociologist. I also wish to express thanks to my committee members, professors Rita Galin, Kevin Kelly, and Christopher K. Vanderpool for their valuable comments and support.

It is my pleasure to express my love to my mother who gave me a chance to experience hardship which provided me an essential perspective from below for this thesis. I am also happy to express my thanks to my friends, Sangki Han, Youngyee Kim, Hyunwook, Cho, Sungjin Chung, Sungchang Hong, and other colleagues and comrades for their deep friendship, mental and financial support, and belief in my ability to finish this thesis.

I wish to express my deep thanks to leaders of Hyundai trade unions and movement activists for their help and comments in the process of collecting materials. I also would like to pay my respect and encouragement to Hyundai workers to whom this thesis is dedicated.

I cannot simply express my thanks to the friend and wife, Hekyung Choi since this thesis belongs as much to her as to me. We worked together, struggled together, and produced this thesis together. Therefore, now is the time we can congratulate together, of course, with my lovely children, Eugene and Seohyun.

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CHAPTER I. THEORETICAL FRAMEWORKS

A. Introduction

The process of proletarianization has been as fast as the process of economic development in Korea. The number of wage workers increased from 2.4 million in 1963 to 4.8 million in 1975, and to 8.1 million in 1985, while wage workers employed in manufacturing sector increased 7.5 times over these last two decades (Koo, 1990, p. 672). Moreover, due to the industrial changes from light manufacturing to heavy manufacturing in Korea, a majority of industrial workers are employed in heavy and chemical industries, such as automobile, steel, shipbuilding, machinery, and petrochemical industries.

The rate of urbanization in Korea has been breath-taking. As shown in Table 1.1, urbanization in Korea has increased from 35.4 percent in 1960 to 79.6 percent in 1990. Undoubtedly, the rapid urbanization was a result of the export-oriented industrial policy which stimulated a massive rural exodus to create a huge cheap labor force for the labor-intensive manufacturing industries (Cho, 1985, p. 71).

Inevitably, urban manufacturing industries have been the main site of proletarianization in Korea. Especially, the disproportionate government assistance to Chaebols and

Table 1-1: Number of Cities, Size of Urban Population and Percent Population Urban (1960-1990)

Year	No. of Cities*	Urban Pop.	Percent
1960	89	8,839,890	35.4
1966	111	12,303,103	42.4
1970	114	15,385,382	49.8
1975	141	20,875,782	58.3
1980	137	24,875,782	66.4
1985	156	29,982,807	74.1
1990	149	34,622,287	79.6

*Cities with more than 20,000 dwellers were counted.

Source: Kwon, Y. W., 1992, p. 194

large-scale firms resulted in concentrated production in large urban factories which was accelerated by government development of several large export-processing zones to accommodate foreign and domestic export-manufacturing plants along with their working populations.

However, those industrial cities were almost forgotten not in terms of production and factories but in terms of workers' lives until massive labor strikes swept over the whole nation in 1987. Since 1987, workers have achieved 20 percent of unionization rate from below ten percent before

1987 and could organize the National Council of Democratic Trade Unions (NCDTU) in 1990 which was supported by almost 200 thousands members in regional committees of trade unions and much more politically oriented than the Federation of Korean Trade Unions (FKTU).

In that process, many different characteristics of labor movements and union activities, which were derived from industrial and regional differences, emerged. In addition to reinforced governmental repression and much more sophisticated capitalists' controls, this divergence has been interrupting the continuous march of labor. However, the impacts of regional and industrial differences on the labor movement and unions were not investigated closely. How does the status of a city in the international division of labor influence urban characteristics and labor movements? What is the relationship between the process of urban formation and labor movements? How is the characteristic of the urban community and the built environment related to mobilization, process, and characteristics of the labor movement? How does a production system produce spatial characteristics in a city and what are the impacts of those characteristics on urban workers? How can workers constitute the embryo of a new social order in contemporary urban situations? All these questions are largely unanswered.

This research attempts to answer those questions, if not thoroughly and sufficiently, by investigating one of the most important industrial cities in Korea, Ulsan City. Ulsan is not only a backbone of Korean Industry but also the largest and severest battle field for the conflict between labor and capital/state in Korea.

Labor movements in Ulsan have been explosive since 1987. Since more than 50,000 Hyundai workers and their families marched from their factories to the downtown of Ulsan city asking for democratic and humanistic conditions in 1987, Korean people had to witness annual strikes, street demonstrations, and governmental suppressions just like a military operation in Ulsan City. Meanwhile, Hyundai workers have achieved strong unions which have brought relatively high wage increases and better welfare systems by continuous struggles. While Ulsan City still maintains its status as a core of Korean industrial development, it is becoming a national center for the labor movement in Korea. Especially, the fact that the number of unions and union members have been declining in nation-wide since 1989 contrasts the uniqueness and importance of the labor movement in Ulsan City[1]. A specific and historical investigation of Ulsan City in terms of its relationship with world capitalist system, urban formation and characteristics, the role of the state in urbanization and

industrialization process and labor movement, and the relationship between the labor movement and urban changes will provide valuable implications for the urbanization and the labor movement in semiperipheral countries.

The next section tries to establish an appropriate theoretical framework through reviewing the literature in the field of urban political economy.

B. Literature Review

As Hill describes, urban political economy includes holistic, structural, historical, interdisciplinary, critical, and change-oriented dimensions (Hill, 1984, p. 127). While this succinct summary gives a picture of the general foundations of urban political economy, it, at the same time, shows how complicated field urban political economy is. To connect frameworks of urban political economy to research issues in the present study, the field is divided by three major issues in this section even though they are all related each other; 1) urban process and formation, 2) city, world system, and production system, 3) urban social movement.

1. Urban Process and Formation

The relationship between capital accumulation and urban formation and development has been one of the main subjects in urban political economy. As Engels has already observed,

capitalist industrialization brings the concentration of capital and population as well as factories and infrastructures, changes in land use and culture (Engels, 1958, pp. 27-29). One of the forerunners of this theoretical field is David Harvey. He conceives of a capitalist urban system as a physical infrastructure for commodity production, circulation, exchange, and consumption and as a resource system for the reproduction of labor power (Harvey, 1978). Harvey explains the development process of an urban system in terms of three circuits of capital; 1) in the first circuit, capitalist investment is blocked by the problem of overaccumulation, 2) in the secondary circuit, investments in the construction of a built environment are formed, 3) in the tertiary circuit, social expenditures to reproduce labor power are formed (Harvey, 1978). In this sense, for Harvey, the urban process implies the creation of a material physical infrastructure for production, circulation, exchange and consumption (Harvey, 1978, p. 113). Harvey argues that the interests of capital and labor conflict in the sphere of reproduction just as in production because capital has an interest in the consumption standards of the worker's household, in the specific attitudes to work and politics engendered in urban institutions and communities (Harvey, 1976, p. 279):

In so far as capitalism has survived,

> so we have to conclude that capital dominates labour not only in the place of work but in the living space by defining the standard of living and the quality of life in part through the creation of built environments that conform to the requirements of accumulation and commodity production.

In sum, for Harvey, the urban process under capitalism is created through the interaction of capital accumulation and class struggle--especially 'displaced class conflict' around the built environment over the reproduction of labor power (Harvey, 1978, p. 125).

In contrast to Harvey's analysis, Castells explains urban social changes in terms of social and political factors. Especially, Castells claims that an urban area should be defined as an area of collective consumption since this definition would allow the entire urban question to be investigated in a theoretical way (Castells, 1977, p. 236). According to Castells, as a result of capitalism's structural and historical tendencies and contradictions, the demand for collective consumption is consistently increasing to maintain adequate reproduction of labor force and social stability and control organized workers (Castells, 1977; 1978, pp. 16-19). However, the collective means of collective consumption are generally unprofitable and therefore underprovided by capitalists. To resolve this problem, the state has to be involved in the production,

distribution, and management of the collective means of consumption. Then, the urban crisis is generated by the state's failure to manage a crisis of collective consumption, as O'Connor's study shows (O'Connor, 1973). Eventually, multi-class, grassroots mobilization both in defense of collective consumption and local cultures, and towards the devolution of political power to small-scale, territorially-based communities will occur. I will bring the issue of urban social movement to the third section in this chapter. Here, one question should be noted. Is his theory applicable to the situations of NICs such as Korea where organized workers are struggling for subsistence level of wage?

Theoretical implications acquired from Harvey and Castells are 1) urban space is produced deliberately in response to the needs of capital; 2) there are unequal benefits which accrue to hegemonic classes through their manipulation of urban space and urban infrastructure; 3)the role of capitalist mode of production and the capitalist state in urban formation, differences in land values and the physical attractiveness of different areas (Zukin, 1980, p. 587). Nevertheless, their theories are not adequate to explain the historical process of urban formation in Ulsan because it was deliberately born as a factory city and is mainly confined to remain that way. Until recently, it was

a factory building, not a city building for capital and the state.

However, their theories can be a useful implication for studying urban changes occurred in Ulsan City after 1987. Because, since 1987, workers' demands for quality of life and citizens' concerns for environmental problems and better infrastructures have been continuously increasing.

According to Gordon, cities are shaped by the requirement of capital for a submissive and disciplined workforce (Gordon, 1978). Gordon claims that the growing strength of workers in the large cities threaten capitalist control over production and profits. Therefore, capitalists perceive that by moving their factories out of central cities to suburban areas they can retain their discipline and advantage over workers. This explanation gives a useful implication for the present study. For example, Ulsan was a remote rural town before Hyundai came in. Therefore, Hyundai has been enjoying a absolute domination over the whole area and military-like controls over its workers for twenty years. If it was located near by the City of Seoul where more than ten million people live and thousands of factories are concentrated, the power of the labor movement may be formidable. In this regard, we need to take a close look at the process of urban formation of Ulsan City in

terms of process of planning, decision making, capitalist purpose, and the state intervention.

However, as Gordon also points out, the segregation of the working class in the large industrial city not only isolates it from middle-class moral support but also encourages class consciousness (Gordon, 1978, pp. 44-46). In contrast to Harvey and Castells, Gordon's focus is on class struggle at the point of production.

The important role of the state in the production of space has been studied by many urban political economy scholars. Especially, the contradictory position of the state between capital and social demands has been emphasized by western scholars (Jaret, 1983). However, the role of the state in third world urbanization has been explained in somewhat different ways. In sum, the interests of third world urban elite and various forms of international capital often at least overlap. Evance suggests that it usually in the economic interests of third world elite to maintain their societies' close linkages with the world capitalist system by a triple alliance of local business, political leaders, and international capital, even when those ties inevitably bring further national dependence, 'unequal exchange', and high levels of social inequality (Evans, 1979). In this context, the state actively promotes patterns of urbanization, migration, and structured inequality that

are economically functional for this powerful alliance and that work to maintain peripheral capitalism (Smith, D., 1987, p. 277; So, 1986, pp. 241-258). Especially, as well known, Korean government has been leading a rapid industrialization with exceptionally powerful and authoritarian economic planning. Those six national economic plans through last thirty years primarily influenced on urban formation and development of Korean cities including Ulsan. However, the specific process of conflicts and collaborations between the state, industrial capitalists, land owners, and domestic and foreign finance capital in building and developing Ulsan City is largely unknown.[2]

With all these theoretical implications on urban formation and process, the second chapter of the present study will focus on the historical process of urban formation of Ulsan City by specifically examining initial purposes, decision making processes, and conflicts and collaborations between the state and capital to understand the urban conditions for the class struggle. In addition, the Chapter V will investigate possible changes, if made, in Ulsan City, in terms of strategic and capitalistic responses of the state and capital to newly organized workers' power and increasing social demands for collective consumption since 1987.

2. City, World System, and Production System

As Hill points out, one of the most important foci of urban political economy is the thesis that the crucial issues now facing cities emanate from their sociospatial location as nodes within a world capitalist system undergoing economic transition (Hill, 1984, p. 131). For example, urban political economy based on world system theory insists that a comprehensive analysis of urban transformation must be rooted at some point in an understanding of the global nature of the modern political economy (Timberlake, 1987, p. 59).

Especially, the New International Division of Labor theory (NIDL) emphasizes that a shift of capital to world areas where labor is cheap is resulting in the industrialization of the periphery and the corresponding deindustrialization of the advanced capitalist core (Frobel and et. al., 1980). NIDL theorists place great emphasis upon transnational corporations as the major instruments of global capitalism, arguing that as a result of a world drive to corporate conglomeration, centralization and concentration via growth, merger and acquisition, the global market has increasingly fallen under the sway of a small number of TNCs. Especially, Hymer argues that systems and hierarchies of TNCs produce a global hierarchy of cities (Hymer, 1971). Therefore, the ability of cities as well as

domestic firms and the state to determine their own destinies has been sharply limited by increases in capital mobility and by the changes in trade and foreign investment patterns. Particularly, the NIDL has had two major effects on Third World cities: 1)an increase in export-processing industries, and 2) a significant increase in the use of the informal economic sector to support these formal sector industries (Portes and Walton, 1981, pp. 84-106, Timberlake, 1987, p. 59).

While NIDL approach testifies a significant restructuring of the global economy, there are some problems in it. First, although third world contribution to manufacturing has increased, focus upon the emergence of a NIDL may exaggerate the extent of change that is taking place. As Hill shows in the case of world automobile industry, direct investment in the poorer nations is still a small percentage of total outlays by transnational auto corporations (Hill, 1987, p. 34).

Second, the extent to which jobs and capital have been relocated by TNCs from the core to the periphery has been overstated. Changes have been wrought in the international division of labor more by corporations' relative reduction in new investment in the country of origin rather than by direct displacement of productive capital (Olle and Schoeller, 1977). Third, the NIDL approach does not

confirm to the reality of political economy in a world of competitive nation-states. In other words, not only TNCs often closely identified with home governments, but the state often plays a key role in stimulating and organizing capitalist development. David Smith shows the fact that urban patterns in the Third World are shaped by a combination of core interests, local elite class interests and state policies (Smith, D., 1985). Feagin also, in his study of Houston, shows the interplay between local capital, multinational capital and local and national state policies in fashioning socio-economic change there since the 1930s (Feagin, 1985).

Fourth, according to the NIDL theory, the periphery is simply acted upon by the core. It devalues the internal dynamics of third world social formations as determinants of, or obstacles to, capitalist growth and industrialization. Similarly, for the NIDL, labor in both the first world and the third is passive in the face of exploitation and transnational relocation of jobs. It does not explain why class struggles are continuing and how those struggles are influencing on capital and the state.

With all those problems, however, as Timberlake insists, the NIDL approach shows that many different patterns of urbanization are significantly influenced by the dynamics of world capitalist system in which hierarchically

structured political and economic interaction among global regions is fundamental and endemic (Timberlake, 1987, p. 60).

In his critical appraisal of the NIDL approach, Hill emphasizes the importance of the production system to understand the determinants of productive forms of automobile manufacture and their socio-spatial impact (Hill, 1987, pp. 18-37). His notion of a blend of global factory and company town is particularly valuable to understand the characteristics of industrial cities which has grown under the influence of the articulation of the world capitalist system and particular industries or firms. Then, what is the production system? Hill conceptualizes it as follows (Hill, 1989, pp. 462-463):

> A production system is a concept for viewing the ways economic activities among firms are organized over space. A production system is a collection of operating units linked by technology and organization into the manufacture of final products. Firms become linked into production systems as they develop, manufacture and market specific commodities.

The production systems, therefore, inevitably produces their unique urban structures and specific industrial and social relationships by their particular social and spatial divisions of labor. At the same time, production systems are consequences of social conflicts and shifting political

alignments among companies, workers and governments in response to changing local and international circumstances (Hill, 1989, p. 477).

Those two perspectives offer many interesting issues for this research. For example, similar to the case of Toyota City, Hyundai production system includes more than one hundred thousands employees and related workers and dozens of clustered factories in Ulsan area. Actually, Ulsan City itself was mainly formed since Hyundai Group has started running Hyundai Motor Company (HMC) and constructing a dockyard for Hyundai Heavy Industries Co., Ltd. (HHI), financially leaning on foreign capital and technologies. Now, HHI is one of the largest shipbuilding companies in the world, while HMC is becoming a full producer and is capable of an annual output of 1,150,000 units (Industrial Bank of Korea, 1993, p. 379). In doing so, Hyundai Group developed its own way of labor controls, management, organizing subcontracting system, and social relations. However, still Hyundai companies are directly influenced by global market conditions and dependent upon foreign technology. Many research issues can be raised for the case of Ulsan.

To what extent has the growth of Ulsan City been associated with the activities of TNCs? Which part of the city is more related to the NIDL system? What is the impact of characteristics of Hyundai Production System on

characteristics of urban situations and labor movements in Ulsan City? In addition, what kind of changes have occurred in the production system due to workers' struggle since 1987? These issues are discussed in Chapter III.

3. Urban Social Movement

It may be impossible to discuss the issue of urban social movements without mentioning and discussing Castells' works. First of all, I have to cite this, even though it is quite long: the experienced, insightful, European urban social movement expert argues that (Castells, 1983, p.329):

> So why urban movement? Why the emphasis on local communities? …For the simple reason that, according to available information, people appear to have no other choice. The historical actors (social movements, political parties, institutions) that were supposed to provide the answers to the new challenges at the global level, were unable to stand up to them. The labor movement generated by the capitalist mode of production has largely lost its capacity to control the economy, given the internationalization of production, markets, labour, and management, the attack of the informal economy, and the entry of women to work that has shaken the male-dominated foundations of the labour unions. As a result, the relationships between production and consumption, the individual wage and social wage, and the labour process and the welfare state are increasingly out of control of the labour movement that was the key social actor of the class struggle of the last hundred years.

Therefore, the old are gone and the new are coming: urban social movements. According to Castells, they are symptoms of contemporary contradictions, therefor potentially capable of superseding these contradictions. But how? By only new urban meaning? Or, do or will they have capacity to control the economy, internationalization of whatever, the informal economy, sexism, mass media's ideological attacks, and finally to abolish the capitalist mode of production? There is no answer but hope. Then, why do we have to believe that the new are better than the old? Why not the revitalization of the old and existing labor movements or social movements with new prospects?

As McKeown points out, many of the protest movements which typically take place in urban areas are unlikely to achieve the status of an urban social movement in Castells's sense because many of them tend to be concerned exclusively with purely local issues (McKeown, 1987, p. 111). More importantly, Michael Smith and Richard Tardanico show that several examples of the essential inseparability of the relations of production/ consumption/ reproduction and their relationship to grassroots mobilization can be found in Castells's own case studies in his The City and the Grassroots (Smith, M. and Tardanico, R., 1987, p. 98). They conclude that the proposition that reproductive relations are more central to our understanding of the dynamics of

urban conflict than are changing productive relations stemming from capitalist domination of the production process and resistance to that domination is not valid.

Moreover, as Hannigan argues (Hannigan, 1985, p. 446), the role of social movement organizations and of organizational structure in determining the fate of social movement is ignored in Castells's theory. While there is always a possibility that social movement organizations negatively act against real purpose of a movement, they also can be an important vehicle for movement activities and resource mobilization. In this respect, Castells's crude anti-institution thesis is not convincing even though his antipathy against Stalin's party is understandable.

Actually, the resource mobilization theory seems to be valuable in explaining how a movement is set up and maintains its structure to the extent that it does not confuse ends and means. Garner and Zald exemplifies some important factors in economic/ political/ ideological systems which have direct impacts on, in their own term, the political economy of social movement sectors, such as economic resource base, business cycles, legal constraints, existing parties, private and public sectors, and so on (Garner and Zald, 1987, pp. 293-317).

Moreover, as Fisher and Kling (1989) and Smith and Tardanico (1987) emphasize, the potential of community

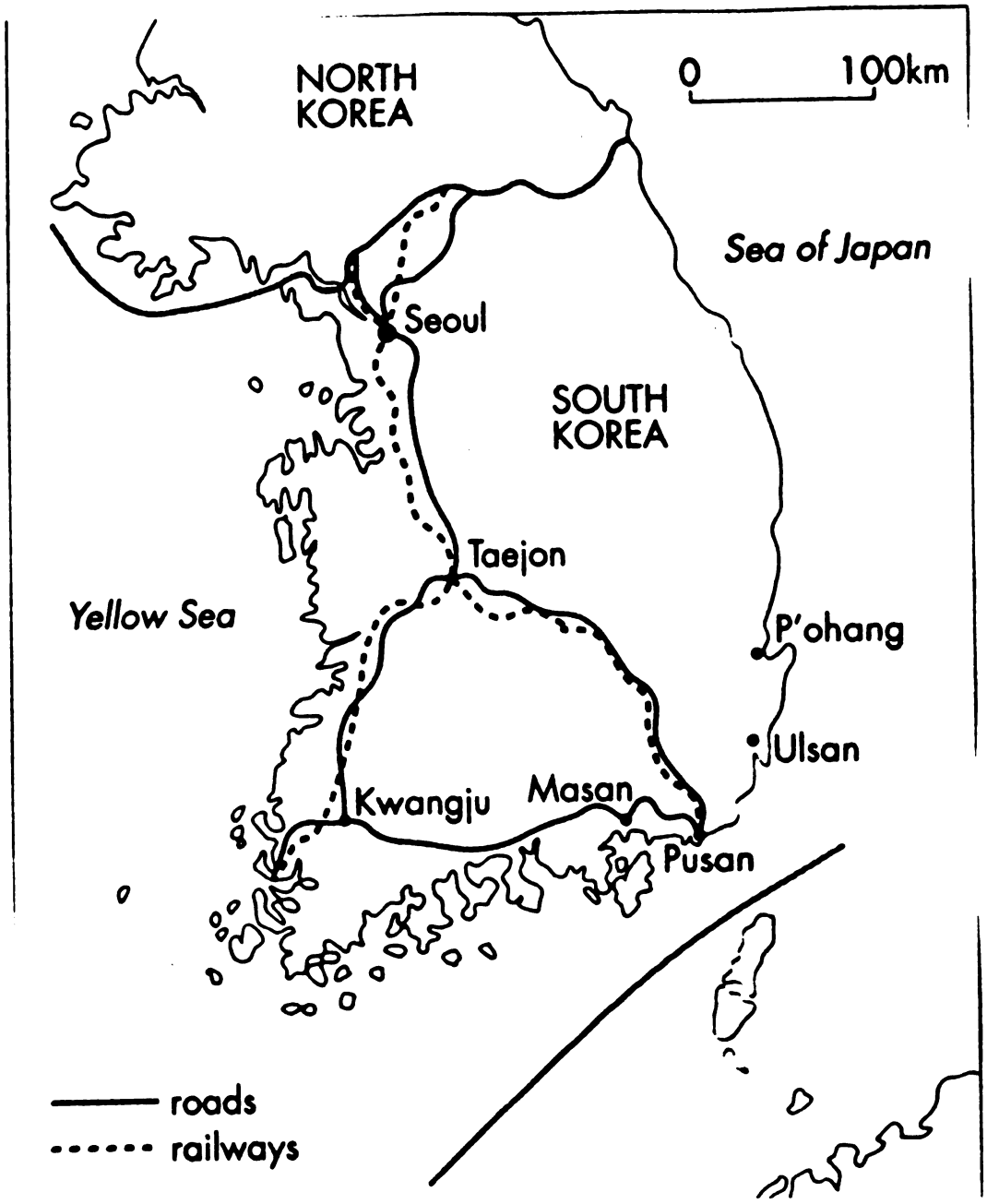
mobilization for urban social movements should not be ignored. Especially, knowledge about the political significance of the interplay between work and residential arrangements is vital for evaluating the latent political interests and capacities of the urban working classes (Smith, M. and Tardanico, R., 1987, p. 102).

With all those theoretical implications, the conditions of the working class and the relationship between the labor movement and urban changes in Ulsan City are main issues for Chapter IV and V.

C. Research Site

Ulsan City is located at the southeastern coast of Korean Peninsular, 415 kilometers southeast of Seoul, and just 64 kilometers north of Pusan which is the second largest city in Korea. Ulsan City has a naturally well-conditioned harbor which is open to the sea routes to Japan, Pacific Ocean, and Southeast Asia (See Figure 1-1). During the Chosun Dynasty (A.D. 1392-1910), this geographical characteristic made Ulsan area an important naval base to defend frequent Japanese invasions. Historical records show that the Chosun Dynasty constantly arranged battle ships along the coast and maintained battle ship factories in this area (Ulsan Chamber of Commerce and Industry [UCCI], 1992-a, pp. 58-65). However, since 1962, this traditional naval

Figure 1-1: The Location of Ulsan City



base for defense under Chosun Dynasty and a small rural town under imperial Japan has been transformed into one of the most aggressive and outgoing industrial bases in the world.

Ulsan City is the seventh largest city in Korea. From 1962 to 1992 the city's population increased from 85,082 to 752,864 (UCCI, 1993, p. 14). In 1990, 75,370 out of 109,283 manufacturing workers in Ulsan City were directly employed by Hyundai Group (HHI, 1992, p. 1397). Those Hyundai companies and Hyundai workers are concentrated in eastern part of Ulsan City, so called Hyundai Kingdom.

Ulsan is one of the most productive cities in Korea. The industrial product in 1990 was more than 17.13 billion dollars (12,276.3 billion Won) and the export was 6.4 billion dollars which was 9.8 percent of total export from Korea in the same year (HHI, 1992, p. 1396).

Another nickname of Ulsan is 'Pollution Kingdom'. Not only seeing but also smelling makes a visitor feel just like the city is located at the inside of walls of giant factories. Besides, traffic congestion, shortage of water supply, the contaminated shore, lack of urban facilities for recreational and cultural activities, and severe housing problems, all in all, show how this rapidly grown industrial city suffers.

Undoubtedly, Ulsan is a workers' city not in terms of their control power over it but in terms of their number.

For example, 55.4 percent of economically active population in Ulsan can be classified into the working-class category (Kim, S. J., 1993, p. 67). Moreover, Hyundai workers' struggle made the city the Mecca of Korean labor movement.

In sum, economic vitality, the glory and domination of Hyundai Group, gloomy urban conditions, and workers' struggle, all in all, are intermingled in Ulsan City. It exhibits the pattern and problems of Korean industrial development.

D. Method and Data

The general objective of the present study is to examine the relationship between the labor movement and urban problems in Ulsan City. Taking a holistic methodological approach, this research attempts to study Ulsan City within the context of the larger historical and spatial setting and within the context of political and economic circumstances, including power, relations, conflict, decision making and control over resources.

In addition, considering the important role that Hyundai workers have been taking in the labor movement since 1987, their concerns with urban problems such as housing, other urban sectors, networks with other social movement organizations, movement strategies and so on should have important implications for a large number of unions and regions in Korea.

It would not be necessary to list all the materials and the data used for the present study in this section. Here, I just note some important materials and data sources which are regionally specific and related to each Chapter.

As mentioned above, Chapter II deals with the formation and growth of Ulsan City from 1962 to 1987. For this historical study, documentary and bibliographical research was conducted. Especially, Ulsan Chamber of Commerce and Industry published three important books dealing with urbanization and industrialization of Ulsan City; Thirty-year History of Manufacturing Industries (1992), Report for Industrial City Ulsan in the 21st Century (1990), The Process of Urban Growth and Regional Characteristics of Ulsan (1981). In addition, several reports on urban planning prepared by the City Hall of Ulsan were collected and examined by focusing on the role of the state and the process of decision making and implementation. Moreover, governmental publications of statistics related the urban change, such as Population and Housing Census Report and Report on Establishment Census (National Statistical Office) for general statistics on the city, Trend of Land Price (Korean Land Development Public Corporation, 1993), and Handbook of Housing Statistics (Korean Housing Public Corporation, 1993), were used. To understand the national

context of economic plans, literature on this issue were reviewed.

For the Chapter III which is focused on the production system in Ulsan City, I have collected statistics on regional economy and finance and survey reports on situations and activities of firms located in Ulsan City from UCCI and Ulsan Branch of the Bank of Korea. To analyze Hyundai production system, the most important materials were the latest prints of History of HMC (HMC, 1992) and History of HHI (HHI, 1992). In addition, I visited headquarters of HMC and HHI and could get some materials on recent changes and new plans. One more thing to note is Comprehensive Handbook of Industrial Districts in Korea (Korea Industrial District Institute, 1992) which contains summarized information on every firm in industrial districts located in Ulsan City.

Materials and data sources for Chapter IV which deals with socioeconomic conditions also could be obtained from UCCI and Ulsan Branch of the Bank of Korea. In addition, materials from National Statistical Office and other public and private institutions were used for this chapter. Especially, Survey Report for Policy Making of HMCTU (HMC Trade Union, 1993) and A Diagnostic Survey Report on Labor Relations in the Hyundai Group (HHI Trade Union, 1994) contain the most valuable information and data on

socioeconomic background and conditions of Hyundai Workers, and their social attitude and consciousness. Those two books were obtained by contacting those two unions. Moreover, I have interviewed union leaders of HMC and HHI, workers of two middle-sized firms, illegally fired Hyundai workers, and labor movement leaders and environmental movement leaders in Ulsan.

For the issues of the labor movement and recent urban changes in Chapter V, in addition to the materials and interviews mentioned above, annual reports, newsletters, and collections of pamphlets of Hyundai companies' trade unions were collected and analyzed. Especially, annual reports of trade unions had very comprehensive information on housing programs for Hyundai workers. Moreover, Activity Report 1993 by Hyunchongryun (The Federation of Hyundai Group Trade Unions) and several reports on movement strategies and networks were obtained from Hyunchongryun in Ulsan and Hyunchongryun Branch in Seoul. Materials on welfare systems, housing programs, and plans for new plants provided by HMC and HHI headquarters were useful to understand recent urban changes. In addition, the office of Congressman Chung, Mongjoon who is the actual owner of HHI and a son of Chung, Jooyoung, the founder of Hyundai Group, proudly provided me newsletters and pamphlets on Congressman Chung's

regional activities which have been strongly related to recent urban changes.

CHAPTER II. FORMATION AND GROWTH OF ULSAN CITY (1962-1987)

This chapter focuses on the historical process of urbanization and industrial development of Ulsan City. As Forbes and Thrift point out in their theoretical review of the urbanization process in Asia, the impacts on urbanization of the internationalization of production are not well known (Forbes and Thrift, 1987, p. 73). Similarly, even though the role of the state in Korean export-oriented industrialization (EOI) has been widely discussed with respect to the flow of foreign capital, activities of local capitalists, and the control over the labor force (for example, Westphal, 1978; Halliday, 1980; Hart-Lansberg, 1984; Cho, 1985; Deyo, 1986; Haggard, 1990), much less attention has been paid to the urbanization process and actual urban conditions which were inevitably produced by the EOI. More importantly, the lack of knowledge on urban issues resulted in abstract and insufficient discussions of social relations, the conditions and roles of working class in the process of EOI, and impacts of EOI on actual human lives.[3] Therefore, we need much more concrete and systematic studies of the relationship between EOI and urbanization in Korea by focusing on important cities and regions.

In this regard, the first section of this chapter deals with the historical context in which Ulsan City was born and the role of the state in the birth of this industrial city. Especially, the decision making, the organizational support, the legal support, and the governmental investment are discussed in depth. In the second section, general figures of the industrial/urban development in Ulsan are presented, focusing on the interactions among the state, the local capital, and the foreign capital. The last section discusses the characteristics of urbanization in Ulsan City which have imposed the uniqueness and turmoil to the production system and the labor movement in Ulsan.

A. A Designated City

The capitalist development and EOI in Korea cannot be explained without understanding characteristics and policies of the military regime of Park, Chung-hee which seized the political power by a military coup in 1961 and collapsed by the assassination of Park in 1979. Among many factors in explaining Korean EOI, I would like to mention two important factors related to this section.

Initially, the military coup was not much supported by Korean people and the US, even though the coup leaders defined themselves as real patriots who could clean up the corruption of Rhee's regime and remove the poverty from the

country.[4] Therefore, Park's regime had to show immediate and continuous economic performances to establish and maintain the legitimacy of it, as Haggard points out (Haggard, 1990, p. 75):

> Korea's turn to export-led growth was "state-led" not only in its dirigism but in reflecting the particular political interests and powers of the Park leadership.

Moreover, it is equally important to note that the US Agency for International Development (USAID) and World Bank persistently pressured the state to liberalize its economic control and to adopt EOI strategies, using the level of aid as an instrument of pressure (Cole and Lyman, 1971, pp. 203-206). Those strategies, like Taiwanese case, included a statute for the encouragement of investment, the conversion of the multiple exchange rate system to a single rate, the relaxation of trade and exchange controls, and the simplification of business laws and regulations (Koo, 1987, p. 161). In sum, Korean EOI was launched by the military regime within the framework of the international state system and capitalist world economy.

In December, 1961, just seven months after the coup, the First 5-Year Economic Plan (1962-1966) was officially adopted by the state. Actually, this plan was originated by Myon Chang's administration before the coup and developed

from the report projected by Robert Nathan Associates in 1953 (UCCI, 1992-a, p. 128). As seen in Table 2-1, the basic goals of this plan were the construction of energy industries such as oil refineries and power plants, development of import substitution industries, and the preparation for exports in the future.

However, the most ambitious project in this plan was the creation of a large industrial complex in Ulsan area. In January, 1962, just a month after the confirmation of the First 5-Year Economic Plan, the state promulgated the designation of Ulsan area as the first special industrial designation of Ulsan as the first 'special industrial district'. This hasty policy making and steps toward EOI show how much rapid economic development was crucial for the military junta. Especially, Ulsan was selected as the first industrial district to show that the new power could do something different from the previous governments.
In February, 1962, General Park, Chung-hee (He became president in 1963) attended the foundation laying of Ulsan Industrial Center and delivered an address (UCCI, 1992-a, p. 244):

> We decide to construct a new industrial city here in Ulsan to clean up the poverty in 4,000-year history and realize a nationally long-cherished desire for riches and honors. ...the 5.16 revolution was derived from the noble sense of duty

Table 2-1: Main Goals of Four 5-Year Economic Plans

	Direction of Investments	Target Industries
First Plan (1962-1966)	*Import Substitution *Top Priority on Exports *Rapid Industrialization	Chemical Textiles Fertilizer, Cement Oil Refinery, PVC Power Plant
Second Plan (1967-1971)	*Restructuring the Content of Exports *Technological Development (Korean Institute of Science and Technology, Ministry of Science and Technology) *Facilitating Production of Domestic Goods	Synthetic Textiles Petrochemicals, Pharmaceutics, Chemicals, Steel, Copper, Machinery, Electronics
Third Plan (1972-1976)	*Machine Industry *Production of Basic Materials *Making Foundation for Machinery Exports	Machinery Steel Electronics Industries related to Technological Innovations
Fourth Plan (1977-1981)	*Developing Tech. Ind. *Developing Computer Ind. *Developing Equipment Ind.	Brain Industry Design Industry Design of Manufacturing Process Technologies

Source: Government of the Republic of Korea, The Third Five-Year Development Plan, 1972-1976, p. 1071.

> that we had to achieve an economic development which could bring a national prosperity and welfare to Korean people. Since the construction of Ulsan industrial city is a symbolic and great plan with all energy of the revolutionary government, and its success and failure will decide national wealth and poverty, I sincerely hope Korean people, with new awakening and cooperation, will make every effort to accomplish this task of the century.

To support the great plan administratively, the government raised Ulsan area to the status of city in June, 1962. The new city included Ulsan Eup, Bangeojin Eup, and two Myons which were designated areas, and adjacent parts of Ulsan Kun (HHI, 1992, p. 1389). At that time, the city covered an area of 178.6 square kilometers (HHI, 1992, p. 1390).

Now, I would like to discuss four important state's activities in the early period of urbanization in Ulsan; 1) Decision Making, 2) Special Organizations for Ulsan, 3) Governmental Investment in Ulsan, 4) Establishment of related laws.

1. Decision Making

As Forbes and Thrift point out, industry requires an abundant supply of labor force, a port (for raw materials and exports), and reasonable infrastructure (Forbes and Thrift, 1987, p. 73). Moreover, they suggest two general candidates for the industrial site, emphasizing the urban primacy, as follows (Forbes and Thrift, 1987, p. 73):

> In theory, these sorts of conditions can be met in either the large cities, where most of the industry has been located in the past, or in decentralized industrial estates and small to medium-size towns. More likely, though, the need to maintain close links with government, general requirements for access to an international airport, and failure to adequately develop decentralized estates lead to a strong concentration in and around the major city, contributing to its primacy. It seems likely, therefore, that the internationalization of production has exacerbated the problem of growth of huge primate cities. But this remains an extraordinarily under-researched area.

However, their emphasis on the urban primacy due to the industrial requirements is crudely based on the overgeneralization of industrial urbanization, even though they admit the lack of researches on this issue. For example, we have to know the relationship between specific purposes and characteristics of industries and industrial sites. Moreover, it is equally important to understand sociopolitical impacts on determining the industrial site.

In this respect, three factors which strongly influenced the decision making in the case of Ulsan City can be distinguished. First, the natural conditions were appropriate for a large industrial complex. For example, the geological structure, water supply, the bay condition, and land availability in Ulsan made this area one of the most promising candidates for a industrial district in which national efforts were planned to be exerted (Lee, K. S.,

1981, pp. 51-56). Especially, Ulsan had a very good harbor in terms of the natural condition and the location which was open to Japan and Pacific Ocean (Lee, K. S., 1981, pp. 53-54). Since the special industrial district was planned for industries related to the import of petroleum and export industries, a good harbor was a decisive condition.

Second, since the decision makers were mostly consist of generals and military officers who experienced Korean War, they preferred Ulsan which was located in the southeast and rarely damaged during the war (Lee, K. S. 1981, p. 62).

Third, the role of local capitalists in the process of decision making should be noted. Even though the military regime appeared to be the absolute power, it eventually recognized that it had to lean on local capitalists to achieve a rapid economic development. As S. J. Kim succinctly expresses, the survival of the military regime was largely dependent on the success and failure of private corporations (Kim, S. J., 1992, p. 371). In this historical context, the Association of Korean Businessmen (AKB) officially suggested designating Ulsan area as a industrial center (Lee, K. S., 1981, p. 62). Later, thirteen businessmen, after they secured foreign commercial loan, suggested various governmental policies, including the construction of Ulsan Harbor which was immediately executed by the state (Kim, S. J., 1992, p. 371). Especially, land

availability at a low price in Ulsan area was an important inducement for capitalists (Lee, K. S., 1981, p. 53).

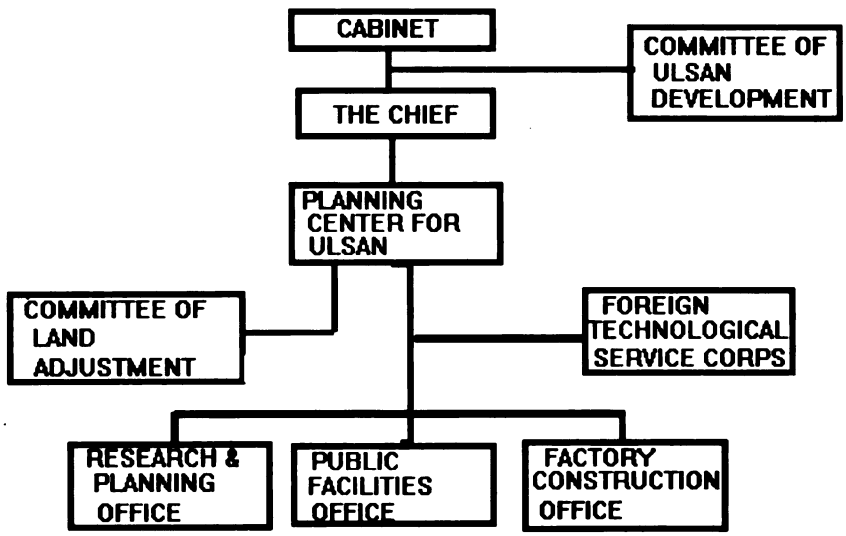
In sum, Ulsan was selected as a industrial district by small number of military leaders and some selected capitalists by the state pursuing their political or economical interests. Local government, local land owners, and farmers were totally excluded from the process of decision making under the name of 'great national task'.

2. Special Organizations for Ulsan

In 1962, the state organized the Planning Center for Ulsan Development for the construction of the industrial district and the Committee of Ulsan Development for consultation. As shown in Figure 2-1, the cabinet directly ran those two organizations which implemented the whole process of construction from research and planning to the construction of factories. In 1963, the special department of Ulsan construction was organized in the Ministry of Construction and those two organizations were liquidated.[5] Eventually, the Ministry of Construction concentrated its efforts on the construction of facilities and infrastructures (Lee, K. S., 1981, pp. 70-81).

In sum, the state took the "corporate center strategy" which directly responded to the needs of capital and the role of "political entrepreneurs" at the same time.[6]

Figure 2-1: Structure of the Planning Center for Ulsan Development



Source: UCCI, 1992-a, p. 248.

3. Governmental Investment in Ulsan

As Frieden says, Korean industrialization, especially in its early stage, has been characterized by a single minded and all encompassing focus on the manufacture of industrial products for export, and the desire for more balanced industrial development has been subordinated to the incessant drive to export (Frieden, 1981, p. 425).

However, not only a balanced industrial development but also a balanced regional/intraregional development was not a main concern in Korean EOI. The case of Ulsan City is a good example of this argument. As seen in Table 2-2, the state exerted all possible efforts on the construction of factories and industrial infrastructures in planned areas to invite foreign and domestic capital. Therefore, development of the rest area of the city and other facilities for education, health, shelter, and recreation were mostly abandoned. More importantly, a balanced regional development in the nation was largely ignored in terms of industrialization. For example, the amount of governmental investment in Ulsan was 7.7 percent of total governmental investment nation-wide during 1962-1966 period while 24.8 percent of total investment in Manufacturing and mining industries during the same period was concentrated in Ulsan area (UCCI, 1990, p. 280).

Table 2-2: Investment in Ulsan City (1962-1966)

(Million Won)

	Total (%)	1962	1963	1964	1965	1966
Total	45,316(100)	1,597	7,471	2,335	2,954	30,959
Factories	40,357(89.1)	935	6,527	1,452	2,075	29.959
Harbor	1,231(2.7)	337	38	146	109	471
Industrial	1,493(3.3)	115	507	337	306	228
Irrigation						
Civil Construction	691(1.5)	60	193	61	74	303
Communication	79(0.2)	-	-	-	2	77
The Other	1,456(3.6)	120	196	339	288	522

Source: UCCI, 1990, p. 281.

As well known, the key instrument of the state's control of the economy in Korea has been its control over the banks and access to foreign capital (Jones and Sakong, 1980, p. 109). The state established its influence over the allocation of domestic credit by controlling commercial and development banks and determining interest rates. Simultaneously, the state intensified the strategy of attracting foreign investment. By collaborating with foreign capital, the state tried to take advantage of international market expansion. In inducing foreign capital, the state gave priority to indirect over direct investment, guaranteeing the repayment of every kind of

foreign loans.[7] Given the assumption that multinational activities would be disruptive to the nationalistic logic of capital accumulation, the state tried to exercise control over foreign presence by favoring loans over direct investment, since loans did not entail foreign control of the local firms (Lim, 1985, p. 93).

In order to construct a industrial base in Ulsan, the state followed the same direction. The state exclusively encouraged and supported some selected capitalists to invest in Ulsan by using financial leverage and inducing commercial loans from the US, West Germany, Japan, England, France, and Belgium (Lee, K. S., 1981, p. 66). In addition, the state directly invested its own revenue and confiscated properties by the "Special Law for Dealing with Illicit Wealth Accumulation". More than 60 percent (106 million dollars) of total amount of investment during the First 5-Year Economic Plan period (1962-1966) was foreign capital. In the mean time, the state directly owned Korea Petroleum Public Corporation, Youngnam Chemical Company, and later, Korea Fertilizer Company in Ulsan (Kim, S. J., 1992, p. 366).

4. Establishment of Related Laws

The laws directly related to the industrial district are complicated, but can be divided into two categories; 1) tax exemption and financial supports, and 2) guarantee of

land acquisition in the area. Especially, two laws should be discussed here. The "Law for Facilitating Industrial Base Development" guaranteed domestic capitalists who were approved to build factories in the designated area the exemption of capital gains tax, corporate tax, acquisition tax, and registration tax and the reduction of property tax (Institute of National Land Development, 1986, p. 64).

Moreover, the "Compulsory Land Purchase Law" was applied to every kind of land acquisitions related to industrial activities. The main purpose of this law is to provide lands to industrial capitalists at lower prices than actual prices (Han, D. H., 1991, p. 94). According to the law, farmers and local land owners had to sell their lands at extremely low 'standard prices' while industrial capitalists were enjoying cheap factory sites and the increase of the land price and the rent due to the designation of industrial districts and the development of urban infrastructures.

Accordingly, this law contributed to the expropriation of the farmers from the land, accumulation and concentration of capital, and uneven regional development. Under the circumstances, the expansion of land ownership was really important to capitalists not only as a mean of production but as a mean of capital gains. Actually, the state had to make a guideline of planned areas for factory sites to calm

down the heated competition among capitalists to purchase more lands in Ulsan area (Korea Institute of National Land Planning, 1989, p. 40). However, a simple guideline could not extinguish the fire of speculation.

In summary, the state functioned not only as a banker and a planner but also as an actual constructor and land distributor. The state created a huge playground for foreign capital as well as industrial capitalists in Korea. In the next section, general figures of the industrial development and the urban growth in Ulsan are presented.

B. Industrial Development and Urban Growth in Ulsan

In 1962, there were only 42 factories with 742 workers which mainly produced consumption goods such as sugar, matches, wines, and processed foods (Christian Study Center for Social Problems, 1988, p. 384). Among 32,792 economically active population, 23,428 (71.4 %) persons were working in the sector of agriculture, forestry, and fishing.[8]

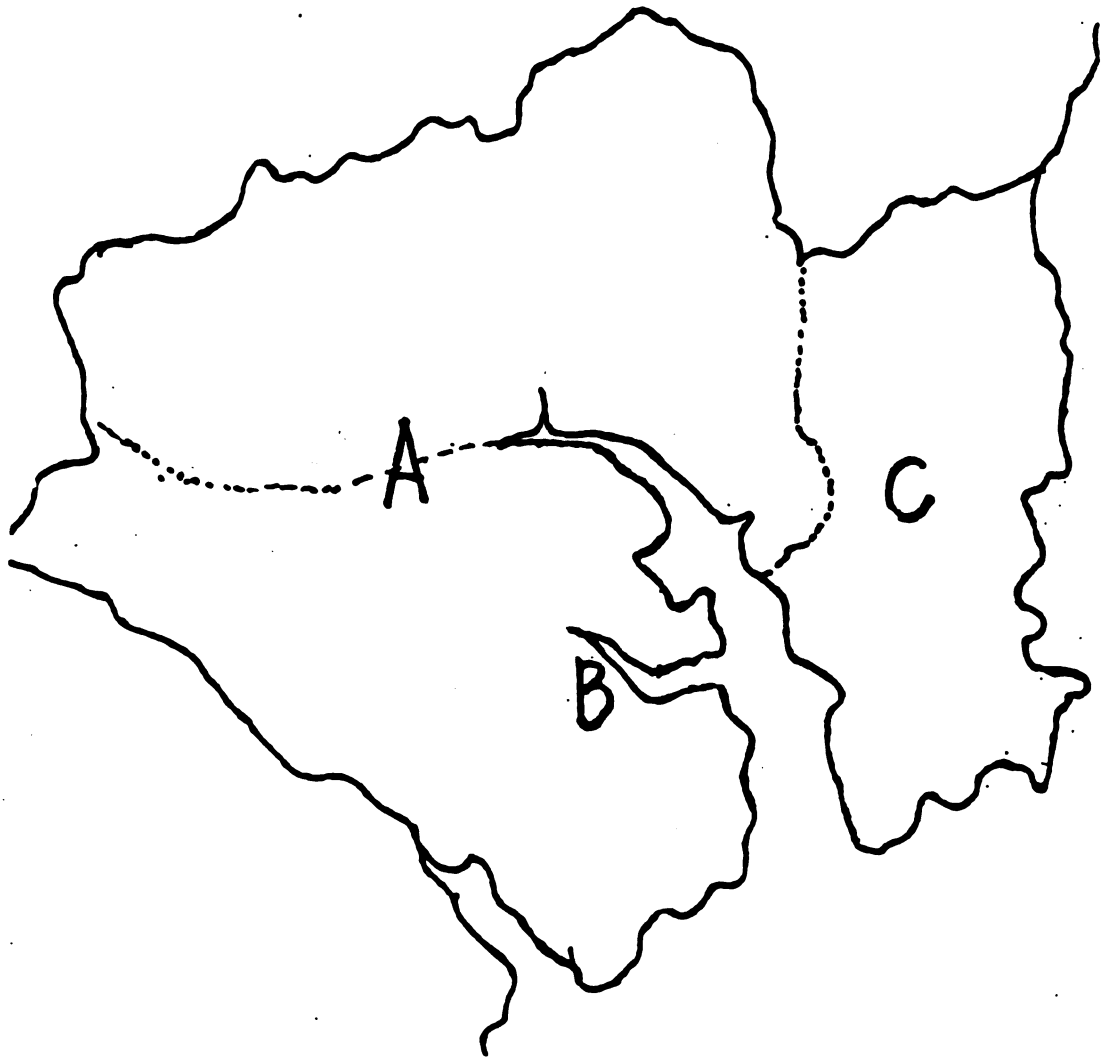
Since 1962, as mentioned above, Ulsan has been a core industrial region in the Five-Year Economic Plans. Therefore, the industrial development in Ulsan reflects each Economic Plan. In the first period (1962-1966), the investment was concentrated on the petrochemical industry. 13 main factories were constructed in the southern part of

Ulsan City, where five thousand workers were employed (UCCI, 1992-a, p. 266-267; see Figure 2-2). The core factory was the oil finery run by Korea Petroleum Public Corporation.

In the second period (1967-1971), the Ulsan Petroleum Complex was formed around the oil finery. In addition, factories for Korea Fertilizers Corporation, Kongyoung Chemicals, Youngnam Chemicals, Donghae Electricity, and Hyundai Motor Company were constructed. Especially, the plan for constructing Hyundai Shipbuilding Yard in eastern part of Ulsan City was approved by the state in 1968. Not surprisingly, foreign capital was heavily invested in this period. Table 2-3 shows some major examples of foreign investment in Ulsan.

In the third period (1972-1976), petrochemical industries were successfully settled down and developed. Moreover, Hyundai Shipbuilding Yard was completed in 1972 and HHI (then Hyundai Shipbuilding Company) started its business. Especially, leaning on foreign loan, HMC completed the construction of an integrated automotive factory where Ponys were produced in 1975 (Ministry of Finance, 1993, p. 172). In reality as well as in name, Ulsan became the symbol of Korean industrial development. In the fourth period (1977-1981), heavy industries grew notably.

Figure 2-2: Administrational Districts in Ulsan



*A: Joong-Ku
B: Nam-Ku
C: Dong-Ku

Table 2-3: Industries Based on Foreign Loans in Ulsan (1967-1971)*

Industry	Loan Provider	Type	Amount (million)	Year
Youngnam Power Plant (#1)	AID (U.S.A)	Public	US $ 16	1967
Korea Caprolactam Corp.	ADB	Public	US $ 25	1971
Youngnam Power Plant (#2)	West Germany	Commercial	DM 61	1968
Korea Fertilizer Co.	USA, Japan	Commercial	US $ 38	1965
Korea Petroleum	USA	Commercial	US $ 47	1967 & 1971
Tongyang Nylon	Japan, W.G.	Commercial	US $ 15	1968

*Except the case of Korea Fertilizer Co.

Source: The Ministry of Finance, Thirty-year History of Introduction of Foreign Capital, 1993, p. 114 and p. 119.

In 1981, there were 514 manufacturers in Ulsan. Especially, Hyundai Group agglomerated its companies, such as Hyundai Electrical Engineering Co. (1978), Hyundai Precision & Industry Co. (1977), Hyundai Pipe Co. (1975), and so on, in the area around HMC and HHI. Moreover, nonferrous metals industries and oil fineries were built in Onsan Industrial District which was located in Ulsan Kun.

As shown in Table 2-4, industries in Ulsan City continued to grow. Especially, the fact that the average number of workers per firm is 337 shows that large factories are agglomerated in Ulsan City. Indeed, only two companies, HMC and HHI, employed 59,300 workers in 1990 (HHI, 1992, p. 1397). Another indicator of industrial growth is the increase of total tangible fixed assets which mainly caused by rapid hike in the land price.

Table 2-5 shows that major industries in Ulsan are chemicals and machinery which are mainly consist of automobiles and ships.

Table 2-4: Manufacturing Industry in Ulsan City (1982-1991)

year	1982	1987	1991
No. of Manufacturers	236	264	350
No. of Employees	76,098	92,285	117,939
Total Wage Paid (Million Won)	301,881	570,655	1,318,731
Value of Total Production (Mill. Won)	6,338,217	10,321,057	11,396,494
Total Tangible Fixed Assets (Mill. Won)	1,465,329	2,327,990	7,653,884
Plant Site (m^2)	23,214,350	26,150,587	28,471,853
Total Area of Manufacturing Buildings (m^2)	2,830,836	5,090,885	6,789,478

Source: Ulsan Chamber of Commerce and Industry, Economic Conditions in Ulsan, 1993:95

Table 2-5: Exports in Ulsan by Industries (1992)

	Ulsan City	Ulsan Kun
	(1,000 US dollars)	
Chemical Product	2,628,181	979,112
Machinery	5,195,959	550,986
Textiles	781,592	52,031
Metal Goods	191,435	403,469
Food and Beverages	9,008	1,092
Total	8,806,175	1,986,690

Source: Ulsan Chamber of Commerce and Industry, Economic Conditions in Ulsan, 1993:106-107.

Table 2-6 shows many interesting facts regarding the status of Ulsan City in national economy. First, relatively small number of workers and the difference between the production cost and the total value of production show that the production system in Ulsan City is much more productive than other places. Second, the fact that only 350 firms in Ulsan City owns the largest total tangible fixed assets in the country suggests that monopoly capital is concentrated in this city. Third, the firms in Ulsan City own the largest plant sites with the smallest size of manufacturing buildings in Korea. This shows that capitalists benefited by the state's policy could acquire much more land than they

Table 2-6: Comparison of the Manufacturing in Ulsan with Other Cities and Whole Nation (1991)

(percentage)

City	Nation	Seoul	Incheon	Ulsan
No. of Manufacturers	72,213	17,418	4,766	350
	(100.00)	(24.12)	(6.60)	(0.49)
No. of Employees	2,918,015	416,156	222,961	117,939
	(100.00)	(14.26)	(7.64)	(4.04)
Total Wage Paid (billion Won)	22,830	2,903	1,880	1,319
	(100.00)	(12.72)	(8.23)	(5.78)
Production Cost (bill. Won)	86,366	8,910	7,208	6,156
	(100.00)	(10.32)	(8.35)	(7.13)
Total Value of Production (bill. Won)	119,333	10,328	9,693	11,396
	(100.00)	(8.65)	(8.12)	(9.55)
Total Tangible Fixed Assets (bill. Won)	101,063	6,497	7,284	7,654
	(100.00)	(6.43)	(7.21)	(7.57)
Plant Site (mill. m^2)	380.7	10.9	23.5	28.5
	(100.00)	(100.00)	(100.00)	(100.00)
Total Size of Manufacturing Buildings (mill. m^2)	127.4	8.9	8.5	6.8
	(33.46)	(81.65)	(36.17)	(23.86)

Source: Ulsan Chamber of Commerce and Industry, Economic Conditions in Ulsan, 1993:97

Table 2-7: Population Growth in Ulsan City, 1962-1992

year	1962	1970	1980	1990	1992
population	85,082	159,340	418,415	682,978	752,864
rate of increase from 1962 (%)		87.3	392	703	785

Source: The Ulsan Chamber of Commerce and Industry, Economic Conditions in Ulsan, 1993, p. 25.

needed at the moment and the process of industrialization often accompanied with the concentration of land ownership in Ulsan.

Meanwhile, the industrial development in Ulsan City inevitably has brought an explosive population growth as seen in Table 2-7. The population size in 1992 was about nine times bigger than the population in 1962. In addition, the manufacturing labor force grew from 742 in 1962 to 117,939 in 1991. Especially, most of 75,370 Hyundai workers (in 1990; HHI, 1992, p. 1397) are working and living in eastern part of the Ulsan City which include eastern part of Joong-Ku and whole area of Dong-Ku (See Table 2-8 and Figure 2-2). The characteristics of the production system in Ulsan City and specific urban conditions and problems will be examined in Chapter III and IV more in depth. However, in the next section, general characteristics of Korean

Table 2-8: Households and Population in Ulsan Area (1992)

	Total Households	Total Population	Male	Female	Persons per Household
Ulsan City	220,311	752,864	389,690	363,174	3.4
Joong Ku	82,373	272,538	141,778	130,760	3.3
Nam Ku	83,811	290,790	148,834	141,245	3.5
Dong Ku	54,127	190,247	99,078	91,169	3.5
Ulsan Kun	42,659	145,766	74,133	71,633	3.4

Source: Ulsan Chamber of Commerce and Industry, Economic Conditions in Ulsan, p. 24, 1993.

urbanization in relation to Ulsan City will be summarized with some theoretical implications.

C. Characteristics of Urbanization in Ulsan City

Studies of Korean urbanization based on urban political economy have been rare. Among a few studies, based on Wallerstein's notion of 'semiperiphery', Nemeth and Smith characterize Korean urbanization as a case of semiperipheral urbanization (Nemeth and Smith, 1985; Smith, 1991). Smith summarizes three prominent characteristics of semiperipheral urbanization in Korea until early 1980s as follows (Smith, 1991, p. 163):

> First,... the South Korean urban hierarchy was relatively even (Particularly in comparison to countries like the Philippines); Additionally, ... ROK cities seemed to exhibit much lower levels of intracity material inequality than the peripheral cities of Asia. ... the most rapid urban growth was currently in southeastern Korea rather than the Seoul metro area.

Repeatedly emphasizing that his characterization is valid for Korean urbanization until early 1980s, he now admits his prediction was quite wrong for the recent changes (Smith, 1991, p. 166-167):

> To summarize, this section suggests that South Korea may not be evolving toward the type of balanced urban patterns that were being predicted as recently as the early 1980s. ... Apparently, the late 1980s have witnessed some unforeseen changes in the dynamics of city growth.

However, he never explains why his prediction went wrong and how can we explain those changes in historical context. Moreover, it is doubtful that his analysis of Korean urbanization until early 1980s is accurate. As we shall see later, for example, severe monopolization of land and housing has been an ever increasing phenomena in the process of Korean EOI. Undoubtedly, monopolization of land and housing causes intra/inter urban inequalities. It seems to me that he never questions about his assumption on the characteristics of Korean industrialization, problems of one of the most rapid urbanization process in the world which

compelled rural people to move into cities and industrial districts where urban facilities and housings were extremely insufficient, and reliability of governmental statistics which has been produced quite arbitrarily and inaccurately in 1970s.

Without presenting any concrete data or analyses, he explains recent changes in urban primacy, urban inequality, and the extent of informal sector in terms of the political liberalization and the wage increase achieved by the militant urban working class since 1987 (Smith, 1991, p. 168).

One of the most serious problems in his argument is his understanding of Korean EOI. He repeatedly argues that Korean experience demonstrates that it is possible to have growth without increasing economic inequality (Smith, 1985, p. 224). However, the economic inequality was already severe enough at the beginning of the industrialization and the fruit of economic development did not cure the inequality to a notable extent, if not increasing it. Therefore, it is quite natural that, in 1991, he found out a 'surprising' indicator of inequality in Seoul released in 'early 1988' showing that 60 percent of the real estate was owned by 5 percent of the population (Smith, 1991, p. 166). We can hardly imagine that this kind of phenomena could happen within a few years.

Moreover, his argument on the impact of political liberalization and wage increase on urban primacy and increase of informal sector needs to be combined with further study of strategies that capitalists actually took to control the workers' resistance and wage increase by informalizing labor force since 1987.

All in all, his analysis of Korean urbanization need more concrete evidences of historical experience of urbanization and industrialization, actual relationship between cities, trends of land ownership and housing problems, struggles between labor and capital in urban settings. With these issues in mind, theoretical implications of Korean urbanization with regard to Ulsan City are discussed in this section.

According to Harvey, capitalist accumulation requires the production of proper infrastructures as preconditions of production (Harvey, 1989, p. 156). However, the individual capitalist can not acquire sufficient prior conditions for sustained accumulation. Therefore, the politics should precede the economy (Harvey, 1989, p. 156-157):

> It is at just a point that a ruling coalition and the autonomy of its politics come into their own. A ruling coalition in effect speculates on the production of the preconditions for accumulation; it collectivizes risks through finance capital and the state. ... The growth coalition uses its political and economic power to push the

urban region into an upward spiral of perpetual and sustained accumulation.

Especially, as a periphery in 1960s, Korea did not have capitalists who could achieve those preconditions even partially. Ulsan was born by the growth coalition among the state, capitalists and foreign finance capital as discussed in the previous section. Therefore, it was not accidental that capitalists organized the Association of Korean Businessmen and collectively suggested the designation of Ulsan as the first industrial district in Ulsan to the state. Since then, industrial districts have been possessed by capitalists as production sites and financial assets. Therefore, industrial district policy in rapid EOI is one of the major factors which have brought a rapid structural changes in land ownership in Korea.

For example, sixty six industrial districts have been constructed until 1992. As seen in Table 2-9, industrial districts are heavily concentrated in Seoul metropolitan area (Seoul, Incheon, and Kyoungki Province), Pusan metropolitan area, and Kyoungsang Province (South, North, and Taegu) in terms of number and square meters. Especially, in South Kyoungsang Province where Ulsan City is located, there are 11 industrial districts which form 42.8 percent of total square meters of industrial districts in Korea. The whole Kyoungsang Province and Pusan have 26

industrial districts which form 56.9 percent of total square meters. This table shows why the most rapid urban growth was in southeastern Korea and the industrialization in Korea has been regionally uneven while Cholla, Choongchung, and Kangwon provinces has been remained as rural areas until recently. The regional uneveness was originated after Shilla, an ancient country located in Kyungsang area, took over Paikjei, another ancient country located in South Choongchung and Cholla area. It was decisively accelerated by Japanese exclusive investment in infrastructures and industries in Kyungsang area, through which the main route between Korea and Japan lay, during the colonization period.

Moreover, the dependent structure of Korean economy, in which firms have to transmit significant portion of produced surplus value to foreign capital, stimulates Korean capitalists, mainly Chaebols, to monopolize the land as financial assets. In addition, extremely high population density and rapid urbanization made financial institutions take land as the primary collateral. Therefore, land acquisition has been a crucial mean for Korean capitalists to increase their financial power. As a result, upper 5 percent of the population own 65.2 percent of total private land in Korea in 1989 (Korea Labor Education Association, 1990, p. 18). Table 2-10 shows that thirty major Chaebols have been leading the land speculation.

Table 2-9: Industrial Districts in Korea (1987)

	No. of I.D.	Square (1,000 square meter)	square/Total (%)
Seoul Metropolitan Area	14	56,127	24.2
Pusan City	2	10,624	4.0
South Kyoungsang Prov.	11	114,517	42.8
North Kyoungsang Prov.	8	27,250	10.1
Kwangjoo City	4	5,107	2.0
South Cholla Prov.	6	20,530	7.6
North Cholla Prov.	6	12,011	4.5
South Choongchung Prov.	3	2,115	0.8
North Choongchung Prov.	2	5,270	2.0
Kangwon Prov.	5	5,786	2.2

Source: Korea Institute of Regional Administration, 1988, p. 20.

Table 2-10: Amount of Real Estate Owned by Thirty Major Chaebols (1987-1989)

(million Pyong*, 1,000 billion Won)

	1987	1988	1989	Average Rate of Increase
Square of Land	113.4	120.8	123.2	3.6 %
Square of Buildings	7.7	8.5	9.6	11.8 %
Total Square	121.1	129.3	132.8	4.1 %
Total value	7.8	10.1	13.1	27.4 %

*A Pyong equals about 3.3 m^2. 1,000 billion Won approximately equals to 1.2 billion dollars.

Source: Economic Planning Board, Economic White Paper, 1990, 1990, p. 203.

Moreover, as seen in Table 2-11, the increase of land prices in Korea has led to serious intraurban inequalities in property. For example, the value of land owned by top 5 percent of landowners increased from 25 billion dollars to 62 billion dollars during 1987-1989 period while increase of total wages during the same period was only 20 billion dollars (Korea Labor Education Association, 1990, p. 31). Undoubtedly, Ulsan City has never been out of this general trend. Moreover, from Table 2-10 and 2-11, we can recognize that the land speculation has been accelerated during the period of 1987-1990 which was so called the 'labor movement era'. There need to be further studies to investigate whether the increase of wages due to the workers' struggle

Table 2-11: The Increase Rate of Land Price in Korea (1975-1992)

(Rates of Increase from Previous Years)

Year	Nation	6 Major Cities (including Seoul)	Seoul	Ulsan
1975	26.99	21.87	31.63	31.23
1976	26.60	21.04	16.06	32.27
1977	33.55	46.67	31.70	25.61
1978	48.98	79.08	135.68	110.82
1979	16.63	21.96	6.40	13.63
1980	11.68	17.02	13.42	19.42
1981	7.51	7.11	3.56	5.70
1982	5.4	5.6	8.7	4.6
1983	18.5	31.7	57.7	10.9
1984	13.2	21.6	23.3	11.2
1985	7.0	7.8	8.1	5.8
1986	7.3	6.4	3.7	13.7
1987	14.67	13.91	6.29	48.45
1988	27.47	29.47	28.06	43.55
1989	31.97	31.95	33.54	16.00
1990	20.58	26.97	31.18	14.67
1991	12.78	13.46	11.15	12.51
1992	-1.27	-2.59	-2.78	0.27

Source: Korea Land Development Public Corporation, 1993, PP. 102-103, 114-115.

and less surplus value due to the increase of wages than before 1987 stimulated capitalists to monopolize more land or not.

As E. M. Kim argues, the leading role of the Korean state in the industrialization has abated in the 1980s as the economic planning became increasingly dominated by an alliance of leading Chaebols and the State (Kim, E. M., 1988). Under the circumstances, the measures against the land speculation taken by the state could not be effective. For example, even though the state forced Chaebols to sell off 'non-business land' in 1990, chaebols actually refused the measure by 1) selling off small portion of 'non-business land' and buying much more land legally and informally (Dong-A Daily, 1991. 10. 9.); 2) simply bringing individual issues to the court arguing about the standard of 'non-business land'[9] (Dong-A Daily, 1993. 8. 1., 1992. 12. 25.); 3) simply taking mild punishments including taxation enjoying the never-stopping increase of the land price (Dong-A Daily, 1991. 3. 6.).

The monopolization of land has been causing serious urban problems, especially the housing problem. For example, 71.8 percent of Seoul residents did not own a bit of land which included buildings, houses, and apartments (Korea Labor Education Association, 1990, p. 33). In the case of Ulsan City, the rate of housing ownership was only

55.7 percent in 1990 (Korea Housing Public Corp., 1993, p. 101). The urban working class in Korea suffers not only in the workplaces but also in the space of reproduction.

In this chapter, I focused on the role of the state and process of industrialization in Ulsan, and discussed the general characteristics of Korean urbanization which Ulsan City inevitably have been sharing. In sum, an accurate understanding of Ulsan City and the labor movement should include the investigation of the production system and concrete urban conditions in the context of Korean EOI and urbanization. In the next chapter, the production system in Ulsan City is discussed.

CHAPTER III. PRODUCTION SYSTEM IN ULSAN CITY

As mentioned earlier, characteristics of urbanization and the condition of working class are strongly influenced by characteristics of a production system. In this chapter, I focus on the industrial structure and Hyundai production system in Ulsan. Especially, production systems of HMC and HHI will be discussed more in detail to acquire comparative implications for understanding of workers' condition and militancy in core companies of Hyundai Group.

A. Industrial Structure in Ulsan

As mentioned in Chapter II, the major industries in Ulsan are petrochemical and heavy industries. Table 3-1 shows numbers of manufacturers and employees by industries in 1986 and 1991. It is clear that the agglomeration process is an ongoing phenomenon in Ulsan City. Especially, The number of manufacturers and employees in petrochemical and heavy industries have continually increased during the period. Indeed, workers in these two industries are 88.2 percent of total manufacturing workers in Ulsan City.

Ulsan Industrial District was renamed the Ulsan-Mipo National Industrial District in 1991. Figure 3-1 shows 6 important industrial complexes in the district; 1) Yeochun; 2) Maeahm; 3) Yongyeon; 4) Ulsan Petrochemical Complex; 5) Hyomoon; 6) Mipo (UCCI, 1992-a, pp. 12-37, UCCI, 1993-a, p. 154)[10].

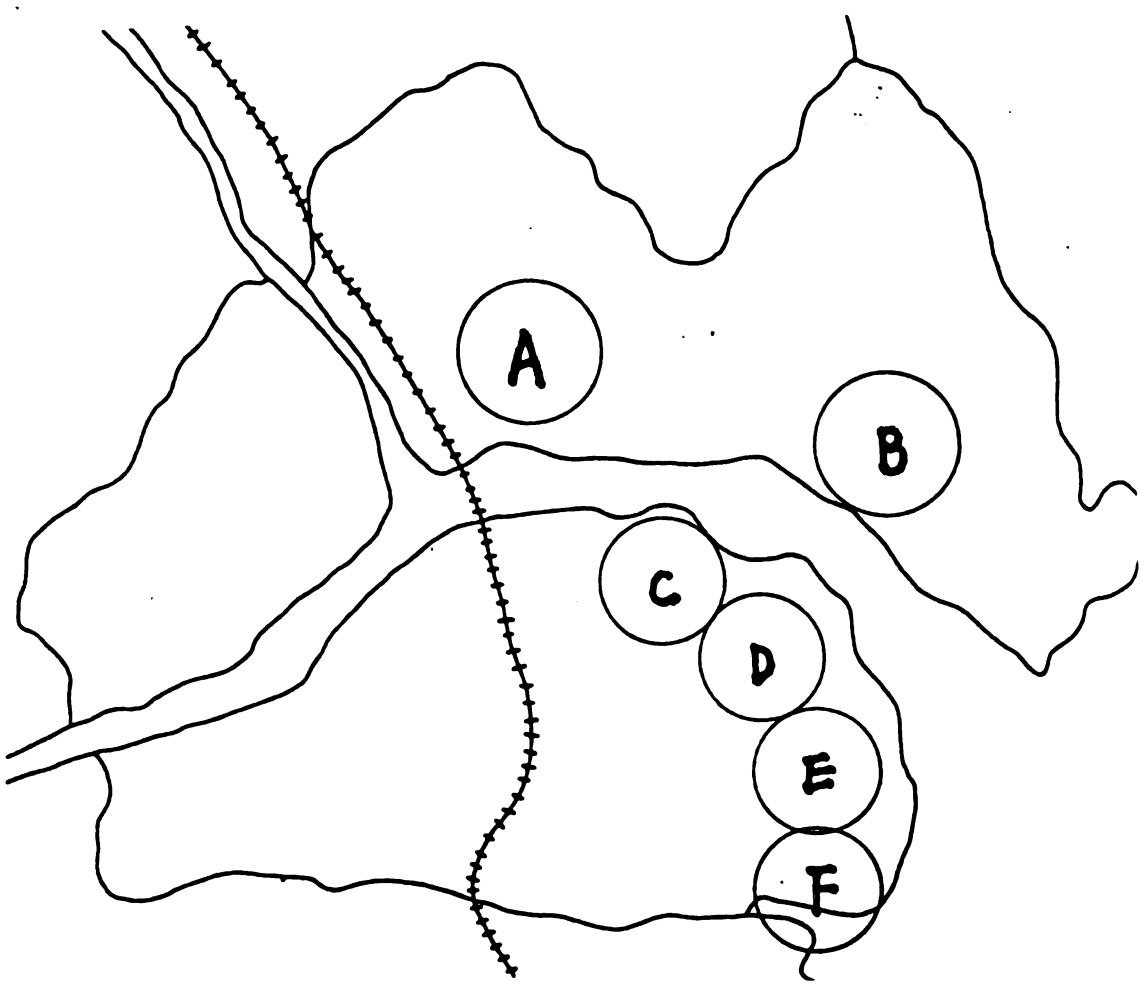
In the Yeochun Complex, there are 55 companies in basic metals and machineries (32), petrochemicals and rubber (23), and 12 others with 6,120 workers altogether. In the Maeahm Complex, there are 20 companies in petrochemicals (5), nonferrous metals (5), basic metals and machineries (4) and others (6) with 7,465 employees altogether. In the Yongyeon Complex, there are 40 companies in petrochemicals and rubber (19) and basic metals and machinery (13) and others (8) employing 10,199 workers. The Ulsan Petrochemical Complex has 21 companies in petrochemicals with 7,351 workers. Those four complexes form the largest petrochemical industrial sector in Korea exporting chemicals of more than 979 million US dollars in 1992 (UCCI, 1993, p. 107). Since large factories for petrochemicals including an oil refinery in those complexes are fully automated, the labor market for this industry is quite small and stable.

Table 3-1: No. of Manufacturers and Workers by the Industry in Ulsan City (1986, 1991)

	1986		1991	
	Companies	Workers	Companies	Workers
Food	223	2,175	339	2,491
Textile	622	6,999	804	4,331
Woods	98	1,320	111	2,060
Paper	99	333	159	917
Chemicals	83	13,074	109	20,903
Nonferrous Metal	42	611	46	773
Basic Metal	9	1,597	38	2,333
Machinery	330	62,860	743	80,226
Others	199	369	329	655
Total	1,705	89,336	2,678	114,696

Source: UCCI, 1993, p. 92.

Figure 3-1: Industrial Complexes in Ulsan City



*A: Hyomoon District
B: Mipo district
C: Yeochun District
D: Maeahm District
E: Ulsan Petrochemical Complex
F: Yongyeon District

However, the level of technology in the petrochemical industry is quite low in Ulsan and even in Korea as a whole. For example, processing naphtha, the number of commodity items produced in Ulsan in 1991 covered 24 percent of total naphtha items produced in the world (UCCI, 1992-a, p. 306). Moreover, the industry still does not have the ability to design license manufacturing processes, test new factories, or create and manufacture new materials and products (UCCI, 1992-a, p.307-308). According to a survey on the petrochemical industry in the Ulsan area conducted by the Ulsan Branch of the Bank of Korea (UBBK), there are three main obstacles to further development of the industry (UBBK, 1990, pp. 34-35). First, the industry is unstable because of fluctuation in international oil prices and is dependent on imports of basic materials from advanced countries. This diminishes its competitive power in the international market. Second, the petrochemical industry needs systematic and huge investments on equipment and facilities, but firms in Ulsan area fail to do so due to financial limits. 42.3 percent of the firms surveyed are operating equipment which is becoming obsolete (UBBK, 1990, p. 9) . Third, the lack of advanced technology and the shortage of skilled labor power also prevents the industry from further development.

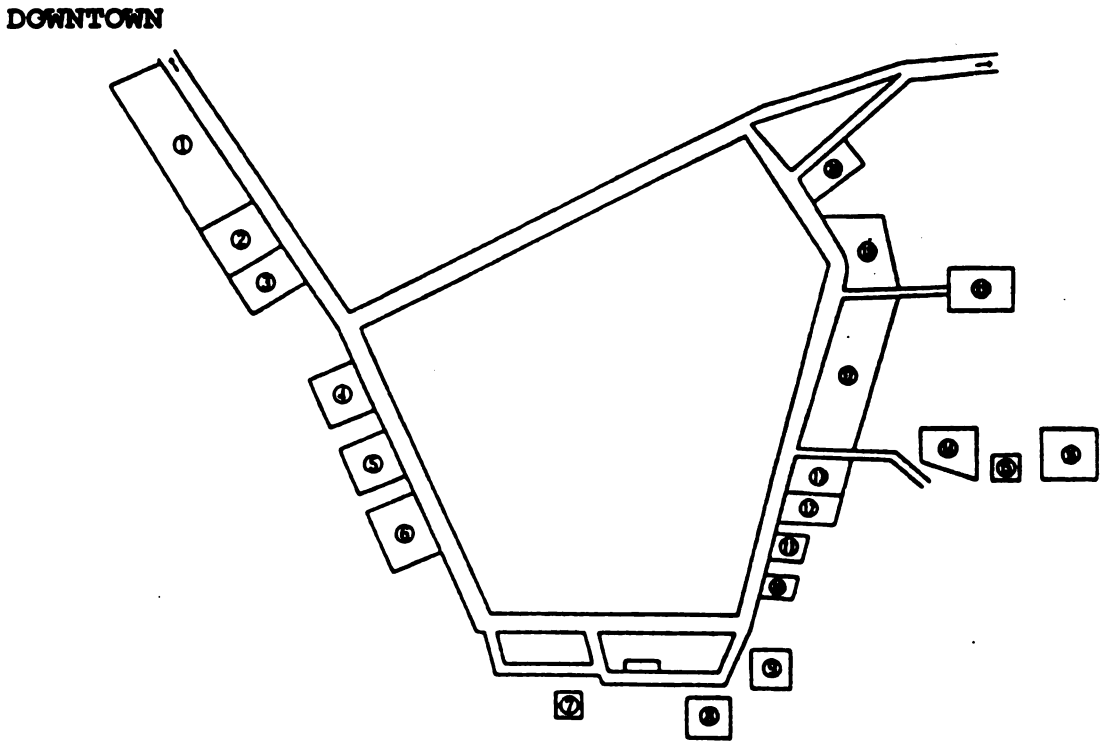
Furthermore, those four chemical complexes, along with the Onsan Nonferrous Industrial District in Ulsan Kun, are

famous for producing serious environmental problems. Since 1985, about thirty eight thousand Ulsan residents in seriously contaminated areas had to leave the city without proper compensation (Christian Center for Social Problems, 1988, pp. 380-382).

Hyomoon and Mipo complexes have clearly different industrial compositions from the four petrochemical complexes. Among the 110 firms located in Hyomoon Complex, 97 firms are producing basic metals, machinery, and parts mainly for HMC. 8,095 out of 8,662 total workers in the complex are working in those firms. Hyomoon Complex, which was designated as an industrial site for small/medium-sized automobile part suppliers in 1987, is located just a few blocks away from HMC. The relationship between HMC and suppliers will be discussed in the next section. However, their spatial proximity is clearly desirable for efficient production.

Even though there are only 20 firms in Mipo Complex, it is the backbone of the Ulsan-Mipo National Industrial District. As seen in Figure 3-2, eleven Hyundai companies are concentrated in this area.[11] Those companies are mainly heavy industries producing commodities such as ships, automobiles, construction equipment, large engines, steel structures, pipes, robots, and even furniture. The net sales of Hyundai companies, including two aluminum companies

Figure 3-2: Firms in Mipo Complex



1. Hyundai Motor Company*
2. Hyundai Precision & Industry Co., LTD.*
3. Hyundai Pipe Co., LTD.*
4. Koryeo Industrial Development Co., LTD.*
5. Koryeo Chemicals Co.
6. Hyundai Mipo Dockyard Co., LTD.*
7. Daedo Food Industry Co.
8. Bangeojin Steel Shipbuilding Industry Co.
9. Cheongku Shipbuilding Industry Co.
10. Ulsan Silica Mining Company
11. Dong-Ah Construction Co.
12. Korea Electric Motor Industry Co., LTD.*
13. Hyundai Electrical Engineering Co., LTD.* (Merged into HHI at the end of 1993)
14. Hyundai Robot Industrial Co., LTD.*
15. Booyoung Food Factory
16. Hyundai Construction Equipment Industrial Co., LTD.* (Merged into HHI at the end of 1993)
17. Hyundai Heavy Industries Co., LTD.*
18. Hyundai Wood Industries Co., LTD.*
19. Hyundai Steel Structure Industrial Co. LTD.*
20. Korea Flange Co., LTD.*

*Hyundai Group Companies

located in Ulsan Kun and Yeochun Complex, in 1991 was 8,089 billion Won (approximately 10 billion US $) which formed 65.9 percent of total net sales in Ulsan City (HHI, 1992, p. 1397).

This complex is not just Hyundai's industrial front line but also Hyundai workers' residential area. As mentioned in Chapter II, about 75,000 Hyundai workers are working and living in Mipo Complex which covers a part of Joong-Ku and the whole area of Dong-Ku. Just in front of HHI, in Dong-Ku, there are huge apartment complexes called Manseidai (meaning 10,000 households), E-Chun Seidai (2,000 households), and Sah-Chun Seidai (4,000 households) where most of Hyundai workers, except HMC workers, are living. HMC workers are mostly living in Joong-Ku.

All in all, Ulsan City is heavily concentrated in heavy and chemical industries. As mentioned above, this structure originated in the state's EOI policy, and later, was accelerated and expanded by the Heavy and Chemical Industry Plan (HCIP) during the late 1970s (Haggard, 1987, p. 16). The industrial structure inevitably created a quite homogeneous working class community in this part of the Ulsan area.

As Elger and Smith suggest, the notion of Fordism includes not only the organization of the labor process but also mass trade unionism, centralized wage bargaining,

extended working class consumption, and welfarist and Keynesian state policies (Elger and Smith, 1994, p. 11). In this respect, the state and Hyundai Group initially built a Fordist city in Ulsan in terms of the mass production in line with Storper's general argument (Storper, 1990, p. 423):

> The industrialization strategies of many third world countries from the 1950s through the late 1970s were essentially geared towards transferring one technological-institutional model, that of Fordist mass production, to the larger and richer third world countries.

Fordism is based not only on the mass production but also on mass consumption. In addition, peripheral fordism exists in the world fordist economy as defined by Lipietz (Lipietz, 1986, p. 32):

> It is an authentic fordism, based on the coupling of intensive accumulation and the growth of markets. But it remains peripheral in the sense that in the global circuits of productive sectors, qualified employment positions (above all in engineering) remain largely external to theses countries. Further, its markets correspond to a specific combination of local middle-class consumption, along with increasing workers' consumption of domestic durables, and cheap exports toward the center.

Implanting fordism in a smaller and relatively poor country like Korea could not be fully achieved until early

1970s. Exports started the engine of a peripheral fordism in Korea. However, since 1973, the growth of the internal market in major cities, especially in Seoul and Pusan, has brought a much more complete form of fordism to Korea, as Lipietz argues (Lipietz, 1986, p. 33):

> After 1973, industrial growth was refocused on the domestic market: exports shares fell, then stabilized, and an active policy of import-substitution caused imports to fall from 27 % to 20 % of the domestic market.

It is not the concern of this study to deal with general fate of peripheral fordism around which many arguments have been generated.[12] However, in Ulsan, only fordist mass production has matured through continuous exports and an expanding domestic market, with 'primitive Taylorist' modes of labor control. For example, HMC sold about a million automobiles in 1993 including domestic sales of 617 thousand automobiles (Joong-Ang Daily, 1994. 1. 5.). However, Ulsan remained a factory city and has not grown into a consumption city until mid-1980s.

In this chapter, the production system in Ulsan is discussed in terms of organization of firms, international relationships, and the labor process. Especially, I will focus on HMC and HHI because they dominate the production system in Ulsan. The characteristics and structure of Hyundai Group will be presented first.

B. Hyundai Group's Control over Firms

The production system of individual Hyundai companies cannot be fully understood without considering the structure and system of the Hyundai Group. While the Hyundai Group shares some common characteristics with other Korean Chaebols, it has a unique production system, development strategies, labor control, and leadership.

First, The Hyundai Group, as one of the three largest chaebols in Korea[13], shows a typical family ownership throughout 38 Hyundai companies (in 1990) with interlocking directorships and extensive cross holdings. Recently, Chung, Mongkoo, Chung, Jooyoung's first son, became the chairman of the Hyundai Group, retaining top positions of six Hyundai companies while Monghun, the fourth son, grabbed top positions of 5 Hyundai companies including Hyundai Electronics and Hyundai Construction Company. Moreover, Mongkyu, Chung, Seyoung's only son, became the president of HMC when he was only 34 (For more details in 1994, see Kirk, 1994, pp. 352-353).

There are four layers of Hyundai firms in the structure of stock ownership in the Hyundai Group (Kang, C. K., and et. al., 1991, p. 92). As shown in Table 3-2, Chung, Jooyoung and his family are major stockholders of 17 Hyundai companies in the first layer.

In the first layer, HHI and Hyundai Engineering & Construction Co., Ltd. (HEC) hold 11.2 percent and 5.6 each of total stock of HMC. Moreover, HHI owns 50 percent of Hyundai Robot Industrial Co.'s stock while HEC holds 17.2 percent of Hyundai Pipe Co.'s. Hyundai Precision & Industry Co. also has 14.6 percent of Hyundai Motor Service Co.'s.

In the second layer, there are 14 firms. Again, three major firms, HEC, HMC, and HHI, are dominant stockholders for those firms. Similarly, four firms in the second layer are major stockholders for 6 firms in the third layer. There is only one firm in the fourth layer which is dominated by a firm in the third layer. Figure 3-3 shows a diagram of this structure.

Those 38 companies can be classified into eight categories; 1) Construction, real estate, and leisure (8); 2) Shipbuilding and heavy industries (10); 3) Automobile (4); 4) Materials and resources (4); 5) Electronics and petrochemical (2); 6) Finance (4); 7) Trade and Service (4); 8) Information and technology (2) (Cho, H. J., 1992, p. 107). By 1993, Hyundai Group founded and merged Munhwa Daily, Hyundai Refinery Co, and several firms. All in all, Hyundai's slogan, 'From Chips to Ships' fairly expresses its conglomerate structure.

Secondly, unlike the Japanese Kieretsu, ownership and management are not separated in Korean chaebols. Actually,

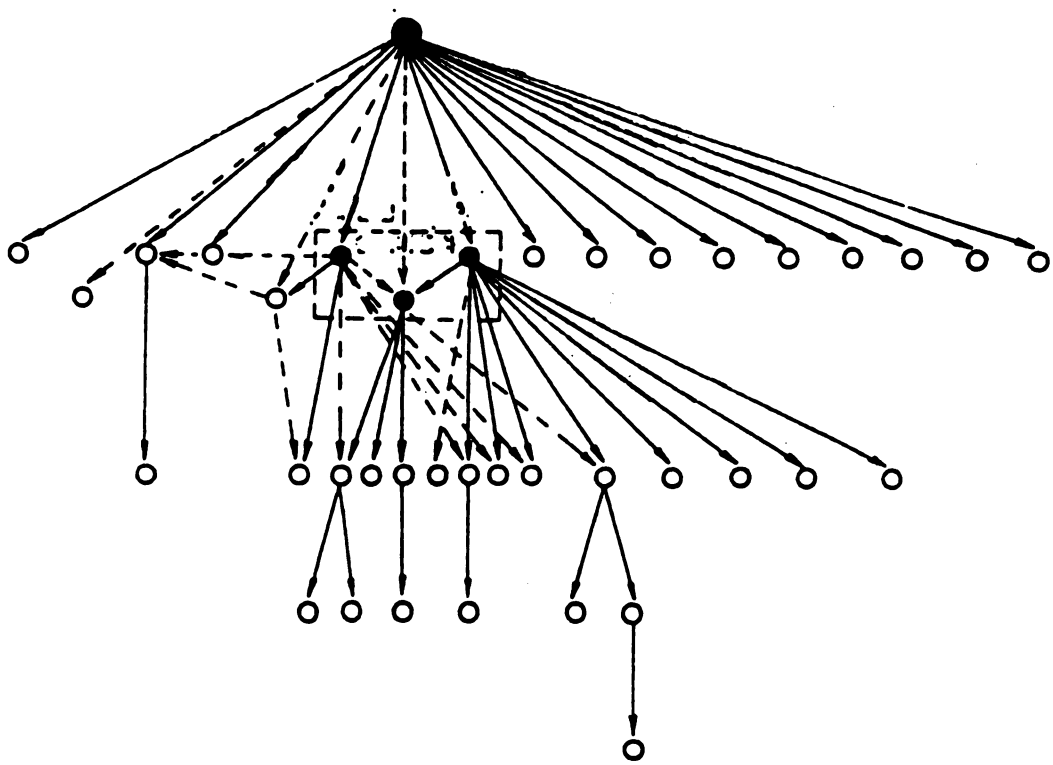
Table 3-2: Stock Holdings by Chung, Jooyoung and His Family (for 17 Major Hyundai Companies)

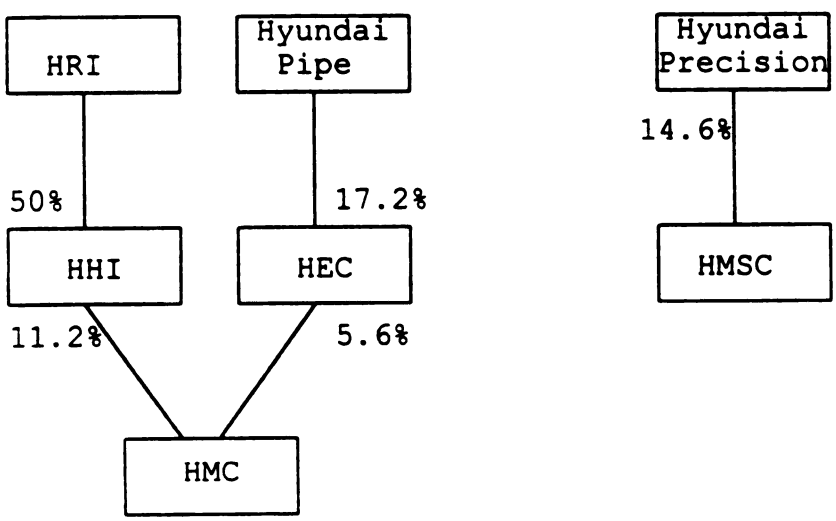
(%)

Hyundai Research Institute	(30)
Hyundai Engineering Co.	(32.8)
Hyundai Merchant Marine Co.	(24.2)
Hyundai Pipe Co.	(35.9)
Hyundai Industrial Development Co.	(40.8)
Hyundai Engineering & Construction Co.	(17.9)
Hyundai Motor Company	(6.3)
Hyundai Heavy Industries Co.	(69.2)
Hyundai Robot Industry Co.	(50)
Hyundai Precision & Industry Co.	(36.9)
Hyundai Motor Service Co.	(18.6)
Keum Kang Development Industrial Co.	(49.4)
Dongseo Industry Co.	(23.6)
Hyundai Elevator Co.	(52.7)
Hyundai Steel Structure Industry Co.	(45)
Hyundai Aluminum Industry Co.	(53.7)
Hyundai Marine & Fire Insurance Co.	(53.7)

Source: Kang, C. K. and et. al., 1991, p. 92.

Figure 3-3: Diagram of Stock Ownership Structure of Hyundai Group





the ownership directly means the absolute control over whole firms in Hyundai Group. While admitting the fact that Korean chaebols remain under tight family ownership and control, Amsden argues that the functions of original founders or presidents of chaebols have been limited to three areas (Amsden, 1989, pp. 167-168):

> First, presidents have made strategic decisions for the group about which initiatives of the government to follow and by how much. Second, they have exercised power over the purse, to the extent of deciding how to shift funds among group members. Third they have exhorted their work forces to work harder and have made key personnel decisions including which top managers to hire.

By carrying the role of the developmental state too far, Amsden even concludes that "the president does not exercise the fundamental function of the entrepreneur--that of deciding what, when, and how much to produce... and the government performs that function (Amsden, 1989, p. 167)". Her two statements seem to be quite contradictory. Selection and implementation of governmental industrial policies, funding, labor control, and personnel decisions can not be separated from the function of deciding what, when, and how much to produce. For example, thirty chaebols own 562 firms which covers almost every industry in Korea (Kang, C. K., 1991, p. 18). Considering state's regulations

over excessive industrial concentration and emphasis on heavy industries and exports, how could those chaebols own those 562 firms including foods and beverages companies (29), financial institutions (41), various manufacturing firms (222), real estate companies (46), and so on, if their presidents had not made decisions and exercised power?

Chung Jooyoung, who turned 81 years old in 1996, is still the honorary chairman of the Hyundai Group, commanding his sons and brothers who are dominating major Hyundai companies and other groups (Federation of Hyundai Group Trade Unions [FHGTU], 1993, pp. 125-128). For example, his third younger brother, Chung, Seyoung, while keeping the chairman seat of HMC, became the chairman of Hyundai Group in 1987. The first younger brother, Chung, Inyoung is the chairman of Halla Group. The second brother, Chung, Soonyoung, the chairman of Sungwoo Group. As discussed earlier, most of Hyundai companies have been distributed to Chung, Jooyoung's sons. His second son, Chung, Mongku, who became the chairman of the Hyundai Group in 1996, heads Hyundai Precision & Industry Co., Hyundai Motor Service Industry Co., Hyundai Industrial Development Co., and Hyundai Construction Equipment Industrial Co., while his third son is in charge of Keum Kang Development Industrial Co; his fourth son, Hyundai Electronics and Hyundai Construction Co.; his seventh son, Hyundai Marine & Fire

Insurance Co. Under the circumstances, the managerial decision making is inevitably dependent on Chung, Jooyoung and his family and their relationship with the state.

Third, heavily leaning on debt--the average debt ratio is 398.2--like other chaebols (Management Efficiency Research Institute, 1991, p. 83), the Hyundai Group uniquely concentrates its investment and efforts on strategic industries for certain periods (Cho, H. J., 1992, p. 106). For example, profits gained by HEC during the 1960s and early 1970s were invested in developing HMC and HHI in 1970s. Similarly, funds extracted from HMC and HHI have been poured into Hyundai Electronics Industries Co. and Hyundai Oil Refinery Co. in the 1980s. Each Hyundai company can be seriously influenced by the Group's strategic decisions. Under the circumstances, part of profits gained in a Hyundai company cannot be properly shared with the workers in that firm even if the management in the firm is willing to do so.

Fourth, the Hyundai Group, headquartered in Seoul, always makes the final decision on collective bargaining and labor disputes in every Hyundai company. Especially, the Central Office of Planning & Coordination and group meeting of presidents of Hyundai companies carries the order from the founder and the chairman to each firm (FHGTU, 1993). Without orders from the headquarters, the management in each

firm never progresses in negotiations nor reaches settlements with workers.

Fifth, the charismatic leadership of Chung, Jooyoung should be noted. Chung has been a Park, Chunghee in the economic sphere in Korea. The rapid growth of the Hyundai Group would not have been possible without the honeymoon relationship between President Park and Chung for almost twenty years. Initially, President Park was impressed by the performance of HEC which constructed major infrastructures including Seoul-Pusan Highway within a surprisingly short period of time in 1960s and early 1970s. After that, Hyundai Group became the forerunner of Korean economic development. Not surprisingly, Chung has emphasized discipline in a military fashion, taking on challenges, speed, hard work, and obedience. The brochure of Hyundai Group introduces 'the pioneering spirit', 'can do' attitude, 'no boundaries' and 'Nothing is impossible.' as its basic philosophy derived from Chung. Workers have been industrial soldiers for Chung. They could be wounded and even killed. But the war had to be won for him under the flag of national development. However, the general never died and never faded away. The HMC and HHI production system, international relationships, and labor process are discussed in the next section.

C. The Production System of HMC

In 1992, HMC produced 858,739 units, up 12 percent from 1991 and accounted for 49.6 percent of total motor vehicle production in Korea(HMC, 1993, p. 4). Accordingly, HMC maintained its leading status in the domestic market by selling 408,168 passenger cars and 152,939 commercial vehicles which accounted for 44.4 percent of the domestic market. Moreover, exports in 1992 totaled 284,115 units and were comprised of 269,895 completely built-up units and 14,220 completely knock-down units (HMC, 1993, p. 9). HMC sold 617,000 vehicles in domestic market and exported 349,000 units making a new record in 1993 (Joong-Ang Daily, 1994. 1. 5.). As Gwynne point out, HMC is the most successful private company from the third world (Gwynne, 1991, p. 71). Moreover, HMC is the largest company in Hyundai Group in terms of total assets and net sales as seen in Table 3-3, even though the ratio of equity capital is much lower than HHI. HHI is much smaller than HMC but financially healthier with less debt. What are the characteristics of HMC's production system and how is HMC's production system related to the urban condition and the labor movement in Ulsan?

As mentioned in Chapter I, a production system is a collection of operating units linked by technology and organization into the manufacture of final products (Hill,

Table 3-3: Comparison of HMC with Other Major Hyundai Companies (1989)

(100 million Won, %)

Companies	Total Assets (A)	Owned Capital (B)	Net Sales	(B/A)
HMC	35,572	8,101	38,065	22.8
HEC	21,855	4,474	13,723	20.4
HHI	14,921	4,664	9,789	31.3
HEI	8,577	2,169	5,383	25.3
HPI	6,701	1,915	6,768	28.6
HID	5,738	1,185	4,935	20.7
IIS	5,643	2,747	5,004	48.7
HPC	1,779	1,601	n/a	90.0

HEI: Hyundai Electronics Industries Co.
HPI: Hyundai Precision & Industry Co.
HID: Hyundai Industrial Development Co.
IIS: Inchon Iron & Steel Co.
HPC: Hyundai Petrochemical Co.

Source: Compiled from Cho, H. J., 1992, p. 111.

1989, pp. 462-463). This broad definition may include many aspects of industrial, social, and international relationships concerned with a firm or an industry. Here, I focus on the organizational and spatial aspects of HMC's production system. Later, I will move on to the issues of the international relationship and the labor relation.

To understand the production system of HMC more clearly and distinctively, I will contrast it with Japanese auto-production system as portrayed by many scholars (for example, Sheard, 1983; Cusumano, 1985; Hill, 1989; 1993).

1. Production System

As Hill points out, the subcontracting system is a method by which a parent firm not only exercises control over suppliers but also maintains its own profit by appropriating surpluses from suppliers (Hill, 1989, p. 468). However, there may be a lot of differences in the way of organizing, managing, and developing the system among nations or firms. The subcontracting system of HMC has some significant differences from that of Japanese automobile industry. The most visible difference can be found in the structure of subcontracting system. Japanese automobile industry has very efficient and sophisticated multi-layered production systems integrating subcontractors into the hierarchy of specialization (Sheard, 1983, pp. 50-51).

Fujita and Hill summarize Toyota's production system as follows (Fujita and Hill, 1993, pp. 11-12):

> ...the first layer consists of subcontractors engaged in direct transactions with Toyota Motor Corporation, including manufacturers of machinery... subassemblies... and major body parts... First layer firms are parents to second layer firms;...second layer subcontracting firms are parents to third layer firms and so on down to the production chain. Parent firms at each level are responsible for checking the quality and coordinating the inflow of parts, materials and services from the next lower level in a production system...

In this manner, hierarchical specialization and sophisticated divisions of labor are achieved in Toyota production system. As a result, the number of subcontractors engaged in direct transactions with Toyota Motor Corporation is just 168 while total firms in the production system are more than 48,000 (Hill, 1993, p. 11).

The production system of HMC does not have systematic divisions of labor or a hierarchy of specialization. Besides its 8 subsidiaries, HMC engages in direct transactions with 466 subcontractors (Industrial Bank of Korea, 1993, p. 413) and internalizes 47.7 percent of the value of the auto production process in contrast to 30 percent for Toyota (Industrial Bank of Korea, 1993, p. 413). The data for firms in lower levels of the production system are not available. Recently, HMC is increased the number of

direct subcontractors per component from 1.3 in 1985 to 2.3 in 1992 to avoid instability of part supply due to labor disputes in subcontracting firms (Industrial Bank of Korea, 1993, p. 414).

Not all HMC subcontractors are small in size and amount of capital. Some primary subcontractors who are sole suppliers of important parts to HMC have a degree of stabilty that most other subcontractors lack. Nevertheless, the power relationship between those firms and HMC is not much different from other subcontractors although workers in those firms can occasionally challenge their firms and HMC by threatening to disrupt the supply of substantial parts.[14]

The actual relationship between HMC and its subcontractors is much more unequal than in the Japanese production system. Undoubtedly, the Japanese subcontracting system is tightly controlled by parent firms just like HMC's. However, as Sheard describes, the relationship between a parent firm and its subcontractor is usually stable, has paternalistic overtones, and provides necessary support (Sheard, 1983, p. 52). In contrast, most of conditions and terms in the contract are totally dominated by parent firms in Korean automobile production systems including HMC. H. J. Cho presents some national examples; 1) 71.6 percent of subcontracts are shorter than three years; 2) payments for parts are usually (81.5 %) made in

the form of drafts which can be cashed 60 days after the date received; prices are basically decided by parent firms (Cho, H. J., 1992, p. 209). Under the circumstances, workers in subcontracting firms suffer as a subcontractor says, "When the parent firm asks to lower the price, I have to follow not to lose the contract. Then, I have to squeeze towels once again which have been already squeezed" (Lee, J. W., 1993, p. 554).

Moreover, many important and highly profitable HMC subcontracting firms are owned by relatives and friends of the Chung family. For example, Apollo Industrial Co., which is the sole supplier of bumpers and rear lamps to HMC, is owned by a son-in-law of the chairman of Hyundai Group and HMC, Chung, Seyoung(Lee, J. W., 1993, p. 551). This company enjoys its special sole supplier relationship with HMC. Interestingly enough, however, workers in Apollo Industry Co. also had special power to damage the firm and HMC by stopping the whole production line in 1993 (Dong-A Ilbo, May 16, 1993). The loss of production due to the strike was worth more than 250 million dollars. As Lee, Y. S. argues(Lee, Y. S., 1993, p. 29), since the parent firm and the subcontractor in automobile industry are engaged in different but complementary positions in production process, strikes at subcontractor firms can have a severe impact on the whole production network of parent firms.

Recently, HMC formed the HMC Cooperative Association with 235 subcontracting firms in 1991 and provided some financial and technological supports for those selected firms (HMC, 1992, pp. 732-734). Those selected firms can have safer and smoother relationships with HMC in terms of stable terms of contract, generous inspection of components, and faster payment (Lee, J. W., 1993, p. 552). This seems to be moving in the Japanese direction. However, the selection of members of the association is mainly made by HMC's preference.

In sum, part suppliers in Korean automobile industry remain an unsystematically and subordinately integrated part of the mass production system. The HMC production system was much more similar to the US production system up to the 1980s in strong internalization of production process, direct transactions with many suppliers, and fewer layers in the production system (Hill, 1989, p. 466). Under the circumstances, the Japanese Just-in-time production system would hardly be adopted by HMC.

In spatial terms, HMC has a much more dispersed production system than Japan. According to Hill, Toyota concentrated its headquarters, production facilities, principal suppliers and subcontractors in Toyota city and surrounding Aichi prefecture in order to maintain a finely tuned regional production system (Hill, 1993, p. 11).

HMC certainly has been concentrating its production plants in Ulsan City. The plant complex of HMC, as a single unity, is the world's largest, with approximately 1.72 million square meters of floor space on a site measuring 4.43 million square meters (HMC, 1993, p. 13). The complex includes five assembly lines with annual production capacity of 1.15 million units.

However, HMC is headquartered in Seoul, in the Hyundai Group Headquarters. Moreover, only 101 firms out of 466 major subcontractors are located in the Hyomoon Complex in Ulsan. Even Kefico Corporation, one of the major subsidiaries of HMC, which is the sole supplier of fuel injectors for HMC, is located in Seoul Metropolitan Area (Kyoungki Province). Interestingly enough, the major technology center, Mabookri Advanced Engineering & Research Institute (MAERI) is also located in Kyoungki Province near by Seoul. The other technology center, Technology Research Institute (TRI) is located in Ulsan, but MAERI is the core domestic brain center of HMC since it produced HMC's own engine model, Alpha, and automatic transmissions with the finest, state-of-the-art equipment in 1991. MAERI employs 14 Ph. Ds and 171 masters while TRI employs only one Ph. D. and 76 masters in Ulsan (HMC, 1992, p. 845). Moreover, HMC finally completed Namyang Technology and Research Center which is one of the largest technology centers in the world,

with thirty fine and vast driving courses for the test of new cars, in Kyoungki Province, near Seoul, on October 23, 1996 (Sunday Seoul, October 29, 1996). HMC has invested about 440 million dollars on this project.

In sum, the production system, as a whole, is not spatially concentrated as the Japanese production system. For example, Seoul and Kyungki area are 400 kilometers distant from Ulsan. Rather, HMC shows spatial divisions between key conception and execution activities and between HMC and suppliers. Especially, the urban functional primacy of Seoul in Korea strongly influences the spatial divisions. Every important decision is made in Seoul and the best urban facilities and consumption goods are concentrated in Seoul. Accordingly, managers and white collars in higher positions usually do not reside in Ulsan contributing to homogeneous class composition in Ulsan City as discussed in Chapter IV.

Recent development and planning of HMC are accelerating the dispersion of the HMC production system. In December 1993, HMC started the construction of a second plant in Wanjoo Kun, North Cholla Province which is the southwestern part of Korean Peninsula (HMC, 1993, p.6). As planned, the plant was completed by 1995 with production capacity of 70,000 units of large-sized commercial vehicles such as buses, trucks, and special vehicles. The existing line at Ulsan plant for large-sized commercial vehicles will be

moved out to this plant.[15] Furthermore, a third plant will be located at Injoo Industrial Complex, Asan Kun, South Choongchung Province which is the Midwest part of Korean Peninsula. It will produce 300,000 units of mid-size passenger cars annually for export. That's not all. According to HMC's ambitious plan, a fourth plant at Yulchon Industrial Complex, Yeochun Kun, South Cholla Province will be completed by 2000 for passenger car assembly with annual production capacities of 500,000 units, a parts complex for vendors, and a new technology center and proving ground. These are traditional agricultural areas in Korea. Certainly, those plans for relocation and new plants, if fully completed, would be very similar to the transformation of industries happened in the USA in the 1970s and, to some extent, to recent development in Japan (Scott, 1988, p.204).

The transformation will be accelerated when Daewoo's new plant with a production capacity of 500,000 units in North Cholla Province and Kia's new plant with a capacity of 300,000 units in South Choongchung Province are completed (Industrial Bank of Korea, 1993, p. 400). These regions may form a kind of Sunbelt in the western part of South Korea. Of course, HMC's Ulsan plant will not be abandoned in the near future. However, it is clear that automobile industry in Ulsan has reached the peak of production and will diminish when those new plants are completed. Moreover, a

significant number of skilled and semiskilled workers will be transferred to new regions. All in all, we can regard all those plans as an expansion of Fordist industrialization.

The appearance of relatively strong unions in Ulsan sped up the construction of the second plant which is a simple relocation of the assembly line for large-size commercial vehicles. It seems to me that the new plants of the Korean Big Three --Hyundai, Daewoo, and Kia-- are targeting Chinese and Asian markets in locating in the regions close to China. There will likely be a significant transformation in the Ulsan area in the near future due to relocation, new planning, and even plant closings. The Hyundai Group merged two companies into HHI as mentioned above and is trying to relocate Hyundai Wood Industries Co. whose workers have been very active in the labor movement in Ulsan. All in all, Ulsan and Hyundai workers will suffer from industrial restructuring unless they are prepared for it.

2. International Relationships

The two most important nations for HMC have been the USA as a market and Japan as a technological source. As seen in Table 3-4, the USA has been the major importer of HMC cars since the Excel was introduced to the market in 1986. Undoubtedly, HMC's export strategy has been focused

Table 3-4: HMC's Exports to Major Regions (1986-1991)

Year	USA	Canada	Europe	Asia	Middle East
1986	203,291	64,862	11,493	6,823	9,091
1987	310,515	30,094	26,796	12,851	11,392
1988	329,673	29,873	20,097	13,068	6,997
1989	138,851	13,736	20,963	16,815	3,208
1990	126,341	19,342	28,610	15,840	3,804
1991	106,729	17,630	67,509	20,128	6,012

Source: HMC, 1992, pp. 1099-1102.

on the North American market. The European market, until recently, has been too restrictive for HMC to easily expand. Other markets remained too fragmented for HMC to justify large investment. Despite rumblings of increasing protectionism, the North American market remains the most lucrative and most easily accessible. As a result, a local manufacturing facility (Hyundai Auto Canada Inc.) was established in Canada and an independent distributor network (Hyundai Motor America [HMA]) was established in the USA. The initial popularity of the Excel, the most successful introduction of an import car, helped HMA report sales of 301,930 units in 1988 (HMC, 1992, p. 835). However, sales dropped to 132,946 in 1989 as HMC delayed the introduction of new models to follow the Excel HMC, 1992, p. 835). Indeed, HMC remained dependent on a single model in a single market too long. In contrast, Japanese automobile

manufacturers generally introduced redesigned models every three years.

After suffering from setbacks in 1989, HMC has partially reassessed its strategy. Whereas previously the company was fiercely determined to remain independent, HMC has forged alliances which could help maintain sales volume. Besides already existing technical and equity tie-ups with Mitsubishi Motors and Mitsubishi Corp. which will be discussed later, HMC also signed an agreement with Chrysler and Mitsubishi to supply 30,000 units to be sold under Precis label (Cho, H. J., 1992, p. 113).

Furthermore, HMC tried to reduce its heavy reliance on the U.S. market and launched a comprehensive program to penetrate the European market. As a result, exports to Europe registered 111,023 units as of the end of 1992, compared to 67,509 units in 1991 (HMC, 1993, p. 9). HMC's export diversification strategy recently includes direct foreign investment (DFI) in Southeast Asia and Africa. For example, HMC is assembling the Excel in Thailand in a joint adventure and started the construction of a truck assembly line in a joint adventure with Malaysian government in November, 1993 (HMC, 1993, p. 9). When this project is completed, HMC will have four plants in Canada, Thailand, Botswana and Malaysia with annual production capacity of 130,000 units. Moreover, HMC is planning to construct two

more plants in Indonesia and Egypt by the year 2,000 (HMC, 1993, p. 9). Even, Kia Motors, Korea's number two producer, started the construction of an assembly line of its sports car 'Sportage' in Germany in April, 1994 (Korean Broadcasting System News, 1994. 4. 27). Those market-oriented strategies of active DFI are aimed to overcome tariff barriers and protectionism advanced capitalist countries (Hill, 1987, p. 34).

HMC has been heavily dependent on Japanese Technology. Especially, Mitsubishi has been continuously providing HMC with advanced technologies and financial investment in exchange for royalties and sales of high value components. Mitsubishi shares 14.7 of HMC equity without managerial participation (HMC, 1987, pp. 443). The relatively horizontal relationship between HMC and Mitsubishi has been strengthened by Mitsubishi's limited access to US market based on Voluntary Export Restraint Agreement (VRA) forced by US government to restrict Japanese penetration of US market in 1981 (Cho, H. J., 1992, p. 113). Under the circumstances, HMC could acquire necessary technologies and factory systems from Mitsubishi for exporting automobiles to the USA without losing its managerial autonomy. In return, Mitsubishi could maintain indirect access to US market via HMC. As a result, HMC is paying a lot of royalties for technologies and purchasing most of high value components

from Japan, mainly from Mitsubishi until recently, as shown in Table 3-5 and 3-6. Significant profit leaking to Mitsubishi and ever increasing high debt ratio --516.0 in 1991 (HMC, 1992, p. 1083) has caused the financial weakness of HMC.

In spite of impressive growth over the past few years, whether the aggressive expansion strategy of HMC can go much further remains doubtful. The rapidly changing world economic order under the World Trade Organization system, persisting technological gap, financial weakness, profit leaking to Japan, and growing domestic tensions between capital and labor make the HMC's future uncertain. By the same token, HMC has few options for labor control if it insisted on being competitive in the world market and achieving dramatic growth by the year of 2000.

Table 3-5: Introduction of Technologies for Elantra

Technology	Supplier	Nation	Advanced Payment	Fixed Fee	Fee per Unit
Styling	Italia Design	Italy	-	US $ 142 mill.	-
Styling	I.A.D.	Britain	-	US $ 65,000	-
* Engine	Mitsubishi	Japan	Yen 1 bill. for all tech.	-	Yen 5,500
Emission	Mitsubishi	Japan		-	2,500
M/Transmission	Mitsubishi	Japan		-	2,300
A/Transmission	Mitsubishi	Japan		-	5,800
Chassis	Mitsubishi	Japan		-	3,400
Seat	Namba	Japan			Won 3,000

* The term of contracts with Mitsubishi lasts from 1986 to 1992 or until sales of Elantra reach 1.6 million units.

Source: HMC, 1992, p. 672.

Table 3-6: HMC's Imports of Components by Region (1983-1991)

(million US $)

Year	Japan	USA	Canada	Europe	Others
1983	84.5	0.74	0	10.89	2.83
1984	84.20	0.73	6.35	7.08	2.72
1985	166.15	6.83	20.91	15.01	0.24
1986	460.64	22.05	15.31	22.38	0.10
1987	707.43	36.97	16.86	13.91	4.10
1988	601.53	53.64	10.85	17.51	1.30
1989	390.11	49.66	10.37	27.22	0
1990	286.56	67.00	12.51	40.27	1.00
1991*	362.89	82.54	13.60	36.69	0

* Data for 1991 only covers the period from January to July.

Source: HMC, 1992, p. 733.

3. Labor Process in HMC

Even with appropriate introduction of technologies and aggressive investment to achieve economy of scale, the growth of HMC would not be possible if there had not been cheap and diligent labor. As shown in Table 3-7, the wage per hour in Korean automobile industry in 1987 was 14 percent of Japanese wage and 12.5 percent of the USA. Taking productivity into account, labor cost per unit in Korea was just half that of Japan, and 20 percent of the USA. Accordingly, HMC's competing power in the world market is still rooted in the low wage.

Until 1987, the state suppressed labor movements and working class organizations by repressive regulations and direct violence. As a result, the rate of unionization before 1987 was under ten percent (Deyo, 1986, p. 175). HMC was not an exception but even a worse example of such labor controls. HMC workers with other Hyundai workers in Ulsan were captured under Chung, Jooyoung's charismatic spell, "No unions as long as I am alive." There was no union, therefore no meaningful bargaining of wage or working conditions.[16]

Once HMC workers organized their democratic union in 1987, HMC could no longer enjoy cheap wages and tight control over its workers. As mentioned above, HMC has had to double wages since 1987 because wages were so low and

Table 3-7: International Comparison of Manufacturing Cost (1987)

(US $/hour)

	USA	Japan	Korea
Material Cost per Unit	2,505	2,390	2,578
Wage per Hour	20.2	18.9	2.5
Time taken per unit	53	34	90
Labor Cost per Unit	2,766	1,003	563

Source: Hyundai Institute of Economy and Society, 1987. Current Conditions and Prospect of Automobile Industry.

Korea Institute of Investment and Economy, 1988. Major Industries in Korea.

Compiled from Cho, H.J., 1992, p. 223.

workers were so militant (HMCTU, 1993-b, p. 248). The process of workers' struggle and countermeasures by the state and Hyundai management will be discussed in Chapter V. In this section, I focus on changes in labor process and work organization made by HMC upon facing the unionized workers.

First, in order to reduce labor costs and workers' resistance, HMC has been accelerating the automation of

factories and adopting many more robots, numerical control (NC) machine tools, and transfer machines. For example, the rate of automation in the number three factory for Elantra, planned in 1988 and completed in 1990, is more than 90 percent (HMC, 1992, p. 685). Automation is high in the body shop, where 267 robots are working (HMC, 1992, p. 687). Park, J. S. observed that the increase of NC machine tools and other computer aided machines in HMC has been decreasing skilled work and workers has been getting more involved with simple and repetitious work (Park, J. S., 1992, 112-129). For example, 70.1 percent of HMC manufacturing workers surveyed answered that they were doing 'quite' and 'very' repetitious work while only 6.2 percent said 'not quite' and 'no'(HMCTU, 1993-a. P. 129). Moreover, HMC does not operate a job rotation system and 69.6 percent of HMC workers never had the education and training for job rotation from the company (HMCTU, 1993-a, p. 104). Under the circumstances, the degradation and deskilling of work is expanding through the whole process of production. As Park, J. S. concludes, the labor process in HMC is the clearest example of a combination of Taylorism based on specialization and Fordist labor process based on automated assembly lines (Park, J. S., 1992, p. 129).

Second, HMC is trying to create much more sophisticated standards and grades in work organizations, job ladders and

computerized labor management system. Especially, HMC tries to build a grade system based on the evaluation of each worker's ability (HMC, 1992, pp. 709-710). According to Edwards, bureaucratic control has been spreading to production work as firms have tried to forestall unionization after employers found that firms based on technical control were highly susceptible to even short sit-down or strikes, and even small groups of workers and trade unionists could effectively dominate a plant by flaunting this threat (Edwards, 1979). Recent attempts at labor control made by HMC are good examples for Edwards' argument. However, HMC workers are refusing this system by simply saying that it will increase the domination of management over them (HMCTU, 1993-b, p. 240).

Third, in addition to strengthening technical control, HMC is testing various programs to introduce a Japanese-style flexible manufacturing system in the future such as quality circles, job rotation, and retraining program (Chae, C. K., 1991, pp. 60-65). However, as Shimokawa argues, the flexible production system is possible only through mutual trust between labor and management (Shimokawa, 1986, p. 241). In the case of HMC, the traditional Hyundai-style labor management is still prevalent as the chief of policy department of HMC trade union says (from the interview with him in January, 1994):

> Even though we have a union now, we are frequently forced to do overnight work. We are still suffering from long working hours. Situations are better than the past without a union. But there are many basic things to be settled.

HMC workers, and Hyundai workers in Ulsan in general, have produced the Korean economic miracle. They do not think they have achieved what they deserve. They have witnessed that remarkable company growth did not bring improvements in working/living conditions until 1987. This is the decisive difference from Japanese workers.

In the next, the production system of HHI will be discussed in comparison to HMC.

D. The Production System of HHI

The growth of shipbuilding industry in Korea has been remarkable in recent years. As shown in Table 3-8, Korean shipbuilders held the No. 2 spot from 1988 to 1991. After the quite depressing year of 1992, they finally took the top place in 1993, by winning nearly 40% (9.5 million gross tons) of new orders in the world (Joong-Ang Daily, December 9th, 1994). Even though Japan came back to No. 1 in 1994, her power in the world shipbuilding market seemed to be diminishing because the soaring yen made Japanese ships more expensive and thus less competitive (Far Eastern Economic Review, August 4, 1994, p. 61). Since the yen's previous

Table 3-8: Percentage of New Ship Orders Placed, 1988-1992.

Year	Japan	Korea	AWES	China	Rest of World
1988	39.1	23.3	16.9	3.5	20.7
1989	50.1	16.7	16.6	1.9	16.6
1990	46.3	23.8	17.6	2.5	12.3
1991	40.6	25.1	15.5	3.0	18.8
1992	40.4	17.0	19.3	7.6	23.3

*AWES: Association of Western European Shipbuilders

Source: Lloyd's of London Press Ltd., Lloyd's Shipping Economist, (various years).

high of Yen 79.95 to US$1 dropped to around Yen 110 to US$1 in 1996, Mr. Fujii, president of the Shipbuilders' Association of Japan, now feels that Japan's shipbuilding industry still remains an attractive industry in spite of harsh competition with Korean shipbuilders (Nikkan Kokyo Shimbun, 13 June 1996 trans. by Yong Park).

Shipbuilding is a risky business which is very sensitive to substantial fluctuations in world trade and currency rates. For example, the oil crisis in 1973 caused a serious oversupply of tankers and many shipyards in the world saw their capacity utilization seriously fall. At this point, the brief introduction to the development process of shipbuilding industry in Korea would be useful to understand how and why Korean industrialists jumped into

this risky business and survived so far. In addition, we can understand the context and conditions in which HHI was born.

When Park's administration started to pay attention to heavy and chemical industries in the late 1960s, a number of characteristics of shipbuilding industry attracted Korean policy makers and industrialists(Stern and et. al., 1995, p.143-144). First, shipbuilding is a labor-intensive industry which can create numerous jobs for the abundant labor in Korea. Second, since shipbuilding requires various parts and components from other industries, it was expected that shipbuilding had a strong effect on the development of related industries such as machinery, iron and steel, electronics, chemicals, and even furniture. Third, the Korean peninsula provides good geographical conditions for the shipbuilding industry. Fourth, the ability to shipbuild and repair ships was regarded as an essential element for national defense. Fifth, most importantly, the supply of skilled labor at low wages in Korea was thought to be the most competitive factor in the shipbuilding industry which could not be easily automated and was heavily dependent on skilled workers.

Accordingly, the state enacted the Shipbuilding Promotion Act in 1967 and made a concrete plan for dockyard construction under the direction of President Park, Jeonghee

in 1968. The plan was designed to build a dockyard to produce ships of up to 200,000 dead weight tons (DWT) leaning heavily on foreign investment or commercial loans (HHI, 1992, p. 320-321). The state initially sought of import-substitution in the plan. However, the logic of export-led industrialization transformed the plan to a much more ambitious and aggressive one in 1973 with a dockyard with capacity to produce ships of up to one million DWT (HHI, 1992, p. 324). Since then, expansion of production capacity has been the main industrial strategy of Korean shipbuilders.

As the largest construction company at the beginning of 1970s, Hyundai easily assumed the project from the state. With governmental financial guarantees and legal and administrative support, Hyundai could achieve the goal by 1975. For example, Hyundai's ten million dollar government loan and a forty three million dollar long-term loan from England would have been impossible without the governmental guarantee (HHI, 1992, pp. 327-330). At that time, Hyundai's total capital was only 34 million dollars.

In addition to financial investment, two English companies, A & P Appledore and Scott Lithgow, provided necessary technologies and became marketing partners with Hyundai (HHI, 1992, pp. 326-327). It is quite ironic that England, which had to turn its number one position in

shipbuilding industry over to Japan in the early 1960s, gave Korea its big chance to challenge Japanese domination over the industry. However, Korea's main challenging power came from abundant semi-skilled labor available at wage rates just one fifth of the Japanese (HHI, 1992, p. 335). Following Hyundai's route, Samsung and Daewoo joined the business at the beginning of 1980s, completing facilities with capacity to produce ships of up to one million DWT (Daewoo) and 250 thousand DWT (Samsung) (Stern and et. al., 1995, p. 146).

Unquestionably, however, HHI has been the main competitor with Japanese shipbuilders while maintaining its leading status in Korean shipbuilding (see Table 3-9). As Amsden shows (Amsden, 1989, Ch. 11), HHI is the World's largest shipbuilder in size and industrial activities. HHI has the largest shipyard in the world. Located at Mipo Bay in Ulsan, the shipyard spreads over 7.2 million square meters. Its seven docks can produce 2.5 million gross tons (G/T) a year (HHI, 1994, p. 5).

HHI's business achievement is larger than its size (Lee, K. S., 1994, pp. 498-512); Fortune magazine ranked HHI the No. 1 transportation equipment producer in the world in 1992 and in 1993. HHI's net sales in 1993 was 6.5 billion dollars, 3.2 billion dollars more than the No. 2 Norwegian

Table 3-9: Total production by Korean Shipbuilders 1988-1992

(thousand gross tons)

Year	HHI	Daewoo	Samsung	Hanjin	Others
1988	1,699	1,237	264	75	83
1989	1,171	1,154	403	127	71
1990	1,802	1,101	409	99	162
1991	2,185	1,626	340	108	171
1992	1,863	1,668	712	104	220

Source: Korea Shipbuilding Association, Collected Materials on Shipbuilding, each year.

shipbuilder. Building 30 ships of 1.5 million G/T in 1991, HHI established a world record. HHI also ranked No. 1 in profit making among all private firms in Korea in 1991 and 1992.

That kind of development within 20 years looks quite amazing, as Amsden expresses (Amsden, 1989, p. 269):

> What was unique about HHI, in comparison with its Japanese counterparts, was its rise to power on the basis of a complex, "greenfield" yard without any prior experience in shipbuilding.

HHI's success, in an economic sense, is a fine example of the Korean miracle. As in the previous discussion of HMC,

I focus here on the organizational and spatial aspects of the HHI production system, its international relationship, and labor relations issues.

1. Production system

HHI's subcontracting system is quite similar to HMC's and does not have systematic divisions of labor or a well-organized hierarchy of specialization. HHI engages in direct transactions with 768 subcontractors which are mostly small firms employing 50 to 100 workers (HHI, 1992, p. 1173, Industrial Bank of Korea, 1993, p. 454). Among HHI's 768 subcontractors, 86.5 percent can be categorized as firms which supply less than 400,000 dollars worth of parts a year (HHI, 1992, p. 1173).

HHI also formed the HHI Cooperative Association with 151 selected subcontractors led by the executive officer from the material supply section. HHI's control over its subcontractors cannot be much different from HMC.[17]

However, two unique aspects of HHI's production system should be noted. First, HHI has developed a strong production network of subsidiaries in the Mipo area under the umbrella of the Hyundai Group. For example, as shown in Figure 3-2, HHI, under the direction of Hyundai Group Headquarters, forms its production line in Mipo area with related Hyundai companies such as Hyundai Pipe Company,

Hyundai Electrical Engineering Company (merged into HHI at the end of 1993), Hyundai Robot Industrial Company, Hyundai Construction Equipment Industrial Company, Hyundai Mipo Dockyard Company, Hyundai Wood Industries, and Hyundai Steel Tower Industrial Company. All these companies were founded by the Hyundai Group to supply essential components and materials for shipbuilding to HHI. Second, HHI's subcontractors are densely located in areas adjacent to Ulsan. Out of the 768 subcontractors, 606 firms are located in Ulsan, Pusan, and Kyungsang Area.

Besides the state's investment in the Mipo area, two industrial factors contributed to the spatial agglomeration of the HHH production system. First, the shipbuilding industry requires many industrial products, from sophisticated and huge engines to kitchen furniture, and few companies could supply just the right components to HHI due to the low level of industrial development in Korea. Even worse, the Mipo area was located in a remote region and had not proper transportation system until the mid-1970s. Nobody could supply parts or materials just-in-time. Only the iron and steel produced by Pohang Iron and Steel Company, which was located adjacent to Ulsan, could be conveyed directly from the Pohang Port to the Mipo Port. Inevitably, Hyundai had to concentrate its own industrial power in this area. A huge dockyard and everything

necessary to run it had to go there. The state and Hyundai succeeded in making the business run in the hinterland, as Scott argues (Scott, 1988, p. 59):

> ...development can frequently occur even where there is no underlying resource base whatsoever. Thus regions that are lacking in natural wealth, or have little at the outset to differentiate them from scores of other similar regions, may sometimes take off into rapid industrial growth if an initial impulse, however fortuitous its origins, pushes them to the threshold of complex formation.

Secondly, the fact that shipbuilding required relatively big and heavy components contributed to the spatially concentrated subcontracting system of HHI. For example, subcontractors in Ulsan and adjacent areas are the main suppliers of metal structures, frames, ladder platforms, an so on, while some of subcontractors in Seoul and Kyungki area produce wires, small furniture, valves, and so on (HHI, 1992, pp. 1407-1413).

All in all, Hyundai constructed the world's largest dockyard in three years and eventually organized one of the world's most efficient production systems for shipbuilding. The great success, however, required immense sacrifice from communities and workers. Farmers and fishermen who had lived in the planned area were forced to move out with minimum compensation. Workers started to work at six o'clock in the morning and construction of dockyard and

ships continued 24 hours a day. Since there was no proper housing, workers had to rent rooms in Ulsan downtown at high rates. More than 3,000 accidents took place during the construction period and 60 workers died (HHI, 1992, pp. 363-364). Hyundai transformed the whole eastern part of Ulsan city into a complex of large factories.

Until 1980s, Mipo area was 'protourban' which is:

> not yet fully and finally urban: to be so, they must be complemented by a work force together with all the emergent effects that are set in motion as workers seek out housing for themselves, participate in the routines of urban life, and bring forth the spatially segmented patterns of neighborhood development... (Scott, 1988, p. 60)

The Mipo area is still a factory city within Ulsan city. Most Hyundai workers except HMC workers live in the same apartment complexes; schools and stores are located in the same area. 'HHI' space is even geographically segregated by hills and a pretty vast farming area between downtown and the Mipo area. These spatial characteristics are very important to the emergence and process of the labor movement in Ulsan which will be discussed in chapter V.

HHI has a much more spatially concentrated production system than HMC. Besides subcontractors and subsidiaries, HHI concentrated its headquarters, research institutes (Hyundai Maritime Research Institute and Welding Research Institute) and many other facilities for reproduction of the

workforce such as Diamond Hotel, Heisung Hospital, Hyundai Department Store, Main Stadium, Housings, Hyundai schools from kindergarten to high school, recreation centers in the Mipo area.

Two additional factors contributed to the spatial concentration of HHI production system. First, the labor process of the HHI production system, which will be discussed later in detail, has been heavily dependent on 'simple control', in contrast to HMC, which has been developing 'technical control' based on the Taylorist assembly line system and automation. Simple control required close and immediate control and supervision over workers, so the management system of HHI, including its headquarters, has been concentrated around the dockyard, even though the important decisions have been made in the Hyundai Group Headquarters located in Seoul.

Second, HHH workers' struggles for higher wages and better living conditions have been notably changing the urban scene in Mipo area. Residential areas and commercial facilities have been rapidly expanding around factories. This issue will be discussed in chapter V in more in detail, but here I want to emphasize that the HHI labor movement contributed to the concentration, rather than dispersion, of the production system.

All in all, the spatial structure and prospects of the HHI production system are quite different from HMC which is now dispersing. The contrast between HHI and HMC suggests that The historical process of development, industrial characteristics, ways of controlling the labor force, and workers' resistance are all important factors shaping the production system of a certain firm or an industry and urban change. However, the status of HHI in international market should not be ignored either.

2. International Relationship.

Even though there were difficulties in the early years of the industry, and sporadic fluctuations (see Amsden, 1989, pp. 269-274), HHI, with other Korean shipbuilders, occupied the second spot in the world shipbuilding industry by the mid 1980s. We can think of four major reasons for the rapid growth of shipbuilding industry in Korea (Lim, Y. I., 1994, pp. 58-60).

First, in 1970s and early 1980s, world shipbuilders suffered from a continuous decline ship prices caused by two 'Oil Shocks' and recession in the world economy. European shipbuilders could no longer compete on price due to their old facilities and high labor costs. This gave third world shipbuilders chances to jump into the market of large ships. While European shipbuilders started to concentrated their efforts on producing special ships for chemicals and

liquefied natural gas which required high technology levels, shipbuilders in Brazil, Poland, and Korea, started to produce large ships such as very large crude carriers (VLCC), bulk carriers, and container ships.

Second, low labor cost and huge new facilities could bring HHI a strong position in the price competition. For example, the share of labor costs in total costs was just ten percent in Korea while thirty to thirty six percent in Europe and Japan (Lim, 1994, p. 59). In addition, as mentioned earlier, the aggressive investment in dockyards which could produce ships of up to one million DWT helped HHI take more orders at lower prices. The strategy of 'economy of scale' became the most important characteristic of Korean shipbuilding.

Third, Hyundai's absolute control over its workers enabled by the state's repressive labor policy could reduce the delivery time remarkably compared to its counterparts in Europe or in Japan. For example, HHI constructed a 260 thousand ton crude carrier in just 15 months, 12 months faster than English shipbuilders (HHI, 1992, p. 364). Labor was not only cheap but diligent and docile enough to construct the world's largest shipyard, and two big vessels at the same time, at the fastest in the world, in the early 1970s.

Fourth is the state's assistance to the shipbuilding industry (see Amsden, 1989, pp. 274-276). Besides direct and indirect financial support and subsidies, the Korean government maintained an export-oriented policy and a financial support system which were hospital to foreign buyers. In contrast, Brazil focused on import-substitution and reduced financial support for foreign buyers.

In sum, cheap and hard-working labor, HHI's diversified structure (Amsden, 1989, p. 290), aggressive investments and policies aimed at continuous exports, economy of scale for cost cutting, and fast delivery, all worked fairly well for the development of shipbuilding in Korea. Consequently, in the 1990s, Korea and Japan are in a fierce battle for the top position in building big ships such as tankers, container ships, and bulk carriers.

In the next, I briefly summarize the main problems and issues concerned with the shipbuilding industry in Japan and Korea to consider the international implications for Ulsan and HHI workers.

The Shipbuilding Industry in Japan

Japan's shipbuilding industry seems to be at a turning point. International competitiveness has been diminishing due to the strength of yen. With Korea's expansion of facilities, the market price has fallen, depressing Japanese shipbuilders' operation.

However, Japanese shipbuilders recaptured the number one position from Korea in 1994. According to the Association of Ship Exporters of Japan, the number of export ships, that were ordered by the Association's shipbuilders for the 12 months of 1994, was 249, amounting to 9,921,623 total tons (Nikkan Kogyo Shimbun, part 1, Feb. 2-15, 1995). The total tonnage base increased 64.1 percent compared with the previous year, the highest volume of orders since the oil shock.

Nevertheless, big order could not solve all the problems Japanese shipbuilders encountered. One reason the Japanese secured the most orders in 1994 was that Korean shipbuilders had acquired a backlog from 1993. More importantly, Japanese shipbuilders made bids so low that it is questionable they can make a profit from those contracts (Nikkan Kogyo Shimbun, part 1, Feb. 2-15, 1995). In addition to the yen factor, Japanese shipbuilders suffered from the rising cost of domestic inputs of labor and materials. According to Katayama, besides paying the nation's highest annual salaries for four-year university graduates, the main burden is procurement of materials, which accounts for 60 percent of a VLCC's (Very Large Crude Carrier) costs (Katayama, 1995). For example, Japanese shipbuilders pay 10 percent more for steel than Korean shipbuilders.

However, The 'Korean Threat' is the most bothering factor for Japanese shipbuilders. The plans for facilities expansion by the main shipbuilding companies of Korea worried Japanese shipbuilders in 1994. As a result, "Frightened by the shadow of Korea, domestic shipyards beat upon each other before being edged by Korea, and received low priced orders" (Kyozo Masaki, director in charge of Ships and Marine Projects, Mitsubish Heavy Industries, Nikkan Kogyo Shimbun, part 3, Feb. 2-15, 1995). In sum, the appreciation of the yen, relatively high production costs, and the aggressive challenge of Korean shipbuilders have been major problems for Japanese shipbuilders.

Under the circumstances, Japanese shipbuilders have been concentrating their efforts on cost cutting strategies. First, they tried to develop new technologies for design and manufacturing of high-quality ships. For example, Sumitomo Heavy Industries plans to complete a 3D shipbuilding CAD/CAM system, "SUMIRE", and starting this December, utilize it on for construction of a new Panamax ship bound for Malaysia's MISC Company. By doing so, SHI aims to cut costs by more than 20% in design and on-site production (NIKKAN KOGYO SHIMBUN, 30 July 96).

A good example of the rationalization and technological innovation of the manufacturing system is Nippon Kokan Kisen (NKK) (NIKKEI SANGYO SHIMBUN, 1 August 1995). NKK has

established a computer integrated manufacturing system (CIM) increasing the productivity of new shipbuilding by 30% compared with 1991. Robotization of small assemblies, automation of big assemblies, and systemization of 3D CAD enabled close competition with Korean shipbuilders when the exchange rate was around yen 95 to US$1.

More ambitiously, Japanese shipbuilders began production of the Techno Super Liner(TSL), a super-high speed cargo ship, that can carry a cargo of 1,000 tons at a maximum speed of 50 knots, or 93 km/hr, as opposed to 30 knots for ordinary large freighters (NIKKEI SANGYO Shimbun, 20 February 1995). About 15 billion yen has been spent on technology to make the ship hover above the sea and enable it to achieve 50 knots. Seven major shipbuilding companies jointly developed the TSL in less than a year, and completed its test voyage in January, 1996 (Japan Times, Jan. 7, 1996). Even though the commercial success of the TSL is doubtful due to low fuel efficiency, the original objective of the project, to enliven the Japanese shipbuilding industry through joint ventures on new technology, was successful.

Second, Japanese shipbuilders have been seeking overseas procurement of marine machinery and parts. For example, Kawasaki Heavy Industry bought ship outfitting materials from Korea and China and planned to import radar

handling equipment for liquefied petroleum gas (LPG) ships, and valves from Europe (KIKKEI SANGYO, 18 January 1995, INTERVIEW WITH KATO RYUNO SKE, MANAGING DIRECTOR, KWASAKI HEAVY INDUSTRY). However, the question remains whether stable procurement from overseas can be guaranteed.

Third, the Ministry of Transport (MOT) and the shipbuilding industry have begun to seek company collaborations and reorganization. In 1995, Hitachi Zosen announced the closing of its Sakurajima Works, a plant with 100 year history, and to consolidation with Ariake Works, as part of streamlining effort to keep Hitachi Zosen competitive in the global shipbuilding market (NIKKEI SANGYO SHIMBUN, 19 July 1995). This may be a beginning of such consolidation of shipyards ("Works") within each giant shipbuilder in Japan. Hitachi is one of the shipbuilders possessing high international competitiveness in Japan by purchasing automation machines for cutting and welding to compete against shipbuilders in Korea and Europe. By adding engines and press equipment, Ariake Works can be expected to enhance its operation of automatic machines for shipbuilding.

Fourth, in addition to reorganization within Japan, direct investment in foreign countries is being implemented. Kawasaki Heavy Industries Ltd. (KHI) is buying 43 percent of a subsidiary of China Ocean Shipping Co. (Nikkei Weekly, May

27, 1996). KHI will pay 5 billion yen (47.2 million dollars) for its stake in the shipyard, located in Nantong, in Jiangsu Province on China's central coast.

Through these means, Japanese shipbuilders adjusted to the high exchange rate and maintained their competitiveness in the world market. When the value of yen started to drop dramatically down to $1=110 yen in 1996, the situation became a dream for Japanese shipbuilders.

> The exchange rate, at which a real profit may be realized for industries including ship equipment makers, is $1=100 yen. Even at $1 =90 yen, however, there is no reason why it cannot be in black somehow… At around the $1 =85 yen, the cost difference with Korea was more than 10%, but at $1=90 yen, the difference would shrink to around 5%, under which the competition of securing orders may be tolerated because of better quality, short delivery times, and higher prices of used ships made in Japan. (Nikkei Sangyo Shimbun, August 7, 1995).

Before discussing what was going on in Korea, two things should be noted. First, after I have read many articles and reports which suggested some solutions for diminishing competitiveness of Japanese shipbuilding industry, I found that none of them discussed cutting wages and numbers of blue collar workers. Instead, they focused on technological innovation, rationalization, and reorganization to raise the productivity. Second, the proportion of shipbuilding among all heavy industries in Japan is less than 20 percent. Japanese heavy industries

have moved their major activities to other areas such as heavy machinery, plant construction, and environmental protection (Katayama, 1995).

The Shipbuilding Industry in Korea

Now, it is time to take a look at Korean shipbuilders by focusing on their strength and weakness in international competition. The strategy of Korean shipbuilding industry can be summarized as aggressive expansions of facilities and low ship prices based on cheap materials and labor.

First, Samsung, Hyundai, Daewoo, and Hanjin Heavy Industries have invested in expansion of production facilities trying to catch up in production capacity with Japan by 2005. HHI completed the construction of its second dockyard in Ulsan on June 16th, 1996, expanding annual production capacity from 3,015,000 ton (7docks) to 3,915,000 ton (9docks) (The Hankook Ilbo, June 17th, 1996), while Samsung alone poured in $500 million over the past couple of years to triple its capacity to 1.8 million tons.

However, the success of the expansion strategy depends on global demand. According to the Japan Maritime Research Institute the added Korean capacity will lead to a global production surplus of 30 percent (Katayama, 1995) even without considering production increases by the USA and Russia, the resurgence of eastern Europe, and new entrance of China into the business. Japanese shipbuilders coolly

observe that Korea's shipbuilding industry has failed to secure orders for 1997 after completing facilities expansion due to "too much facilities" built (NIKKAN KOGYO, 20 June 96). Actually, the Ministry of Trade and Industry of Korea reported a sharp decline in orders for the first month of 1996. The total for the first five months was 1,480,000 GT, a drop of 33.2 percent against the same period last year (Department of Automobiles and Ships, Ministry of Trade and Industry, 1996). Of course, the major reason for the decline of orders in Korea is Japanese shipbuilders' new price edge from the weaker yen. Therefore, we cannot conclude the newly expanded facilities can pay back the heavy investments of Korean shipbuilders in the near future. However, two things are clear; one, there is a strong possibility that some expanded facilities will be redundant and, therefore, some Korean shipbuilders may have hard times in the future; two, the agglomeration of facilities has increased in Ulsan this year.

Second, the main strength of Korean shipbuilding industry comes from low cost materials and labor. Especially, the low price of steel materials produced by the Pohang Iron and Steel Company makes Korean shipbuilders competitive in the world market for big ships. Since basic raw materials and machinery constitute almost 70 percent of the price of ships and within that, the cost of steel

Table 3-10: Comparison of Labor Costs per Worker in Korean and Japanese Shipbuilding Industry

(Won 1,000; %)

	1988	1989	1990	1991	Average Increase Rate (1988-91)
Korea (A)	7,829	8,970	12,686	12,559	17.1
Japan (B)	22,587	22,540	26,597	30,874	8.1
A/B	34.7	40.3	47.7	40.7	

Source: Korean Industrial Bank, Industries in Korea, p. 459, 1993

materials comes to 40 percent, it is no exaggeration to say that the price of steel determines the price of ships. As briefly mentioned earlier, the price of domestic steel materials in Korea is about 10,000 yen cheaper per ton than in Japan. Moreover, as shown in Table 3-10, in spite of recent wage increases, the average wage in Korean shipbuilding was just 40.7 percent that in Japan. Under the circumstances, the cost gap between Japan and Korea was 12 percent in 1992 favoring Korean shipbuilders in the world market(Korean Industrial Bank, 1993, p. 458).

However, Japanese efforts to overcome the high value of yen and the recent decline of the yen, almost closed the gap in 1996. Considering Japanese advantage in non-price

competitiveness, Korean shipbuilders definitely fell behind. In addition, China is just about to take over the No.3 position in world shipbuilding on the basis of lower labor costs.

Even worse, the investment in research and development by Korean shipbuilders has been less than 1 percent of net sales as compared to 2~3 percent in Japan during 1988~1992 (Korean Industrial Bank, 1993, p. 463). In addition, the proportion of shipbuilding in heavy industries is so high that the fluctuation of prices in the world market can have direct impact on Korean shipbuilding Industry. For example, the proportion of shipbuilding in HHI is 50 percent as compared to 10~20 percent in Japanese shipbuilding industry (Shin, S. S., 1996, p. 41).

Under the circumstances, the survival of Korean shipbuilders heavily depends on the control of workers to maintain low wages at least in the short run. Therefore, conflicts between capital and labor in the shipbuilding industry will persist. It does not mean that Korean shipbuilders are simply repressing workers. They are making technological progress, importing technologies and foreign technicians (Samsung), and trying to diversify their business (Hyundai). Especially, HHI has a long term development strategy to reduce dependence on shipbuilding by diversifying and strengthening its other business areas. In

setting a target turnover of 12 trillion won (US$15.1B) for the year 2000, HHI is to expand its activities in the manufacture of power generation, construction and port-equipment, diesel engines and machinery, and industrial plant(Lloyd's List Australian Weekly, October 2, 1995). The expected effect of the projected development in other areas of heavy engineering will be a reduction in shipbuilding's share of group earnings from a current 44% to 28% by 2,000. This way, HHI hopes to limit it's exposure to the cyclical, international shipbuilding market.

Nevertheless, the immediate response of the Ministry of Trade and Industry and firms to the decline in orders was to ask the state for policies to maintain current wages levels, strictly enforce the labor dispute law, and make a stronger law to deal with labor issues (Department of Automobiles and Ships, Ministry of Trade and Industry, 1996). Probably, at this moment, squeezing the labor force once again is the only way to survive for Korean shipbuilders who have serious problems of technology, excessive facilities, and even debt burden as Stern and et. al. argue (Stern and et. al., 1995, p. 152):

> In many ways, the development of the shipbuilding industry represents the best and worst outcomes of the HCI (heavy and chemical industries) drive…Yet the very tools used to create the industry have come back to haunt it. Although loans were provided at below-market rates, the

> large amounts of capital raised created an unsustainable debt burden. Moreover, the initial success of the shipbuilding industry in entering the export market, combined with a faulty forecast about the types and quantities of ships needed, led to a rapid expansion of capacity that proved to be unwarranted.

3. Labor Process in HHI

It is useful to contrast the labor process in the shipbuilding with the automobile industry. In contrast to automobiles, standardization and automation of shipbuilding are more difficult because the shipbuilding industry is usually based on individually unique orders. Each ship requires unique processes and technical changes. Therefore, work is usually organized in the form of job-shops for each production stage, and the labor process is often disconnected. Distinctive characteristics in the shipbuilding labor process include the following.

First, shipbuilding requires hundreds of skills and occupations for ship design, steel works, assembly of blocks, launching, carpentering, decoration, and so on. Therefore, more workers are organized by specific skills in shipbuilding than in the automobile industry.

Second, even though shipbuilders are investing much money in research and development, standardization and automation cannot be easily achieved because each order

asks for different designs, engines, decorations, delivery schedules, and so on. As a result, management's technical control over whole labor process is circumscribed while workers can have a relatively high level of autonomy.

Third, shipbuilding is a huge undertaking. It requires dangerous work in high places, in closed spaces, and at bottom of ships. Korean shipbuilding workers have to struggle with bad work environments, strong labor intensity, and frequent industrial accidents.

Let's take a look at the labor process in HHI in more in detail. HHI requires a much higher level of skills than HMC. According to the Survey conducted by HHITU in 1994, as shown in Table 3-11, the average time required for implementing current tasks well in HHI was three years and seven months. In contrast 54.3 percent of HMC workers answered a survey that only 3 months were required for learning proper skills (HHITU, 1994-b, p. 129). Therefore, HHI workers are usually older and have more of a career than HMC workers. However, similar to HMC, HHI provides very little systematic education for new skills or job rotation. Workers usually learn necessary skills and know-how from the experienced workers and foremen while they are working.

HHI workers usually work as a member of a team. To fulfill diversified and unique work on order, the basic unit

Table 3-11: HHI Workers' Opinion on the Labor Process

(points)

	HHI Workers	HMC Workers
Work is repetitious.	42.8	68.8
Work is standardized.	16.3	N/A
Work needs cooperation.	54.1	N/A
I have autonomy.	45.7	7.5
My work is unique.	-9.3	N/A

* scale of points: 100=totally agree, 50=agree, 0=so so, -50= disagree, -100=totally disagree.

Source: HHI Trade Union, Diagnostic Report on the Labor Relations in Hyundai Group, 1994, p. 128.

HMC Trade Union, Survey Report for Policy Making, 1993, p. 129.

of work organization in HHI is the 'Ban' in which about 15 workers are controlled by a foreman. Because HHI workers are carrying out their tasks as a team, they have a strong relationships with each other. They work together, discuss differences between drawings and actual works, drink together, and even live together in the same apartment complex. In contrast to HMC workers who have few chances to communicate with each other on assembly lines, communication among members of 'Ban' is an essential part of the labor process in HHI.

All in all, working as a team everyday contributes to the group solidarity which is very important for an organized labor movement (Park, J. S., 1992, p. 137-138). However, work schedules, amount of work, and decisions on personnel are totally made by the chiefs of departments and divisions (HHITU, 1994, p. 133).

Korean shipbuilders began to pay serious attention to research and development in the face of pressures from the international market and workers' resistance since 1987. However, insufficient investment and the unique industrial characteristics of shipbuilding, mentioned earlier, do not allow Korean shipbuilders to achieve rapid development. The level of automation in HHI is still low even though there has been significant development in design, material processing, and cutting. The main obstacle to automation of the labor process is welding, the core work in shipbuilding. Only 15.3 percent of welding was automated in 1991 and HHI was aiming for 16.5 percent in 1992 (HHITU, 1994-b, p. 138).

Working at HHI is extremely dangerous and difficult compared with other industries in Ulsan. HHI workers, as mentioned earlier, usually work inside of blocks and tanks or in high places such as the walls of ships. When they are working inside blocks and tanks, closed spaces are filled with gas and dust which frequently cause explosion, suffocation, and various industrial diseases.[18] Working in

high places without proper safety facilities is attended by the danger of falling. When there was no union before 1987, only two ropes and one wooden board were all there for working space and safety and usually a worker died from a fall every month. Even in 1992, 5 workers died by accident and 330 were wounded or diseased (HHITU, 1994-b, p. 305). In October, 1996, the deaths of two Hyundai workers were reported. Insufficient investment in safety, long working hours, strong labor intensity, and a breathless work schedule, all together, characterize HHI as one of the most dangerous workplaces in Korea.[19]

HHI's control over its workers is much more dependent on militaristic and repressive methods than HMC's. For example, when HHI workers went on strike for the first time in 1987, their demands on the management included freedom of hair style, paid vacation for three or four days in a year, freedom from physical exercise at lunch time, and better lunches (leaflet issued by the Committee for Reorganization of HHI Trade Union, "Newsletter for All HHI Workers, August 1, 1987).

As Carter points out, workers' struggle is concerned not only with wage and salary levels but also with the content and definitions of jobs and control (Carter, 1995, p. 66). In this respect, the militancy of HHI workers is

rooted in their recognition of human rights as well as of economic rights.

In this chapter, I discussed the production system of Ulsan in terms of industrial structure, the Hyundai system, and production systems at HMC and HHI. Heavy and chemical industries in Ulsan shows the typical characteristics of Fordist production in the export-oriented semi-periphery, as Shannon summarizes (Shannon, 1989, p. 103).

> Even when manufactures are exported from the semi-periphery to the core, they remain of the sort that has always defined the semi-periphery's role in the world division of labor. …By relying on the now easily transferred technology of traditional mass production using semiskilled labor, the semi-periphery can use the advantage of low wages to capture a segment of the world market.

It does not mean that there is neither effort nor hope for climbing up the ladder to the core in Korea. However, to manage the current driving forces in the world economy such as the rise of new technologies, internationalization, and the paradigm shift from Fordism to Post-Fordism (Jessop, 1994, p. 260), it is necessary for Korea to achieve technological development, endogenous mobilization and sustenance of resources including labor, and appropriate local social regulations including development of communities of trust which require huge investments of

social time and resources with high risks of failure (Storper, 1990, p. 436-439). Unfortunately, the necessity of maintaining low prices and burdensome investments in research and development[20] to stay in the game does not provide much room to reduce conflicts in labor relations which have never been stable or trusting.

As discussed, HHI and HMC share many common production system characteristics as members of Hyundai Group while they have quite different spatial and organizational characteristics derived from differences in labor process, conditions in the world market, and subcontracting.

Accordingly, workers in HHI and HMC have similarities and differences in experience and concerns at their workplaces. Especially, HHI workers have been under much more direct and repressive control than HMC workers. Therefore, it is not accidental that HHI workers have been playing the leading role in the labor movement in Korea. It does not mean, however, that HMC workers have been in a much better condition. It only means that HMC, as an automobile maker, could obscure the relations of exploitation between capital and labor by adopting a higher level of scientific management and technical control (Burawoy, 1985). Solidarity between HHI and HMC workers did not automatically form. Here, we need to discuss the actual urban conditions in Ulsan and how Hyundai workers live in

this factory city. In the next chapter, the conditions of Ulsan City and Hyundai workers will be discussed.

URBANIZATION, PRODUCTION SYSTEM, AND THE LABOR MOVEMENT IN SOUTH KOREA: THE CASE OF ULSAN

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Chapter IV. Urban Conditions and Hyundai Workers

I have discussed the urbanization process and the dominant production systems in Ulsan to understand the historical background and structural factors which have influenced the spatial characteristics and socioeconomic conditions of Ulsan City.

Even though there has been continuous growth of the internal market for manufactured goods and real wages in Korea (Lipietz, 1986, p. 33), the regions of major industries remained like workshops until 1987. While some big cities like Seoul transformed into Fordism in its full meaning (in terms of production and especially of mass consumption), Ulsan, as a whole, became a Fordist factory city where serious discontents with the modernization process have proliferated, as Harvey generally puts as follows (Harvey, 1989, 139):

> To this (inequality in Fordist societies) must be added all the Third World discontents at a modernization process that promised development, emancipation from want, and full integration into Fordism, but which delivered destruction of local cultures, much oppression, and various forms of capitalist domination in return for rather meagre gains in living standards and services (e.g. public health) for any except a very affluent indigenous elite that chose to collaborate actively with international capital.

However, I am not saying that overall gains from a modernization process in some semiperipheral countries like Korea have been simply 'meagre' as much as Harvey's general argument on all the Third World. Rather, I point out that the success story of Korean industrialization often covers up the rapid destruction of rural areas and sacrifice and suffering of workers.

In this chapter, we will take a closer look at the concrete social conditions of this factory city and Hyundai workers to figure out what happened in the most dynamic production center of one of the most ambitious NICs to make Hyundai workers resist the formidable power of the Hyundai Group and the state.

In the first section, I discuss the actual economic conditions of Ulsan City in terms of financial structure, industrial activities of small and middle firms, and infrastructures. In the next, social conditions are presented by focusing on class composition, local government, and spatial arrangements. The last part of the chapter deals with the circumstances of HMC and HHI workers.

A. Economic Conditions of Ulsan City

1. Flow of Capital

Hymer argued that urban conditions such as finance, occupational structure, educational level, urban culture, fiscal structure, and economic capacity were determined by

city's location in the spatial hierarchies of modern corporations(Hymer, 1971). Similarly, Massey pointed out 'the problem of external control' and the problem of the branch plant economy' in her discussion of 'the cloning spatial structure' in which production activity in non-headquarters regions is ultimately subordinate to administrative and financial control located outside the region (Massey, 1995, p. 98).

These arguments on spatial inequality are quite applicable to the case of Ulsan. For example, the functional primacy of Seoul Metropolitan Area (SMA), where 44.5 percent of the Korean population resides and all headquarters of Chaebols are located, is prominent Korea.[21] The powerful state in Seoul has always been the center of decision makings and administrations for every aspect of social activities, accelerating the process of agglomeration.

The local economy in Ulsan has been disadvantaged by capital leakage. For example, the returning ratio of currency (amount of money returned to the Bank of Korea divided by amount of money distributed by the Bank of Korea in a certain area in a certain period of time) in Ulsan in 1992 was only 15 percent as compared to 158.5 percent in Seoul and 87.3 percent in Pusan (Cho, J. H., 1993, p. 28). The leakage of capital in Ulsan is mainly due to the fact

Table 4-1: Bank Deposit in Ulsan, Masan, and Changwon (1991)

	Total Deposited Money (million won)	Deposited Money per Person (won)	Population
Ulsan	1,363,500	1,889,000	721,977
Masan	1,157,700	2,330,000	496,808
Changwon	939,100	2,555,000	367,226

Source: Masan Branch, Bank of Korea, Yearbook of Economy in Kyungnam Area, 1992.

that the financial transactions of Ulsan's large firms are made in other big cities where their headquarters located, especially in Seoul. As shown in Table 4-1, bank deposits per person in Ulsan are quite less than those in neighboring industrial cities where more small and middle firms are located.

In addition, Small and middle firms in Ulsan, which do not have good access to the central government and bank headquarters in Seoul, have difficulties in getting bank loans because the credit loan system is very strict for them and banks usually ask for collateral (Cho, J. H. 1993, p. 31-32). 73.4 percent of real estate owned by local firms was taken as security by banks in 1993. This is one of the reasons why Korean firms try to acquire as much land as they can. However, rapid increases in land price and the historical process of land acquisition in Ulsan do not allow

Table 4-2: Changing Rates of Land Price in Ulsan, Seoul, and the Nation.

(percent)

	1985	1986	1987	1988	1989	1990	1991	1992
Ulsan	5.8	13.7	48.45	43.55	16.00	14.67	2.45	0.27
Seoul	8.1	3.7	6.29	28.06	33.54	31.08	11.15	-2.78
Nation	7.0	7.3	14.67	27.47	31.97	20.58	12.78	-1.27

Source: Korea Housing Public Corporation, Handbook of Housing Statistics, 1993. Pp. 202-205.

small and middle firms to acquire land necessary for financing and manufacturing.

Table 4-2 shows changing rates of land price in the nation, Seoul, and Ulsan. Land prices have increased more than two times in just five years, from 1987 to 1991. The land price in Ulsan even increased a bit faster than Seoul. Large firms under Chaebols' control which could acquire vast land at an extremely low price when Ulsan was designated as an industrial district benefited a lot while small and middle firms suffered from insufficient factory sites and collateral for bank loans.[22] For people who did not have their own houses, this was the period of tragedy. The price of Housing, rents, and even prices of other commodities rose incredibly. People who had credit ran to banks to get loans

Table 4-3: Average Amount of Bank Loans per Household.

(million won)

	Total Amount (A)	Amount Related to Housing (B)	B/A (%)
Nation	186	121	65.1
Seoul	263	169	64.3
Ulsan	382	218	57.1
*own house	284	83	29.2
*own Apt.	770	540	70.1
*rent house	119	49	41.1
*rent Apt.	463	361	78.0

Source: Ulsan Branch, Bank of Korea, 1991. Survey on Household Savings in Ulsan Area, p. 20.

to meet housing costs as shown in Table 4-3.[23] Given an industrial structure skewed to manufacturing, there was no large construction company to build apartment complexes in Ulsan. Large amount of capital flew out of Ulsan to construction companies in other cities. Here, I simply note that all Chaebols run their own construction companies and dominate the industry in Korea.

Then, how are small and middle firms in Ulsan doing in the international sphere? How do local capitalists manage in the sea of severe international competition?

2. Local Exporting Firms

As mentioned in Chapter III, the production system in Ulsan was designed for export with all the hopes and limits of Korea as a semiperipheral country. In this respect, we

Table 4-4: Most Important Factor Determining the Price for Export.

(percent)

	Food and Textile	Machinery	Metal	Chemicals	Others	Total
P.C.	14.3	37.9	10.0	30.6	55.6	30.6
I.M.P.	71.4	20.7	60.0	32.7	11.1	35.1
P.E.U.	14.3	17.2	10.0	16.3	11.1	15.3
P.O.C.	0.0	24.1	20.0	20.4	22.2	18.9

*P.C.=production cost, I.M.P.=International Market Price, P.E.U.=price for end users, P.O.C.=price of competitors.

Source: UCCI, 1992. Survey Report on the Condition of Exporting/Importing Firms in Ulsan, Ulsan: UCCI. P. 37.

need to take a look at some difficulties that local exporting firms are experience to better understand semiperipheral economic development.

According to a survey conducted by Ulsan Chamber of Commerce and Industry (UCCI) in 1992, 35 percent of firms surveyed set the price of their commodities according to international market prices, often regardless of the actual production cost (Table 4-4). In other words, their competitiveness in the international market still comes from the low price, not from the quality, design, or marketing. Under the circumstances, it is hardly likely that those firms have good labor relations.

Moreover, it is quite obvious that they are not making a good profit in the international market. As shown in

Table 4-5: Profit Margins of Exporting Firms in Ulsan

(percent)

	Food, Textile	Machinery	Metal	Chemical	others	Total
10% & more	0.0	3.4	0.0	0.0	0.0	0.9
1% ~9.9%	14.3	13.8	0.0	22.4	0.0	15.3
No Margin	42.9	31.0	40.0	30.6	44.4	34.2
-1% ~-9.9%	28.6	31.0	30.0	24.5	55.6	29.7
-10% & less	14.3	20.7	30.0	22.4	0.0	19.8

Source: UCCI, 1992. Survey Report on the Condition of Exporting/Importing Firms in Ulsan, Ulsan: UCCI. P. 31.

Table 4-5, only 16.2 percent of firms surveyed made some Profit while half of them sold their products at a loss in the international market. Therefore, those firms have to seek profits in the domestic market which can compensate for the loss occurred in the international market. According to the survey, 51.4 percent of firms surveyed answered that even though the quality of commodities for export was better than those for the domestic market, commodities for export were cheaper than those for the domestic market.[24] In other words, Korean consumers have to pay more for less in the domestic market. As Massey succinctly puts, regionally-based capital is not necessarily regionally loyal (Massey, 1995, p. 99), and especially Korean small and middle firms

cannot be regionally loyal because of their lack of power in the international market, even if they wanted to be so.

To summarize, the industrial structure in Ulsan is so dependent on heavy and chemical industries and related manufacturers that industries for consumption goods and daily urban life have not developed. Even though there are almost 800,000 people living in Ulsan, there is no big or mid-size firm to produce processed foods, house furniture, and housewares. In addition, the economic gap between local firms and large firms is wide enough to give an image of a whole city captured by large firms under Chaebols' control. For example, one third of total tax revenues comes from Hyundai's production system and Hyundai workers' wages dominate the economy of Ulsan city (Lee, S. C., 1992, p. 92-93).

However, we can expect that local capitalists and Chaebols' firms in Ulsan have strong concerns about urban infrastructure which is really important for their enterprise activities.

3. Urban Infrastructure

The problem of urban infrastructure in Ulsan can be explained by two characteristics of urbanization of Ulsan. First, as discussed in Chapter II, the development of infrastructure could not catch up with extremely rapid industrialization and urbanization in Ulsan. As a result,

roads, railroad transportation, and harbor traffic are almost saturated in Ulsan.

For example, the fifty-kilometer road of two lanes connected to the Pusan Harbor which is the largest one in Korea is congested by 8,050 trailer trucks and 3,350 automobiles everyday (UCCI, 1991, p.15). Similarly, the Ulsan Harbor is having a serious problem of piling-up of goods due to insufficient space and facilities (UCCI, 1991, p. 19). Even though the central government is building new wharves, urban planners in Ulsan suggest that new harbor must be built in Onsan which is located in metropolitan Ulsan area. One of the most serious problems in Ulsan is insufficient water. Only 80 percent of water necessary for industrial irrigation and living is supplied by the city (Chang, B. K., 1992, p.17). In 1994, the city could supply water only every other day for several months (Lee, B. H., 1994, p. 22).

Disproportionate investment on production and factory-building has brought even more serious problems to Ulsan citizens and even capitalists themselves. The authoritative state had prestigious capitalists occupy 56.3 percent of whole urban area as factory sites (Kim, S. K., 1993, p. 13). Largely ignoring the city as a place for living, the state and the capitalists were parsimonious in developing basic urban structures such as city roads, water supply system,

Table 4-6: Comparison of Urban Systems of Ulsan, Changwon, and Masan

(percent)

	Ulsan	Changwon	Masan
Supply Rate of Sewage System	75.03	96.45	73.34
Supply Rate of Water	89.95	82.04	94.89
Disposal Rate of Trashes	94.12	100.00	100.00
Rate of Roads	11.48	43.66	17.18
Local Tax per Citizen (Won)	246,430	244,954	180,348
Number of Citizens per Government Officer	3,503	1,416	2,721

Source: Korea Housing Public Corporation. 1993. Handbook of Housing Statistics, pp. 50-51.

sewage system, and trash disposal system. Table 4-6 shows that Ulsan has a more inferior urban systems than other industrial cities located in Kyungnam Province even though Ulsan citizens pay more local taxes than other cities. In a word, people in the hometown of Korean industrial development suffer from lack of drinking water, traffic congestion, serious air and land pollution, insufficient residential area, and unsatisfactory governmental services.

It is quite unthinkable that capitalists solely can be free from those serious urban conditions. For example, in a survey conducted by UCCI, 18.4 percent of firms surveyed answered that they annually lost more than 13,000 dollars due to the transportation problems, while 13.6 percent of them reported the loss of more than 60,000 dollars (UCCI, 1991, p. 24). Even 24 percent of them answered that the

loss could not be calculable. One more example. Out of 95 firms surveyed, 70 firms (73.7 percent) could not fully operate their production facilities because of a limited supply of water while 14 firms (14.8 percent) had to stop manufacturing or could not get any water supply (UCCI, 1991, p. 43). Under the circumstances, it is really doubtful that any type of just-in-time (JIT) production system is possible in this region.

However, considering the seriousness of the situation, the attitude of firms and capitalists in Ulsan toward projects for better infrastructure is quite passive and self-oriented. For example, 64.7 percent of firms surveyed did not want their land to be involved in road construction and more than half of them want the state to solve those urban problems, as usual (UCCI, 1991, pp. 55-59). The developmental state in Korea, which proudly gave birth to this city and has been eagerly nurturing capitalists, still cannot wean capitalists and shift expenditures to social concerns.[25]

B. Social Conditions of Ulsan City

1. Class Composition

Class relations in Korea are inseparably related to the characteristics of Korean economic development. The late industrialization in Korea differs from the process of

industrialization of the advanced capitalist countries in several ways--its historical timing, its semi-peripheral location in the world capitalist system, its cultural and institutional context, and the way in which the state intervened in the economy. Some important characteristics of class relations in Korea derived from rapid industrialization are 1) a swifter, more abrupt, and more intense proletarianization than occurred in the core (Koo, 1990, p. 669-681) and the impressive growth of middle classes in a short period of time (Suh, K. M., 1987, pp. 20-27); 2) an ever increasing economic power of capitalist conglomerates (Chaebols); 3) powerful bureaucrats and an authoritarian state.

Especially, the role of the state in reshaping the class structure in Korean society has been decisive. Given the assumption that multinational activities would be disruptive to a national logic of capital accumulation, the state tried to exercise control over foreign presence by favoring loans over direct investment, since loans do not entail foreign control of the local firms (Lim, 1985, p. 93). Also, as Evans points out, foreign loans substantially increased the power of the state vis-a-vis the local bourgeoisie, because the state is not forced to rely on private domestic elite as its sole source of resources (Evans, 1984, p. 205).

Consequently, the state's control over foreign loans made the state crucial source of capital for local industrialists. While strengthening its power, the state protected local from the threat of domestic competition from the MNCs.

Therefore, the policy of support for the capitalist class was, at the same time, a mechanism for controlling capital. For example, the Korean government has been decisively involved in determining who enters certain sectors of the economy and who gets loans. In many industries, private firms have to get approval from the state in order to start a new business. By holding discretionary power to allocate underpriced credit, the state would cut off the lifeblood of business enterprises at any time like the cases of Yulsan Group in 1979 and Kukje Group in 1982. Through the state-planned economy and dictatorship, the state acted as a strong supporter of 'selected' businesses and local capitalists.

As a result, the capitalist class, including all functional capitalists such as high-level managers and public officials, constitutes only about 1 percent of the class composition in Korean society (Lim, 1987, p. 26). In 1984, there were 116,000 capitalists in the industrial sector. Of these, small capitalists with 5-9 employees numbered 47,000; medium capitalists with about 100 employees

Table 4-7: Class Composition of Ulsan City (1986)

(percent)

	Nation	Seoul	Ulsan	Changwon
Economically Active Population (1,000)	15,997	3,588	184	67
Employment Rate	96.6	94.1	96.7	97.0
Capitalist	0.7	2.0	0.4	1.0
New Middle Class	16.5	25.7	21.3	28.7
Old middle Class	45.7	28.6	19.6	10.4
Working Class (total)	33.6	37.8	55.4	55.3
a. sales workers	3.1	5.4	2.7	1.5
b. service workers	4.6	6.6	4.3	6.0
c. manufacturing Workers	24.1	25.6	48.4	46.3
d. Agriculture, Forest, Fishing	1.8	0.2	0.0	1.5
Unemployment Rate	3.4	5.9	2.7	3.0

Compiled from S. J. Kim (1993, p. 65)

Source: EPB of Korea, Report of Special Research on Employment Structure, 1986.

16,000; and large capitalists with over 500 employees 4,000 (Suh, K. M., 1986, p. 108). Although considerable diversification has taken place within the capitalist class, the group that has actually dominated the economy was the conglomerate businesses called Chaebol, which may be regarded as a monopolistic capitalist group.

Table 4-7 depicts class composition in Korea.[26] The capitalist class constitutes less than one percent of the class composition in Korean society. However, there are big regional differences. While almost 72,000 capitalists are concentrated in Seoul, only 736 capitalists are found in

Ulsan. The situation in Changwon, another industrial city in Kyungnam Province, is like Ulsan. This figure is a supporting evidence for urban primacy of Seoul on the one hand, and branch-plant economy in Ulsan on the other.

Moreover, the table clearly shows that Ulsan and Changwon are a workers' city. Especially, the proportions of manufacturing workers in Ulsan and Changwon far exceed those In the nation and Seoul. This figure finely supports the fact that these two cities have been the centers of Korean labor movement for ten years. However, Ulsan, which has longer history of urbanization, has more old middle class people who are mainly running small business than Changwon, while Changwon, which was born at the end of 1970s as a better planned industrial city, has more new middle class people who are mostly office workers than Ulsan. Especially, the relatively large population of old middle class in Ulsan reflects the spatial concentration of commercial activities in old down town which is quite distant from industrial areas.

In sum, the class composition in Ulsan is highly homogeneous showing that manufacturing workers are a dominant class in terms of their numbers. It also gives an implication that local capitalists in Ulsan are not major opponents of workers' struggle. Workers' opponents are likely to be existing among those 72,000 capitalists in

Seoul. Moreover, it should be noted that more than 40 percent of the population in Ulsan are middle class people. Under the circumstances, getting more support and sympathy from the middle class is becoming one of the most important tasks for the labor movement in Ulsan, as will be discussed in the next chapter.

Recent census statistics show that the class composition mentioned above persists. For example, the proportion of manufacturing workers in economically active population increased from 48.4 percent in 1986 to 55.54 percent in 1991 (National Statistical Office, 1992). While the old middle class did not increase a lot (20.39 %), the number of service workers increased remarkably; the proportion of workers laboring in only one service sector, restaurants and hotels and motels, was already 7.9 percent in 1991 which far exceeded 4.3 percent which was the estimate of all service workers in 1986. Therefore, if we include service workers in other workplaces such as markets, department stores, an so on, we will find that service workers are increasing rapidly in Ulsan City. Even though the categorization is too broad to figure out the exact size of the new middle class and service workers, it is quite clear that manufacturing workers and service workers have been continuously increasing in Ulsan.

In other words, the Fordist production still prospers while the expansion of consumption has been even more rapid since 1986, making Ulsan a much more mature Fordist city. Moreover, workers' increased purchasing power achieved by the labor movement since 1987 has contributed to the expansion of the tertiary sector in Ulsan as will be discussed more in detail in the next section.

2. The Local State

As discussed earlier and as well known, the power of the central government in Korea has been formidable. In this section, I will focus on the local state in comparison with the central government.

Table 4-8 shows how central the central government is in Korea. All the local governments share only 40.9 percent of total annual expenditures. As shown in the table 4-8, local governments do not have much capacity to deal with social development and welfare while the central government deals with more than half of total expenditures in these fields. Every important urban Project must be approved by the central government.

The condition of Ulsan City Hall looks much worse than the national figure. As shown in Table 4-9, only 2.7 percent was spent for industries and economy while 1.8 percent was distributed for culture, education, and leisure.

Table 4-8: Distributions of Annual Expenditure to Each Field Between the Central Government and All Local Governments (1990)

(billion won, [%])

	Central	Local
Administration	2,669.9 [44.9]	3,308.2 [55.1]
National Defense	6,778.3 [98.6]	98.3 [1.4]
Education	5,115.7 [50.3]	5,093.0 [49.7]
Social Development	5,444.8 [54.9]	4,480.1 [45.1]
*Health	583.0 [50.4]	572.8 [49.6]
*Welfare	2,624.1 [74.8]	886.4 [25.2]
*Housing and Local Projects	2,075.1 [40.8]	3,015.5 [59.2]
*Other Projects	162.6 [96.8]	5.4 [3.2]
Economy Field	4,535.9 [43.5]	5,880.8 [56.5]
Others	3,292.9 [88.6]	425.4 [11.4]
Total	27,907.5 [59.1]	19,285.9 [40.9]

Source: The Bank of Korea, Statistics on Economy, 1991.

*Recited from Park, J. K. 1992. "Directions for the Adjustment of the Structure of Local Annual Expenditures", Reorganization of Central/local Administration to Support Local self-government System, ed. by Song, D. H. and K. S. Noh, Seoul: KDI, pp. 133-170.

Table 4-9: Comparison of Estimated Expenditures by Function (1992)

(million won, percent)

	Nation	Ulsan
Congressional Expenditures	130,426 (0.6)	765 (0.6)
General Administration	4,162,700 (20.0)	54,531 (31.8)
Social Welfare	3,408,071 (16.3)	19,742 (11.5)
Industries and Economy	2,665,985 (12.8)	4,598 (2.7)
Regional Development	5,761,764 (27.7)	82,790 (48.3)
Culture, Education, and Leisure	1,094,327 (5.2)	3,118 (1.8)
Civilian Defense	453,367 (2.1)	2,075 (1.2)
Others	3,123,606 (15.0)	3,747 (2.1)
Total	20,800,246(100.0)	171,366(100.0)

Source: Ministry of Internal Affairs, Overview of Estimated Expenditures of Local self-governments, 1992.

*Recited from Park, K. W. 1993. "The Role of Local Government for the Development of Regional Economy", unpublished paper presented at the Seminar on Regional Economy in Ulsan hosted by Ulsan Branch of Bank of Korea and Ulsan University.

Even though 48.3 percent was invested in regional development, mainly the transportation system and infrastructure, it really did not improve urban conditions. Ulsan City does not have enough finance to take care of those huge industries and almost 800,000 citizens. Hyundai companies are really crucial for the City's finances considering the fact that approximately a third of tax revenues in Ulsan comes from Hyundai companies (Lee, S. C., 1992, pp. 92-93).

However, the problems of Ulsan City come not just from lack of finance but also from lack of autonomy. For example, in 1992, 56.8 percent of all the office activity managed by Ulsan City were ordered by the central state and Kyungnam Provisional government (Park, K. W., 1993. P. 46). Especially, 70.9 percent of work related to the administration of industries and economy was given by higher administrations. Without a local self-government system until 1995, Ulsan City, like other middle sized cities, could not have any autonomous power.[27] While Toyota City is a local developmental state, as Fujita and Hill argues (1993), Ulsan City is a local dependent state under the control of the central developmental state.

Accordingly, the local capitalists usually bring their concerns to the central government. For example, UCCI, which is the representative organization of capitalists in

Table 4-10: Where to Contact to Solve Difficulties in Business Activities

(percentages in Parentheses)

	Large Firms	medium and Small Firms	Total
Central Government Offices	21 (46.2)	5 (6.1)	26 (20.5)
Central Government Local Branches	3 (7.7)	7 (8.6)	10 (7.9)
Local Government Offices	14 (30.8)	12 (14.6)	26 (20.5)
Branches of Financial Institutions	7 (15.4)	50 (61.0)	57 (44.9)
Related Business Institutions	-	8 (9.8)	8 (6.3)
Total	45 (100.0)	82 (100.0)	127(100.0)

Source: UCCI, 1992. Survey Report on the Support of Local Government for Local Economy in Ulsan, Ulsan: UCCI, p. 12.

Ulsan, has sent 65.1 percent of their concerns and suggestions to the central government and its affiliated organizations while only 13 percent of them went to Ulsan City Hall (formulated from UCCI, 1994). Similarly, Table 4-10 shows that only 26 of 127 firms surveyed discussed their difficulties with Ulsan City directly.

The weak local state is not only a problem for local capitalists. While capitalists can communicate and settle some problems with the central government and related institutions, Ulsan citizens have to suffer from bad living conditions produced by capitalists and neglected by the

Table 4-11: Degree of People's Satisfaction with Urban Facilities in Ulsan

(Percent)

	V. S.	Satisfied	So, So	Un-satisfied	V. U.
Commercial Facilities	3.88	30.22	47.32	14.94	3.65
Medical Facilities	1.13	10.19	39.30	39.18	10.19
Educational Facilities	0.11	6.03	30.03	45.28	18.54
Cultural Facilities	0.57	4.09	14.89	41.14	39.32
Transportation Facilities	0.34	2.61	14.66	44.77	37.61
Welfare Facilities	0.34	2.97	20.69	48.34	27.66
Administration Facilities	0.79	5.33	49.83	32.69	11.35

*V.S.= very satisfactory, V.U.= very unsatisfactory.

Source: Ulsan Development Institute (Moonsoo Cultural Foundation and Social Science Institute (Ulsan University), 1995. Consciousness and Life Style of Ulsan Citizens, pp. 15-18.

dependent local state. As shown in Table 4-11, Ulsan people, in one survey, said that they are not really satisfied with urban facilities, such as transportation, culture, welfare, and medical facilities. Accordingly, 42 percent of 884 subjects answered that Ulsan is a 'bad' or 'very bad' place to live (Ulsan Development Institute, 1995, p. 11). Only 24 percent of them answered that they like Ulsan, not because environment and facilities are nice, but because there are many jobs and some of them were born in Ulsan area. In any case, Ulsan people commonly pointed out

issues of transportation (28.57 %), education (24.26 %), and environmental pollution (16.90 %) as the most urgent problems in Ulsan.

In sum, the local state does not have leverage to control urban conditions in a better way. Lack of finance, low autonomy, and an urban economy that heavily leans on Hyundai and large firms have seriously hampered the local state's ability to serve its people right and well.

3. Spatial Arrangement

As mentioned earlier, Dong-Ku (eastern part) and some part of Joong-Ku (central part) are occupied by Hyundai Companies, their subcontractors, and related industries while petrochemical industries are heavily concentrated in the Nam-Ku area (southern part). The commercial district in Joong-Ku has developed around the old downtown which had been the small center in a rural area before the designation of Ulsan as a national industrial district. Recently, the commercial and business area is expanding toward the northwestern part of Nam-Ku (western part of the city). People call it the 'New Downtown'. As shown in Table 4-12. Small shops, bars, traditional markets, inns, and hotels has been concentrated in Joong-Ku, while the northwestern part of Nam-Ku is being filled with banks, government offices, new buildings, and newly built hotels and motels. Every person I met it Ulsan told me that the northwestern part of

Table 4-12: The Distribution of Commercial Activities by Ku (1991)

(percent)

	Joong Ku	Nam Ku	Dong Ku
Wholesale Trade	36.8 [43.5]	58.3 [51.9]	4.9 [4.6]
Retail Trade	45.5 [52.8]	34.2 [30.1]	20.3 [17.1]
Restaurants and Drinking Places	41.1 [45.5]	39.0 [35.7]	19.9 [18.8]
Hotel and Other Lodging Places	43.3 [50.3]	42.4 [33.1]	14.3 [16.6]
Financing, Insurance, Real Estate, and Business Services	34.7 [44.1]	53.4 [45.9]	11.9 [10.0]
Community, Social and Personal Services	40.0 [44.3]	40.4 [37.8]	19.6 [17.9]

*Percentages in Parentheses are figures for 1987.

Source: National Statistical Office, Report on Establishment Census, Volume 2: Region, 1992, 1988.

Ulsan is best for living because there were more facilities, schools, and less air pollution. Jeongwha Han, an executive officer of Hyunchongryun cynically called the area 'the land for the rich'.

The area has the best houses in the city which are owned by traditional landowners and professionals. As Zeitlin observed in the urbanization process of American cities (Zeitlin, 1990, p. 59-60), this new residential area is a result of the escape of the upper and middle classes from the production area and their investment in new built environment and real estate. In this area, suburbanization is being led by those classes.

Between the old new downtown, the Taewha River flows toward the Eastern Sea (Sea of Japan) filled with toxic wastes. Across the Taewha River from the old downtown, giant petroleum companies provide the 'smell of Ulsan' from their proud chimneys. Yes, Ulsan smells a lot. When I visited Ulsan for the first time in January 1994, people told me that I was lucky because it was Winter. Actually, in Summer, the southeast wind helps polluted air spread all over the city.

Between the industrial area and the commercial area, there lies quite vast farm land which spatially segregates the two parts of the city although it does not block polluted air from Nam-Ku. Most parts of the farm land are abandoned because of pollution due to toxic wastes and smoke from petrochemical industries in Nam-Ku area. This is the tragic place where almost 6,000 households had to evacuate because of serious pollution from 1986 to 1988 (Federation of Environmental Movement Organizations, Ulsan Branch, 1994, p. 5). They and people in Onsan[28] were scattered to suburban areas of Ulsan City. Here, suburbanization was occurred because of pollution.

In the midst of the deserted land looking for Hyundai plants, you hardly can find where they lie because they are located alongside the coast of Ulsan Bay. Therefore, Hyundai companies and workers' communities are quite

segregated from the downtown by the deserted land. Across the railroad to the east, you can find the main road to the Hyundai kingdom which first appears with a Hyundai Automobile Service building on the left. On the right, you just can see a long wall which actually contains the largest automobile plant in the world. Within ten minute drive, however, the main gates of Hyundai companies appear one by one; HMC, Hyundai Precision, and Hyundai Pipe.

After passing by Hyundai Pipe, you have to turn to the left to find HHI and other companies. Shortly after going over Nammok Hill, suddenly towns and factories appeared. My first impression of this place was 'isolation'. Factories and communities are densely packed between the sea and hills even though I found later that factory sites were really huge. In front of the main gate of HHI, on the right side, you find Hyundai Department Store and Diamond Hotel which look quite fancy and strange in an industrial area, and many small bars and restaurants. The side streets are filled with small bars and restaurants. HHI workers' community is not far from here. Manseidai Apartment Complex (ten thousand apartments) and others are located just across from HHI. This is the home of Hyundai and its workers. No, this is home of Hyundai workers and their companies.

Table 4-13: Ranks of 'Quality of Life'-Four Selected Cities among 74 Korean Cities Evaluated.

	Seoul	Pusan	Ulsan	Changwon
Overall Degree of Satisfaction	27	42	71	3
Overall Quality of Life	5	25	67	3
Safety	66	53	67	4
Convenience	34	55	58	2
Health	69	66	73	35
Culture	6	8	68	21
Economy	5	10	19	6
Education and Welfare	1	4	65	22

*Ranks were given by the analysis of 36 variables for six divided fields which were formulated statistically by different rates of weight.

Source: JoongAng Ilbo, 1995. The Comparison and Evaluation 74 Cities in the Nation: Analysis of Quality of Life, Unpublished Survey Report.

The case of Toyota City (Fujita and Hill, 1993) is merely a dream for Ulsan City. While Toyota group has been taking responsibility for meeting the social consumption needs of city residents and Toyota City has been taking care of infrastructures, the local state and capitalists in Ulsan almost abandoned those responsibilities and even seriously damaged the urban environment. As a result, an evaluation of 74 Korean cities conducted by one of Korea's major newspapers ranked the quality of life in Ulsan as one of the lowest in Korea, as shown in Table 4-13.[29] In the next section, conditions of Hyundai workers' life will be discussed.

C. Conditions of Hyundai Workers

In Chapter III, I discussed production relations giving rise to Hyundai workers struggle. In this chapter, I focus on the conditions of Hyundai workers in the sphere of reproduction. Even though the objective conditions of class do not automatically bring class consciousness or collective action, they are basic elements of class formation. As Wood argues, class consciousness depends upon the determinative force of objective class situations, even though we should understand various ways they are related(Wood, 1982, Pp. 51-52.) In this respect, I will present the actual conditions of Hyundai workers in Ulsan by focusing on wages, housing, and some aspects of economic life.

1. Wages.

Table 4-14 shows some basic figures about workers in Hyundai companies in the Mipo Area. Workers in the shipbuilding industry have a much longer career than other Hyundai workers. As I mentioned earlier, this reflects the fact that shipbuilding heavily depends on skilled workers. Accordingly, HHI and Mipo Dockyard (MD) workers are usually older and have more dependents in their families. Most HHI workers I met were in their late thirties and had worked in HHI for more than ten years. In contrast, HMC workers have a relatively short career and less dependents. As a result,

Table 4-14: Basic Figures of Hyundai Companies in Ulsan (1993)

	Average Family Size	Average Years Employed	Union Members
HHI	3.70	9.7	18,156
HMC	3.18	6.10	30,157
Mipo Dockyard	3.69	9.87	2,143
Hyundai Electric	2.87	6.40	1,950
HPC (Ulsan)	3.20	6.10	3,810
Hyundai Equipment	3.10	6.30	785
Korea Flange	2.93	5.70	1,020
Hyundai Robot	2.50	4.00	269

Source: HHITU, 1994. 1993 Annual Report, p. 176.

HHI and Mipo Dockyard (MD) workers receive the highest wages in Hyundai companies as seen in Table 4-15. Considering the skill level and length of career, however, the wage gap is not that surprising. The wage system in Hyundai companies is quite complicated. More than 40 percent of total income comes from allowances and periodic bonuses. Workers cannot have stable income because amount of allowances mostly depends on each worker's overtime work and the amount of

Table 4-15: Monthly Wages in Hyundai Companies in Ulsan (1993)

(Won)

	Basic Wage	Ordinary Wage	Monthly Bonus	Total Wage
HHI	563,200	736,000	357,900	1,093,900
HMC	539,846	666,265	333,133	999,398
Mipo Dockyard	545,194	706,287	353,144	1,059,431
Hyundai Electric	502,203	607,360	303,680	911,040
HPC (Ulsan)	466,076	586,086	293,043	879,129
Hyundai Equipment	519,761	651,606	325,803	977,409
Korea Flange	464,260	579,450	289,725	869,175
Hyundai Robot	490,425	623,974	311,987	935,961

*Ordinary wage = Basic Wage + various allowances (family, transportation, and so on)
Total Wage = Ordinary Wage + Monthly Bonus (annual bonus divided by 12 months) Total wage does not include wages for overtime works.

** Approximately, US$1 was equivalent to 800 Won in 1993.

Source: HHITU, 1994. 1993 Annual Report, p. 176.

bonus is determined by the management every year. Accordingly, one of the main issues in annual collective bargaining between unions and management is the increase of basic wage for stable payment.

Recently, the state and capitalists in Korea claim that rising wages during the past several years are seriously weakening trade competitiveness in the world market. Have wages increased so remarkably? The answer is yes and no. Yes, they have increased. No, they have not increased to the extent to guarantee the well being of workers.

Table 4-16: Wage Increases at HHI

Year	Ordinary Wage	Index	Increase Rate
1986	306,604	100.0	
1987	349,676	114.0	14.0
1988	459,120	149.7	31.3
1989	520,039	169.6	13.3
1990	608,130	198.3	16.9
1991	705,552	230.1	16.0
1992	770,000	251.1	9.1
1993	807,400	263.3	4.9

Source: HHITU, 1994. A Diagnostic Survey Report on Labor Relations in Hyundai Group, p. 323.

HHITU, 1994. 1993 Annual Report, p. 208.

Table 4-16 shows recent wage increases in HHI. Within 8 years, the wage has increased by more than two and half times.

However, the monthly wage in 1986 was just 306,604 Won (about 430 dollars) which was almost the same as the minimum monthly expense (MME) for 2-person household in 1985, 294,895 Won (Christian Study Center for Social Problems, 1988, p 358). Therefore, the increases do not tell us much about real improvement in workers' lives. It is necessary to compare wages with minimum monthly expenses. Table 4-17 shows minimum monthly expenses for a 4-person household in 1993 estimated by various labor organizations. We can compare those estimates with total incomes in Table 4-15 because HHI and HMC workers have a family of three or more

Table 4-17: Minimum Monthly Expenses For a Family of Four Estimated by Various Labor Organizations

(thousand won)

	FKTU (A)	NCDTU (B)	HHITU (C)	HPCTU(D) (Changwon)
Food	362.2	288.1	344.7	297.7
Housing	270.9	332.8	233.3	334.2
Education	114.7	86.1	95.0	105.0
Health	80.6	95.5	108.1	112.5
Recreation, Culture	76.3	117.2	182.2	141.9
Light, Heat, Water	54.9	57.7	55.5	64.1
Transportation	38.2	39.1	42.9	47.9
Household Goods	35.6	48.7	61.5	53.1
Clothes	22.6	78.6	150.3	83.4
Taxes	71.1	110.5	71.3	109.8
Total	1,256.1	1,254.2	1,344.9	1,349.5

* FKTU: Federation of Korean Trade Unions
NCDTU: National Committee of Democratic Trade Unions
HHITU: Hyundai Heavy Industries Trade Union
HPCTU: Hyundai Precision Corporation Trade Union in Changwon

** These organizations calculate the MME on the basis of their inquiries of prices and surveys of their members on monthly consumption. For example, HHITU annually check prices of basic commodities and foods in Ulsan and takes the inflation rate and survey results into account of basic needs and the MME.

Source: FKTU, 1993. Minimum Monthly Expenditures. (Surveyed in December, 1992)
NCDTU, 1993. Collected Materials for Wage Bargaining in 1993. (Surveyed in December, 1992)
HHITU, 1993. Collected Materials for Wage Bargaining in 1993. (Surveyed in February, 1993)
HPCTU, 1993. Collected Materials for Wage Bargaining in 1993. (Surveyed in February, 1993)

Reformulated from HHITU, 1994. A Diagnostic Survey Report on Labor Relations in Hyundai Group, p.341.

as seen in Table 4-14. Even in comparison to FKTU's estimates which is the smallest amount in the table, total incomes of all Hyundai workers are far less the minimum.

This is the condition of the most militant workers who achieved 'a lot' from extraordinary struggles with the Hyundai Group for several years. As shown in Table 4-18, the average income of workers in large firms only reaches 81 or less percent of any estimate. It is almost malicious to say that their income level is so high as to threaten Korean economy.

Moreover, there are big income gaps among different groups of workers. It is not our topic, but we can easily imagine the condition of workers in small and middle manufacturing firms because average income of all manufacturing firms is just about 60 percent of MME. Even among Hyundai workers, there exist notable disparities in income levels.

It is quite curious, then, that how they can mange their lives with those low incomes. Do workers' wives make income usually? Not really. Because Korean society does not offer many jobs for women, it is not quite expected that workers' wives can fill up the gap between their husbands' income and MME. Actually, only 6.1 percent of Manufacturing workers at HMC (8 percent of all HMC employees) answered that their wives are employed fully or partially. (HMCTU,

Table 4-18: Proportions of Wages to Each Minimum Monthly Expenditures (MME) Estimated by Labor Organizations (1993)

(percent)

	W/A	W/B	W/C	W/D
HHI	90.8	90.9	84.8	84.5
Samsung HI	95.3	95.5	89.0	88.7
HMC	79.7	79.9	74.5	74.2
KIA MC	83.0	83.1	77.5	77.3
HPC (Ulsan)	69.7	69.9	65.2	65.0
HPC (Changwon)	76.6	76.7	71.6	71.3
Large Firms	81.1	81.2	75.8	75.5
All Manufacturing Firms	63.6	63.7	59.4	59.2
All Industries	69.2	69.3	64.6	64.4

*A = FKTU, B = NCDTU, C = HHITU, D = HPCTU
Source: HHITU, 1994. A Diagnostic Survey Report on Labor Relations in Hyundai Group, p. 342.

1993, p. 14) Moreover, those employed wives' average monthly income is 568,300 Won which is just half of HMC workers' average income.

The answer is that workers simply have to work more. As shown in Table 4-19, HMC workers with a 7 to 9 year career can bring their total income quite close to the MME by making more than 20 percent of it from overtime work. In other words, HMC workers usually work more than 55 hours a week to earn MME. This is a common condition for all Hyundai workers in Ulsan (interview with the chief of policy making, HMCTU, in 1994)

In summary, the economic condition of Hyundai workers is not as desperate as the absolute poverty they experienced

Table 4-19: Average Monthly Wages by the Length of Being Employed at HMC (1991)

(10,000 Won, percent)

Years	Total Wage (A)	Pay for Overtime (B)	Total Income (A+B)	B/(A+B)
Average	90.40	23.01	113.41	20.29
1~2	75.77	15.40	91.17	16.89
3~4	82.77	19.39	102.16	18.98
5~6	92.77	24.51	117.28	20.90
7~9	93.65	25.73	119.38	21.55
10~	107.71	28.97	136.68	21.20

Source: Reformulated from HMCTU, 1993. Survey Report for Policy Making of HMCTU, p. 14.

in 1970s. However, it is still below the MME as discussed above. Government statistics shows that the rate of real Wage increase from 1980 to 1992 (155.6 %) did not exceed the rate of productivity increase during the same period (166.1 %), while the hourly wage is still much lower than those in USA and Japan (Korea Labor Institute, 1994) even though the gap has been closing since 1987.[30] Moreover, the fact that continuous increase of wage cannot catch up MME even for Hyundai workers who are relatively in better condition shows that the increase of living costs has been much faster than wage increases. One of the major reason for the hike in living costs is housing costs. In the next, the housing condition in Ulsan will be discussed.

2. Housing

Before getting into the discussion of housing conditions in Ulsan, it would be helpful discuss the background of land and housing problems in Korea.

As discussed earlier, the rapid increase in land prices aggravated the unequal distribution of income and wealth, since most profits generated from land accrued to landowners. During 1986-1988, the Korean economy made a trade surplus of $28.6 billion, of which twenty-six percent was invested in land by businessmen (Mun, H. G., 1992, P. 30). It did not take long for Korean society to notice that large firms, especially Chaebols, preferred land investment to investment in production and technology threatening the competitiveness of Korean economy in the international Market as well as increasing social costs and prices rapidly.

The state had to adopt the third idle land policy in modern Korean history on May 8, 1990. Compared with the 1974 and 1980 policies, the 1990 policy seemed designed to more strictly regulate corporate land speculation. Korean People welcome the new policy enthusiastically. Eighty-seven percent of those surveyed answered "yes" to the idle land policy, while only three percent said "no" (Hankook Ilbo, March 19, 1991). The foci of new land policy were; 1) resell 'non-official' land owned by private firms for land

speculation; 2) prohibit purchasing new land (Dong-A Ilbo, May 8, 1992).

However, business groups purchased new land in spite of the new land policy. According to the Bank of Korea, Chaebols alone purchased new land equivalent to 29.9 percent of the idle land they disposed of during the same period from May 1990 to March 1991 (Bank of Korea, 1991). In addition, Chaebols appealed standards for defining 'non-official' land in the courts and purchased more land under borrowed names (Seoul Economy Daily, April 13, 1991).

In sum, state's policy and bureaucracy did not prevent Chaebols' land speculation H. N. Jung criticizes the state's land policy (Jung, H. N., 1993, p. 317):

> The policy instruments were not operative, either. In the first and second program implementation, the state did not use any financial sanction on the chaebol although they did not dispose of their idle land. The state also did not use the power of eminent domain to condemn idle land when the chaebol did not comply with the policy. This policy was repealed in effect during the implementation stage. At best, this policy was implemented only when it proved acceptable to the regulated groups or served the interests of the chaebol. Even when the policy was formulated independently of the chaebol's fundamental interests, most of the chaebol's demands and suggestions were reflected during the implementation stages. Thus, the state's autonomy was also, at best, relative.

Consequently, Chaebols overtly returned to the field of 'land hunting' in 1992. Every Chaebol has organized a

special 'team' for purchasing land nationwide and collected information related to real estate from their local branches (Dong-A Ilbo, July 18, 1992). Housing prices rapidly increased. The average housing price was about 7.5 times the average annual household income in 1992 (Bae, S. S., 1995, p. 391). Eventually, People noticed that the system could not stabilize housing/land prices and they must have their own houses to survive. Even middle class people jumped into the real estate market to invest in land in rural areas.

I have already discussed the changes in land price in Ulsan. Here, I present some concrete housing conditions in Ulsan. Before 1987, the housing condition of Hyundai workers in Ulsan was not different from other manufacturing workers in Korea. About half of HHI workers lived in an apartment complex called Manseidai (ten thousand apartments), located near by HHI dockyard in 1980s. Since there was no housing or adequate transportation in this remote area in early 1970s, HHI had to provide some housings to its workers to have them show up at the factory on time. HHI provided about 4,000 rented apartments during the period of 1973-1978. Since 1978, HHI changed the housing policy from rent to sale of apartments with a monthly payment system to workers(HHI, 1992, p. 1173). Eventually,

Manseidai complex was formed with several thousand apartments in 1980s.

However, half of HHI workers, and other Hyundai and HMC workers had to live in rented rooms and houses. Since young workers at HMC had little support for housing from the firm, they had to wander all over the city to find shelter. The reminiscences of a vice chief of the department of production planning at HHI describes the housing condition in 1978 (HHI, 1992, pp. 1401-1403):

> I've heard that people had to walk from Mipo to downtown in early 1970s. …people had to wear boots in Mipo area because most of roads were not properly paved. …When I came to HHI in 1978, housing was so insufficient that the tenement fee was incredible. For example, tenement fee was 4-5 million Won for 15-pyong house whose value was only 3-4 million Won. It was ridiculous. …I've got a small rented apartment. However, facilities were terrible in the apartment. Walls were all colored by mold and there was no water supply system. We had to drink ground water which was not purified for drinking. …That was the situation for people who rented a whole apartment. Therefore, it is incalculable how much people who lived in rented rooms suffered at that time.

Even though the housing shortage has not been an uncommon phenomenon in rapidly industrializing areas (Engels, 1887, Zeitlin, 1990, pp. 59-66), it is quite painful to see a similar situation continues to exist in the late 20th century.

Table 4-20: Changes of Housing Supply Rate in Ulsan

(number, percentage)

Year	Population	Household	Housing Units	Supply rate
1980	418,415	93,705	47,322	50.5
1985	551,320	134,509	72,501	53.9
1990	682,978	182,508	99,437	54.5
1992	752,864	220,311	130,439	59.2
1993	755,395	212,329	142,296	67.0

Source: Ulsan City Hall, 1994. Statistical Yearbook of Ulsan City.

The housing supply rate in Ulsan has been quite low as shown in Table 4-20. Until 1990, the rate was just around 55 percent which was lower than the rate for the Nation (61.6 percent). However, housing units rapidly increased during the period of 1990-1993. Among various causes, the most influential was workers' struggle for a better quality of life. Especially, Hyundai workers achieved the Hyundai Group's support for their housing in annual collective bargaining. Accordingly, thousands of apartments have been constructed since 1988. Table 4-21 shows this trend very clearly. By 1992, the apartment became a major housing type in Ulsan like many other cities in Korea, even though more than thirty percent of households still could not buy their own dwelling and suffered from ever increasing rent fees.

As shown in Table 4-22, more than 85 percent of HHI workers own their dwelling while most of HMC workers in 1991

Table 4-21: Increase of Housing Units in Ulsan

(number, percentage)

Year	1988	1990	1992	1993
Single House	36,915 (51.3)	44,238 (44.5)	51,871 (39.8)	52,439 (36.8)
Apartment	23,458 (32.6)	45,242 (45.5)	64,202 (49.2)	74,714 (52.5)
Middle Size Condominium	9,230 (12.8)	5,438 (5.5)	9,477 (7.3)	9,578 (6.7)
Small Size Condominium	0	167 (0.2)	201 (0.2)	5,565 (3.9)
Not for Residence	2,380 (3.3)	2,380 (2.4)	4,352 (3.3)	4,688 (3.3)
Total	71,983	99,437	130,439	142,296

Source: Ulsan City Hall, 1994. Statistical Yearbook of Ulsan City.

Table 4-22: Hyundai Workers' Housing Condition

(percent)

	Owned	Tenement	Monthly Rent	Others
HHI (Dec. 1993)	85.7	9.5	4.8	
HMC (Nov. 1991)	28.3	43.4	18.0	10.4
HPC (Dec. 1993)	69.8	18.8	6.5	4.9
Workers in the Nation (1992, FKTU)	43.5	40.8	9.0	4.1

Source: HHITU, 1994. A Diagnostic Survey Report on Labor Relations in Hyundai Group, p. 351.

HMCTU, 1993. Survey Report for Policy Making of HMCTU, p. 24.

had to live in rented housings even though their apartments are being constructed and many of HMC workers will soon own them. We can notice two important facts in the table.

First, the housing condition for manufacturing workers including Hyundai workers in Korea has been generally poor. Second, Hyundai workers improved their housing condition remarkably by the early 1990s, and therefore, there must have been significant changes in the built environments in the Ulsan area.

Having ownership of a dwelling means escape from the devil of ever increasing rents and housing prices in Korea. However, it invites the mortgage devil which chases people to death like in many other countries. The problem is the extent of financial burden. HHI workers who have their own dwelling borrowed 28.6 percent of the necessary money to purchase a 2 or 3 bedroom apartment from banks while getting 23.8 percent as a company loan (HHITU, 1994, p.352). They are repaying 150 dollars on average per month for those loans. Workers who do not have their own housing, in addition to paying rent, are saving more than 250 dollars a month to make a fund to purchase housing in the future. (HHITU, 1994, p. 353). HMC workers are in debt about 10,000 dollars on average, mostly for housing (HMCTU, 1993, p. 20). In consideration of their income level discussed earlier, these financial burdens are quite heavy for Hyundai workers.

In sum, housing conditions for Hyundai workers have been getting better as compared to manufacturing workers in other places. Their struggles have brought them apartments changes to their communities. I will discuss the mechanisms and impacts of those changes on Ulsan city in the next chapter. In the next section, however, some aspects of Hyundai workers' economic lives will be discussed.

3. Economic Life

According to Lipietz, workers' purchasing power is a crucial part of markets in peripheral Fordist societies (Lipietz, 1986, p. 32):

> Further, its markets correspond to a specific combination of local middle-class consumption, along with increasing workers' consumption of domestic durables, and cheap exports toward the center.

In this respect, Korean society has been following the way to a mature peripheral Fordism. As seen in Table 4-23, the consumption of durables tripled during the period of 1973-1991. The increase in the consumption of private services has been even more rapid. Consumption in Korea has grown following the growth of production, especially after 1985. For example, domestic demand of automobiles in Korea has increased by 27.1 percent annually during the period 1988-1992 (Industrial Bank of Korea, 1993, pp. 384-386). Accordingly, 61 percent of automobiles (833,000 units)

Table 4-23: Proportions of Expenses by Commodities

(percentage, @10,000 Won)

Year	'73	'77	'81	'85	'89	'91
Farm and Marine Products	33.29	32.05	26.35	19.49	14.60	13.34
Durables	2.10	4.74	3.94	2.94	5.80	6.54
expendables	17.26	18.30	19.58	16.96	13.93	13.09
Semi Durables	10.47	10.75	9.29	8.80	10.17	9.60
Private Services	4.58	5.43	7.34	13.28	20.40	21.09
Housing	16.33	14.74	18.20	22.83	21.66	23.28
Public Services	15.80	13.86	15.20	15.65	13.40	13.03
@Total Expenses	41.10	95.57	25.28	39.95	72.35	102.02

Source: EPB, Korea. Yearbook of Urban Household economy.

*Recited from Paik, W. I. 1994. "Changes in the Structure of Consumption Life", Economy and Society, No. 21, Seoul: Hanul, pp. 45-69.

**'Expendables' include household expendables and processed food.
Semi durables include household goods and clothes.
Private Services include 'eating out', household service, haircut, and lodging and so on.
Public Services include water and light, medical treatment, education, and transportation.

Table 4-24: Possession Rate of Durable Consumer Goods

	HHI (Jan. 1994)	HMC (Nov. 1991)	HPC (Jan. 1994)	Nation (1992)
Color TV	100.0	97.1	100.0	87.2
Refrigerator	100.0	89.7	100.0	86.7
Electric Washer	100.0	75.8	100.0	69.8
VCR	90.5	58.7	100.0	43.8
Stereo System	76.2	46.3	63.6	44.3
Automobile	76.2	15.0	34.2	N/A

Source: HHITU, 1994. Ibid. p. 354.
HMCTU, 1993. Ibid. p. 22.

produced in 1992 were sold in the domestic market. Korean society seemed to finally invite the age of consumption and 'one car for a family'. As shown in table 4-24, Hyundai workers possess almost every important durable in their houses. Especially, the figure that 76 percent of HHI workers have their own cars is remarkable. Mr. Koo, J. H., Chief of Policy Making at HHI Trade Union (HHITU), told me that HHI workers had bought Hyundai automobiles in early 1990s when HMC provided 5 percent discount and a generous monthly payment system to Hyundai workers. He added cynically that what workers earned was immediately sucked into monthly payments on cars and houses and in the Hyundai Department Store.

Moreover, Table 4-17 on MME figures shows that HHITU's estimate for 'recreation and culture' and 'education' is quite high. This figure matches the rapid increase of expenses for private services shown in Table 4-23. Hyundai workers who have two or more school goers usually spend more than 200 dollars a month for private education which is not extraordinary in a society of 'education fever'. All in all, Hyundai workers has gradually invited the world of consumption to their lives since 1987. As a result, they are contributing to the expansion of a commercial sector of Ulsan economy as discussed earlier. On the one hand, this is a good sign of improving living conditions for workers

and expansion of markets for capitalists. On the other hand, this may lead workers to an illusive middle-class consciousness according to labor movement activists (interview with Han, J. H. at Hyunchongryun).

In this chapter, I have discussed Hyundai workers' living condition to understand the background of the labor movement and recent urban changes in Ulsan. In the next chapter, the characteristics of the labor movement in Ulsan will be discussed with some implications for the labor movement in the future.

Chapter V. The Labor Movement in Ulsan

A. A Review of Social Movement Theories

Hyundai workers, regarded as industrial soldiers at the frontmost line of industrialization, have had grievances in the sphere of production and reproduction for a long time seemingly sufficient enough to mobilize their collective action. However, many social movement scholars point out that misery and grievances do not automatically produce resistance or collective action (Olson, 1965).

Olson argues both that common interest in collective goods is not sufficient to bring a large group of actors together for collective action and that the provision of selective incentives is necessary. Therefore, for Olson, it is not in fact true that absence of the kind of class conflict Marx expected shows that Marx overestimated the strength of rational behavior. On the contrary, the absence of the sort of class action Marx predicted is due to in part to the predominance of rational utilitarian behavior. For class-oriented action will not occur if the individuals that make up a class act rationally. Olson takes the example of workers as follows (Olson, 1965, p. 106):

> Similarly, a worker who thought he would benefit from a "proletarian" government would not find it rational to risk his life and resources to start a revolution against the bourgeois

> government. It would be just as reasonable to suppose that all of the workers in a country would voluntarily restrict their hours of work in order to raise the wages of labor in relation to the rewards for capital. For in both cases the individual would find that he would get the benefits of the class action whether he participated or not.

As Birnbaum labels it, Olson's theory is a logic of the absence of mobilization (Birnbaum, 1988, p. 18). Olson's criticism has strength as long as we insist on a mobilization theory based on economically utilitarian individual behavior.

However, Olson's own logic of collective action has been attacked by many critics on either empirical or logical grounds. For example, Fireman and Gamson questioned the applicability of Olson's conception of rationality to human behavior except in highly individualized situations. Normal socialization produces a conception of self made up largely of social identities so that pursuit of self interest is usually equated with enhancement of group interests (Fireman and Gamson, 1979).

Olson's theory also has been attacked on the ground that a rational person would recognize that the outcome when everyone pursued individual self interest in this way would be the failure to produce any public good. By pragmatic test the rational person would be forced to reject this form of rationality as ultimately irrational. In its place would be

some form of exemplary rationality, acting so that desired benefits would be reaped when enough other people followed the same rule of behavior (Lash and Urry, 1984, p. 37).

However, critics of Olson's theory did not deny difficulties in organizing collective actions in contemporary societies and the issues of conditions and constraints for collective actions. It seems to me that Olson's argument is reflecting the decline of union activities and workers' militancy in the USA while ignoring the impact of changes in production systems, work controls, and industrial relations on workers' organization.

The resource mobilization (RM) theory has been built on the problem of mobilization Olson posed: how do successful movements overcome the free-rider problem? or, how can organizers get people to do something together about their problems? Their research questions also seem to reflect historical experiences of the rise and decline of the social movements in 1960s such as the civil rights, black power, anti-war, and student movements (Oberschall, 1978, pp. 257-289).

RM theory posits that movements are produced and shaped by organizations engaged in the rational selection of strategies and tactics for the mobilization of resources. It has stimulated renewed interest in the detailed study of movement tactics and some attention to the tactics of

successful and unsuccessful movements. In doing so, some implications for linking collective action to politics were produced. Let me take three examples.

Gary Marx identifies governmental efforts to damage or facilitate social movements by surveying social movements which have appeared in the US (Marx, G., 1979, pp. 94-125). He revealed governmental controls over public image, information, resources and facilities, recruitment of members, leaders and its making of counter-movement organizations and sentiments.

Oberschall shows how governmental policies and mass media contributed to the decline of the 1960s social movements while pointing out the absence of a grassroots organization structure (Oberschall, 1978, pp. 257-289).

Tilly shows how economic transformation, urbanization, and state-making produce a long-run shift in the character and personnel of collective action, even though still focusing on questions of interest, control, and strategy which appear in repertoires (Tilly and et. al., 1979).

All in all, RM theories gradually have been expanding their area of study to political issues mainly in relation to group organization and access to resources. Especially, Tilly's historical studies (1978, 1979) enhance our understanding of when and how subordinate classes could fight successfully against those who exploited them and when and

how dominant classes have the capacity for collective political action.

Nevertheless, the main problem of RM theory is that nature and characteristics of society and state in relation to capitalist system and class struggle were mainly ignored in its framework. The RM theory neglects the structural precondition of movements (i.e. structural and spatial conditions for Hyundai workers' movement as discussed in the previous chapters) by focusing too much on the how of social movements and not enough on their why (Klandermans and Tarrow, 1988, p. 9). Moreover, the theory directs attention to movements that are acceptable to elite but does not apply to those that challenge essentials of the system.

As the state has expanded in the context of and in response to social conflict, the traditional separation between civil society and the state has changed. The state is becoming more and more the principal focus of class struggle. The state is a mobilizer and demobilizer of collective action in answer to need, if not always successfully.

From a review of social movement theories, we can find necessary variables for an account of social movements, including 'old social movements', such as structural preconditions, organizations and social networks, cultural and ideological impacts, spatial and communal

characteristics as suggested by urban studies, and countermeasures of the state and capitalists. In the previous chapters, I have been focusing on structural and spatial preconditions for the labor movement in Ulsan. In this chapter, I will discuss the emergence and development of the labor movement and how the state and capitalists tried to extinguish it.

B. Emergence of the Labor Movement and Countermeasures

1987 became an unforgettable moment in Korean history. That was the year of citizens' victory over the military government. In June, nineteen consecutive days of demonstrations, of which the largest included over 2 million people nationwide, finally forced the ruling party's presidential candidate, Roh, Taewoo, the successor of president Chun Doowhan, to announce the '6-29 Declaration' which promised direct election of the president by revising the constitution, political liberty, and freedom for political dissidents. It was regarded as a victory for liberals, radical students, and middle class people who participated in demonstrations for the first time in thirty years.

However, Korean society was much more surprised at workers' mass struggle which had never happened in Korean history to this degree of strength and scope. For example, during just two months (July-September, 1987), there broke

out 3,365 labor disputes mobilizing more than one million workers nationwide(Christian Study Center for Social Problems, 1987, p. 44). The society realized that workers can not only work, but also breathe, voice, and fight for human rights in Korea. It was a totally unexpected and embarrassing situation for the state and capitalists shortly after the massive citizens' demonstrations in June. The initial success of Hyundai Engine workers in Ulsan in organizing their own democratic union on July 5th pulled the trigger of the great march of labor in 1987 (Christian Study Center for Social problems, 1987, p. 45).

After that, Hyundai workers in Ulsan became the core of the labor movement in Korea. To understand the labor movement and recent social changes in Korea, we need to take a closer look at the emergence and development of Hyundai workers' struggle in relation to countermeasures of the state and capitalists.

It is really regrettable that I cannot convey the full story of Hyundai workers' labor movement here. The ten-year history of the movement consists of a lot of confusing and complicated stories filled with fluctuations between victory and defeat, terror and negotiation, cooperation and betrayal. A chapter cannot deal with all the details.[31] Therefore, I have to focus on important characteristics events instead of the whole story.

The movement emerges as an effort to organize unions. Hyundai companies did not allow workers' autonomous organizations except labor-management councils which promoted the cooptation of labor interests into mechanisms controlled by the management and the state. After HEC workers organized their union the first in the Hyundai Group, Hyundai workers in every Hyundai company organized unions by the end of August, 1987. However, the process entailed serious confrontations between the Hyundai Group and its workers.

First of all, we need to start with HEC workers. HEC was a middle size company located near HHI, with 1,500 manufacturing workers producing Diesel engines for ships, large pumps, and industrial machinery (Institute of Korean Society, 1988, p.148). HEC workers' struggle had already started in late 1986. Members of a reading club named '2-4 Hoe' including Kwon, Yongmok, who is known as the 'Walesa of the Ulsan' started collective actions within the framework of the Labor-Management Council. Even though the system was unfair to workers, they tried to make the most of it. They brought arguable issues to the Labor-Management Council and challenged the unilateral decisions made by management (Kwon, Y. M., 1988, No. 1, pp. 60-90). By organizing mild collective actions, they tested their power and got some concessions such as equal bonuses for every worker and a

reasonable evaluation system for working and attitude. The leaders collected workers' daily concerns and tried to convey them to the management in organized and persuasive ways. By getting continuous concessions from management, they were accumulating credits with their coworkers and preparing for a union. Finally, the democratization movement and 6-29 Declaration provided the chance for them to openly organize their union. Since they were already prepared in terms of information, paperwork, and informal organization, they could catch the chance far in advance of other workers in Korea. More than 100 workers gathered like spies in a wedding hall in downtown on July 5 and filed necessary documents for registration of union at Ulsan City Hall.[32]

The case of HEC workers reveals the importance of preexisting organizations which have clear aims and strategies for the emergence of social movements. Also, in addition to proper organization, political opportunities were also crucial for the emergence and success of HEC workers' union movement as McAdam and et. al. Argues (McAdam, D. and et. al., 1996, p. 8):

> …Most political movements and revolutions are set in motion by social changes that render the established political order more vulnerable or receptive to challenge. But these "political opportunities" are but a necessary prerequisite to action. In the absence of sufficient organization

> -whether formal or informal- such opportunities are not likely to be seized.

In this respect, HEC workers developed their organizational capacities just in time. As discussed earlier, the state was shaking because of citizens' demonstrations and a lack of legitimacy originating in president Chun's coup d'etat in 1979, and the Kwangjoo Massacre under his command in 1980. Therefore, the state could not overtly repress the labor movement. President Chun and the ruling party was concentrating their efforts on making Roh, Taewoo the next president. Capitalists, for the first time, had to manage workers' resistance without strong support from the state.

Encouraged by HEC's success, Hyundai workers enthusiastically organized their unions. First of all, the Mipo Dockyard (MD) succeeded in organizing a union on July 16, in just three days. The first chairman Kim, Youngwhan and members of a jogging club began union organizing by taking advice from Kwon, Yongmok (Kwon, Y. M. 1988, No. 2, p. 199-202). Ironically, however, the major contributor to relatively easy success of MD workers' union organization was the MD Company itself. The management tried to block the registration of the union by stealing the necessary documents in the Ulsan City Hall (Dong-A Ilbo, July 18, 1987). This incident showed the management and the Hyundai

Group were embarrassed by organized workers and an event they had never expected to see. Under enormous pressure from workers and mass media encouraged by the 6-29 Declaration, the MD Company had to file the documents at City Hall itself. Certainly, the concentration of more manufacturing workers in the Mipo area under the umbrella of Hyundai Group than in any other place in Korea increased solidarity and reduced the feeling of individual risks. Without a doubt, Hyundai workers were standing in the doorway of a new era.

Nevertheless, this incident was a clear sign of Hyundai Group's attitude toward the labor movement. While small and middle sized Hyundai Companies had accepted unions by the end of August, HHI and HMC, the largest companies in Ulsan, exerted all their powers to block the organization of workers' unions. Accordingly, HHI organized a yellow union on July 21 and HMC organized one on July 24 to prevent workers' from organizing their own unions by taking advantage of article 3-5 in the "Trade Union Act" prohibiting multiple trade unions (See endnote 32 for more details). Those incidents were the declaration of war between capital and labor in Ulsan.

The first confrontation between workers and HHI resulted in a workers' victory. On July 28, HHI workers furiously asked for the abolition of the yellow union and

went on strike for four days. Under pressure from workers, HHI had to agree to a number of concessions and an election for a new chairman on August 14. During the strike period, 20,000 HHI workers expressed their anger and demands. Their main slogans were "Down with the yellow union, struggle for the democratic union." and "Participate and struggle for human life." (Kwon, Y. M., 1988, No. 2, pp. 210-211). Those slogans were made by movement leaders as strategies for mobilizing the more than 20,000 HHI workers. Eventually, 'democracy' and 'human life' became Hyundai workers' 'movement framing' which refers to the conscious strategic efforts by groups of people to fashion shared understandings of the world and themselves that legitimate and motivate collective action (McAdam, D. and et. al., 1996, p. 6).

In addition, the workers' list of demands showed how inhumane their life had been. For example, the list included demands for 'eatable lunch', 'paid 3-day vacation' in a year, 'freedom of not to do physical exercise before working', and even 'freedom of hairstyle' besides better working conditions and wage increases (Lee, S. W., 1994, p.65).

Just like HHI, HMC also organized a yellow union on July 24. Immediately, almost 10,000 angry HMC workers demonstrated at the workplace. After 12 hours of furious demonstrations and appeals led by Lee, Sangbum and movement

leaders, HMC had to agree to the resignations of members of the yellow union and allow a new election on July 25 (Kwon, Y. M., 1988, No. 2, p. 227). Kwon, Yongmok analyzed the reason why HMC had to accept workers' demands a lot faster than HHI (ibid., p.232):

> 'Time' is really crucial for automobile production. If they lose time, they will lose products. In contrast, 'labor' is much more important in HHI. Even though they lose some time, they can catch up later by increasing working time and labor intensity. Taming the labor is their main concern. Therefore, HHI is more aggressive to workers than HMC.

Hyundai workers thought they achieved victory over formidable the Hyundai Group and happily prepared for further union activities. However, they were standing not at the end but just at the beginning of a long struggle. On August 7, Chung, Jooyoung reversed negotiations and defined workers' collective actions as a rebellion controlled by radical rioters and 'impure groups' outside of the company (Lee, S. W., 1994, p. 70). In Korea, 'impure' always means 'pro-communism' or 'pro North Korea' which can never be accepted in 'liberal capitalistic' south Korean society. Therefore, Hyundai group countered with a familiar ideological attack on HHI workers.

Under the direction of Chung, Jooyoung, HHI closed the plant and HMC did not come to the negotiating table. Hyundai workers eventually recognized that without a direct

and unified communication with Chung, Jooyoung, no negotiations would be effective, as Massey points out in the case of branch-plant economies (Massey, 1995, p. 101):

> Above all, local management, low down the management hierarchy but still required to sit across the negotiating table, may simply not have the functions and levels of control and responsibility which are being bargained over. Those functions are located elsewhere.

Certainly, those functions were in Hyundai headquarters, more exactly in Chung, Jooyoung's hands.

However, the experience of small victories really inspired Hyundai workers and movement leaders to the extent that they could organize the Council of Hyundai Group Trade Unions on August 8, immediately after Chung's attack (Kwon, Y. M., 1988, p. 239). The council declared two important issues. First, the council asked for direct negotiations on wages and union activities with Hyundai Group headquarters. Second, if the Hyundai Group did not come to the negotiating table on time, the council would organize a general strike participated in by all Hyundai workers. The deadline for the negotiation was noon, August 17. Moreover, HHI workers elected Lee, Hyunggun as the first chairman of their democratic union on August 14, as decided in the negotiation on July 28.

The Hyundai Group immediately declared workers' union as a illegal organization claiming that the yellow union was

still eligible. It also turned workers' suggestions down by not appearing at the negotiating table and closing the doors of six Hyundai companies. Even though, the Ministry of Labor recommended the Hyundai Group to discuss the issues with the council, Hyundai refused to do so (Lee, S. W., 1994, p. 86).

There was nothing left but a direct confrontation between workers and the Hyundai Group. On August 17, more than 12,000 workers assembled in front of the main gate of HHI and started to march to the downtown of Ulsan. The state immediately sent a number of combat policemen to Dong-Ku area. Consequently, more than 20,000 workers and policemen were standing face to face on the streets of Dong-Ku. Since the workers' march was not well organized and planned beforehand, Kwon, Yongmok negotiated with the chief of Kyungnam Police which set up the boundary for the march at Nammok Hill. Hyundai workers who believed in Kwon's leadership followed the decision peacefully. From Nammok Hill, Hyundai workers voluntarily returned to HHI and finished the march at 2 p.m. (Kwon, Y. M. , 1988, No. 3)

The answer of the Hyundai Group to the march was not hospitable. It disconnected water and electricity from dormitories for more than 3,000 single workers. In addition, it closed all the cafeterias in those dormitories. Single workers demonstrated again in front of HHI shouting

"Give us food!" Since other Hyundai workers had dispersed already, the combat police could brutally suppress them in front of many Dong-Ku residents, mainly Hyundai workers' families.

In the late evening of the same day, Hyundai workers and their families found that members of the yellow union were scattering pamphlets, which criticized movement leaders and workers, on the streets of Dong-Ku under the direction of the Hyundai Group. That incident drove the whole community into the furious anger. Single workers burnt the car conveying pamphlets while workers' wives went to the yellow union members' houses and strongly appealed to their wives against what their husbands had done. Another group of wives beat HHI safeguards who were scattering pamphlets (Kwon, Y. M., 1988, No. 2, p. 251). It was the first time that the workers' community got involved in the labor movement. The whole community eventually recognized that the Hyundai Group was not keeping its promises and was maliciously accusing workers of being procommunist and destructive rebels.

The next morning (August 18, 1987), more than 50,000 Hyundai workers and 3,000 wives assembled in HHI stadium and waited for Chung, Jooyoung's message. However, he appeared at a news conference and officially refused to negotiate with workers claiming that he was giving enough wages to

workers. After listening to the message, workers started to organize a big demonstration. They gathered trucks, fire cars, and sanding machines in front of the ranks and file and started a march to the Ulsan Stadium, located near downtown. More than 2,000 wives and children marched along. Being worried about possible encounters between workers and combat police, Kwon negotiated with the chief of police for a 'peaceful' march to the stadium. The line of workers extended 4 kilometers and workers orderly marched 16 kilometers to the stadium.

In the stadium, a deputy labor minister who came from Seoul hastily agreed with workers on three issues; first, the state admitted the workers' union as an official organization which could implement bargaining with HHI; second, the state guaranteed wage bargaining in Hyundai would be settled by September 1; third, the state officially confirmed that Chung, Jooyoung entrusted bargaining power to presidents of Hyundai companies in Ulsan. Workers regarded the agreement as a victory satisfied that they could get direct guarantees from the state.

The march was the biggest workers' demonstration in Korean history and became a symbol of the labor movement in 1987. Kwon recalls as follows (Kwon, 1988, No. 2, p. 262):

> Was the victory achieved by a few leaders? No, it never was. It was victory achieved by the efforts of all workers and their

> families. They were ready to sacrifice themselves to achieve a new society where they can be reborn as owners of this country. We could win the first battle because we were united into one.

However, the victory did not last long. After reconfirming workers' union as the sole official trade union in HHI on August 27, the management and the union started collective bargaining on wages. Even though both sides agreed to a 14 percent wage increase, HHI insisted that it would start to apply the increase rate from the next year, 1988. Moreover, HHI again strategically condemned one of the core leaders as a rebel controlled by an external force. Accordingly, negotiations, once again, broke down.

On September 2, HHI workers, in a fit of fury, marched to the Ulsan City Hall, not to the stadium. Union leaders could not control workers' demonstration and Ulsan downtown was filled with 20,000 HHI workers. The situation became acute since there was no communication channel between workers and the state authority which was seriously considering the declaration of a Garrison Decree for the Ulsan area. Fortunately, in opposition to the Garrison Decree, the mayor of Ulsan City, Yoon, Seidal took the role of mediator and negotiated with union leaders. Finally, the mayor and union leaders persuaded workers to go to the stadium and make negotiations there. When most of workers left the City Hall for the stadium, union leaders expected

another peaceful negotiation to be made in the stadium at least between the union and the state.

At that moment, however, a group of goons disguised as Hyundai workers started to break windows and facilities of the City Hall. The situation suddenly became chaotic. They succeeded to stir several hundred HHI workers to be violent. HHI was suspected of hiring goons to damage the legitimacy of the labor movement since the goons did not wear full Hyundai uniforms and the police did not arrest them when they burnt a car in front of the City Hall (Lee, S. W., 1994, p. 116). To make things worse, five HHI workers were hit by a car in front of the stadium and one of them was killed. Even though that was a simple traffic accident by a drunk driver, it extinguished the light of the demonstration. HHI workers had to return to Dong-Ku with empty hands and a dead body of a coworker. That was not the end of the day. When union leaders returned to HHI, they found that windows and facilities of the main building were all broken by about twenty goons. Kwon recalls as follows (Kwon, Y. M., 1988, No. 3):

> When we caught five of them we found out that they were not Hyundai workers. We immediately sent them to the police asking for an exact investigation. However, they were released immediately. …I cannot help but think that we were all trapped by Hyundai's well-planned strategies.

The incidents on September 2 provided a good excuse for immediate legal measures by the state. On September 4, the police arrested 89 executives and delegates of the union in the early morning. HHI workers and families struggled for 17 days to get their leaders back to their community. While the mass media in Korea were accusing HHI workers of rioting, the workers' community never gave up the struggle. The workers who gave up the struggle were union leaders and arrested union executives who made unclear negotiations with Hyundai Group on September 19 as follows (Lee, S. W., 1994, p. 121-122):

> 1. Release of the arrested workers
> (1) HHI will exert all efforts to release them. …
> (3) HHI and union, together, send a petition for release of them.
> (4) When they are released, they will get their positions back and they will return to their positions in the union if they win their legitimacy at the court. …
> 2. HHI increase the wage by 14 % in September. …

Therefore, what HHI workers achieved from the struggle was only a 14 percent increase in wages while the legitimacy of their union and the release of their leaders was not guaranteed by the negotiation. HHI workers had to wait until February 11, 1988 to elect their new chairman of the union. The arrested union leaders, except the chairman Lee, Hyunggun who was sentenced to one year' servitude, were

released in January, 1988, but could not come back to the workplace or to their positions in the union because the Hyundai Group, once again, broke promises and dismissed them. After that, the issue of arrested and expelled workers made the confrontation between workers and Hyundai Group more antagonistic. On February 11, HHI workers had to elect a new chairman while their former union leaders were unilaterally dismissed by management.

While HHI workers were experiencing the bitterness of defeat, HMC workers were tasting betrayal by the first chairman elected by their hands on September 1. Once elected, the first chairman of HMCTU, Lee, Youngbok, declared the cooperation between workers and the management and refused to participate in the Council of Hyundai Group Trade Unions.

All in all, the defeat of HHI workers and company unionism brought by HMCTU significantly dissolved the power of the Council and the unity of Hyundai workers. Encouraged by a series of victories over HHI and HMC workers, the collusion between the state and Hyundai Group intensified. On October 19, Kwon, Yongmok, the symbol of the Hyundai workers' labor movement, was arrested. He was accused of violating the law against interference with business activities, the law on assembly and demonstration, and prohibition of third party intervention included in the

Trade Union Act and the Labor Dispute Adjustment Act (Kwon, Y. M., 1989, No. 4, p. 198-199).[33] Moreover, HEC immediately dismissed Kwon.

After Kwon was arrested, the Hyundai Group concentrated on destroying the Hyundai Engine Trade Union by threatening and bribing union leaders. It formed a militia and 'save-the-company squads' made up of loyalist workers, hired goons and security guards. Nevertheless, on February 16, 1988, HEC workers reelected Kwon as a chairman of the union after he was released on probation. HEC, claiming that Kwon had already been dismissed, applied for a nullification of Kwon's election to the District Court of Ulsan. Judge Yang, Heeyeol accepted it the next day. Later, the judge became a consulting lawyer for the Hyundai Group (Lee, S. W., 1994, p. 129). Eventually, workers recognized that even the judiciary system was unfair to them.

HEC and other Hyundai workers went on strike for about a month to protect the HEC trade union. However, on March 18, the police brutally dispersed HEC workers and arrested Kwon and other union leaders again. Later, a court sentenced him to four years in prison. HEC was merged into HHI in 1989 and Kwon was released in 1991.

In sum, Hyundai workers' labor movement in 1987 opened the age of workers' unions in Korea. Even though workers could not effectively overcome pressures and attacks from

the state and capital, they could at least build 'company unions'. Encouraged by Hyundai workers' struggle, the number of trade unions in Korea increased from 2,675 in 1986 to 7,883 in 1989 and union membership from 1,036,000 to 1,932,000 during the same period. More importantly, the quality of the labor movement basically changed. The democratic trade union movement became a new stream distinguished from the conventional trade union movement led by FKTU. FKTU had obstructed Hyundai workers' organizing unions by supporting Hyundai's yellow unions. Therefore, Hyundai workers' struggle was regarded as a truly representative battle between labor and capital by Korean workers. Some important theoretical implications can be identified in the emergence of the Hyundai workers' movement.

First of all, the movement was mobilized and led by workers themselves. Even though there were confusions and difficulties, workers independently organized the movement and unions by activating their existing networks and resources. This is the most important change in the history of the Korean labor movement. Until 1987, the labor movement in Korea had been significantly influenced by intellectuals and students. Labor movements in the 1970s and early 1980s were regarded as one part of the larger democratization movements against the military dictatorship.

Workers were not recognized as the protagonist of social change by dissident groups and students and the support for the labor movement they provided was often educational and top-down. Under the circumstances, workers could not fully express their concerns even in the democratization movement. Therefore, when Hyundai workers started their struggle with the Hyundai Group, the main concern for intellectuals and students was to select a promising presidential candidate who could beat Roh, Taewoo, the successor of military dictatorship, in the presidential election in December, 1987.[34] In terms of political opportunities for emergence of the labor movement, the democratization movement weakened the state's capacity and propensity for repression, but it certainly was not a powerful ally of the labor movement (McAdam, 1996, p. 10).

Second, small group communication networks were main actors mobilizing the labor movement and organizing 'democratic' unions. As Gouran and Fisher argue, in small groups, communication shapes ideas, responses to those ideas, and the relationships among the interactants who produce them (Gouran and Fisher, 1984, p. 622). For example, Kwon, Yongmok in HEC, Lee, Sangbum in HMC, Kim, Youngwhan in MD, and many other leaders had consciously organized small reading clubs or discussion groups before the labor movement. They were following the tradition of

the labor movement in Korea which had adopted small group communications as a strategy due to the severe state and corporate control over workers' collective action.

Third, as McCarthy points out, the informal structures of everyday life came to be strongly linked with the movement mobilization (McCarthy, 1996, p. 143). Especially, spatial concentration of Hyundai companies and working class communities was crucial for mobilization of the labor movement. Workers and families witnessed their working and living space transformed into a battle ground when they tried to voice their human rights and interests. Accordingly, the spatial arrangement of working class communities strongly contributed to development and maintenance of the labor movement as will be discussed later.

Fourth, the trust between movement leaders and workers was really important in the emergence of the movement. The issue of leaders arrested and dismissed by the state and Hyundai Group became a hot potato in every collective bargaining session with Hyundai companies. Workers fought not only for better wages and benefits but also for their leaders in jail. HHI workers were most earnest on this matter. As mentioned in Chapter III, HHI workers had very strong relationships with each other at workplaces and in living spaces.

In addition, Korean traditional culture strengthened the tie between leaders and workers. For example, Uye-ri, the Korean value placed on interpersonal relationships was combined with the idea of working class consciousness and unity. According to Yum, J. O., the term uye-ri has three major meanings (Yum, J. O., 1987, pp. 87-88):

> The first is justice, righteousness, a just cause, duty, morality, probity, and integrity. The second meaning is obligation, a debt of gratitude, loyalty, and faithfulness. The third meaning concerns the proper relationships between people used in such contexts as uye-ri between lord and retainer or uye-ri between friends.

In a word, uye-ri emphasizes reciprocity and mutual trust in interpersonal relationships. Korean workers, who had come to urban areas to get a job, were mostly from rural areas where Korean traditional culture was more preserved than urban areas. Workers usually set up brotherhood/sisterhood relationships calling each other 'brother' and 'sister' (Kim, I. S. and et. al., 1985, pp. 11-108). When the idea of 'working class' was combined with the concept of uye-ri, it was easy and attractive for workers to say that "Workers are just workers." Or "We, workers are all comrades. We love each other. My body is yours and yours is mine." (From March Songs for People, 1987, Hyundai Engine Workers' collectively written poems, Literature of Praxis, No. 10, 1988, pp. 342-350). In this

respect, the Confucianist tradition can be a basis of workers' solidarity as well as a seedbed of loyalty and obedience to capitalists.[35]

Sixth, even though countermeasures of the state and Hyundai Group succeeded to confine workers' struggle within the framework of the company union, they could not halt the mobilization of the labor movement. In a sense, the countermeasures such as violent threats by hired goons and safeguards, bribery, dismissal of leaders, police brutality, unfair legal measures and judiciary system increased workers' solidarity by revealing that the whole system was antagonistic to workers' demands. In the process of actual struggle, Hyundai workers started to recognize structural problems. As Fantasia points out, consciousness and solidarity are generated in and changed by social action (Fantasia, 1988, p. 8). The state and the Hyundai Group then started to seek other strategies and tactics in addition to repressive actions, as will be discussed later.

Seventh, there was a noticeable difference between HHI workers and HMC workers in the level of militancy. For example, HMC workers more easily accepted a company union oriented toward cooperation between workers and the management than HHI workers. Lee, Youngbok, the first chairman of HMCTU, damaged the solidarity of Hyundai workers by withdrawing from the Council of Hyundai Group Trade

Unions. Since then, there have been persisting internal conflicts among HMC workers. As discussed in Chapter III, the difference in the militancy and solidarity between HHI and HMC workers came largely from different experiences they had in the labor process and work organization.

HMC workers are less militant and less unified because they are working in Taylorized and atomized production lines under technological control as compared to HHI workers who are working in teams under a simple control system. In addition, there are many non-manufacturing workers in HMC such as drivers, planners, and designers who do not fully identify with manufacturing workers. Therefore, HMCTU experienced much more fluctuation in their labor movement due to organizational changes produced by internal conflicts among workers.

In sum, Hyundai workers succeeded in organizing their unions if not without serious sacrifices from their leaders. Few could deny the existence of workers' unions at the end of 1987. Hyundai Group had to admit that workers had a right to receive more wages in consideration of its enormous profit accumulation during the past years. As a result, Hyundai workers could achieve more than a 15 percent increase in wages in 1987 (Lee, S. W., 1994, p. 127). As discussed earlier, however, money could not solve the problems of antagonism, distrust, and anger produced in the

struggle. Democracy and equality at the workplace and in union activities became the foci of the labor movement in the next stage.

C. Development of the Labor Movement and Countermeasures

There were four important incidents in the labor movement after 1988 which cannot be ignored. First, in the National Assembly election of April 1988, Hyundai workers had their representative, Kim, Jinkook, a former union leader, run for an election in Dong-Ku District against Hyundai Group's candidate, Chung, Mongjoon-Chung, Jooyoung's sixth son and chairman of HHI. That was an ambitious and unexpected challenge in 'Hyundai City' even though Kim lost the election in the face of Hyundai Group's money and support.[36] In spite of the defeat, it was the first time for Korean workers to carry their struggle into the official political sphere. In 1992, based on the experience of 1988, three union leaders were elected to the local congress.

Second, in 1988 and 1989, HHI workers went on strike for 128 days. The Hyundai Group was trying to destroy the workers' union by hook or by crook. As mentioned earlier, on February 11, 1988, HHI workers elected a new chairman, Suh, Taesoo, for a term of two years. After negotiations between the new union executives and the HHI management over six months, only four issues remained on the negotiating table; (1) increase of annual bonus from 500 percent of

basic monthly wages to 600 percent; (2) 44 regular working hours a week rather than 48 hours; (3) increase of several allowances; (4) a better retirement system (Lee, S. W., 1994, p. 156).

As one reporter points out, many wondered why the Hyundai Group was so tough in negotiating those four issues to the extent that the strike brought almost six hundred million dollars loss in net sales (Whang, E. B., 1989, p. 471). As discussed earlier, the main problem was the reappointment of 8 union leaders who were dismissed by HHI and which has broken down the negotiations on September 19, 1987. HHI wanted to prevent those 'radical' leaders from coming back to the union at any cost while HHI workers would not accept any negotiation without getting them back. On December 12, 1988, all HHI workers went on strike. They were strongly unified except for their chairman and some delegates of the union who went over to management. On December 18, the chairman met with the management at night and agreed to the suspension of the strike of his own accord and then disappeared. HHI workers did not accept the agreement criticizing the betrayal by the chairman. A controversy over the lawfulness of the workers' strike and union activities started once again. On January 6, 1989, workers elected Lee, Wonkun, Lee, Hyunggun's twin brother, as the new chairman and continued the strike.

On January 8, about 20 goons hired by the Hyundai Group broke into the office of the Hyundai Group Expelled Workers Association, located near Manseidae Apartments Complex, and severely beat 6 former union leaders, including Kwon, Yongmok with bats and pipes. At the same time, about 100 goons armed with pipes, bats, and sticks attacked 19 members of the union of Hyundai Electrical Engineering who were sleeping in an inn located 25 miles north of Ulsan after a weekend training session. According to the report of the National Assembly Labor Committee, the terror was planned and committed by the executive director of the office of planning and coordination in the Hyundai Group Headquarters with the hired goons and local police (Lee, S. W., 1994, p. 184-185). The terror was so unlawful that prosecutors could not ignore the misdeeds of the Hyundai Group. The executive director, two policemen, and 16 goons were arrested even though they were all released after the first trial.

Hyundai's reckless attacks heated up the strike. In addition to union executives and delegates, HHI workers elected 'sowiwons' who could lead twenty workers each. Some representatives went to Hyundai Headquarters to negotiate the issues directly with Chung, Jooyoung. After Chung ruptured the talk by claiming that workers were going on an illegal strike, the police took 258 workers to the station and arrested 6 union leaders. To make a long story short,

the strike continued until March 30 in spite of terror, threats and appeasement. Workers and the whole community were prepared to fight until they were killed even though they knew that the possibility to defend against formidable public power was slim. Workers occupied the dockyard and armed themselves with gas masks, LPG containers, thousands of Molotov cocktails, and homemade 'Minju'(democracy) missiles made of pipes with paint thinner for an explosive.

On March 30, the strike's 109th day, the state started an assault on the HHI dockyard with 14,500 riot police, battle ships, helicopters, and tear gas grenades (Whang, E. B., 1989, p. 469). However, HHI workers had already withdrawn to Ojowabool, single workers' apartments, changing the battle yard from the vast workplace to their own community. Severe street fighting between workers' community and the public power lasted for more than ten days. The riot police broke into Ojowabool and brutally suppressed all workers who had escaped there. Moreover, the police indiscriminately arrested workers, families, and citizens. The struggle boiled on even though union leaders escaped to other places to avoid arrest. The Whole community participated in the battle. They threw stones and Molotov cocktails at the police and held a speechfest in the middle of Manseidae apartment complex every day. Demonstrations began and ended there each day and people

called the place 'Democracy Plaza'(Lee, S. W., 1994, p. 237). More than 3,000 HMC workers participated in the struggle. The police arrested hundreds of people everyday. A congressman in an opposition party called the incident the "Second Kwangjoo Uprising" (Whang, E. B., 1989, p. 470).[37]

Finally, the police occupied the 'Democracy Plaza' as workers and the community gradually became exhausted. On April 28, Lee, Wongun declared the end of the strike and HHI workers had to accept another defeat. In the struggle, 55 leaders including Lee, Wongun and executives were arrested, 55 were dismissed, and an uncounted number of people were wounded (Lee, S. W., 1994, p. 255). It was a bitter defeat for HHI workers. The Hyundai Group seemed to have succeed in solving its problem by inviting public power to Ulsan. Moreover, Korean workers witnessed how much the military state and Chaebol cruelly suppressed Hyundai workers and their whole community. At the same time, the 128-Day Struggle seriously damaged the legitimacy of the state and capital. Especially, the state was open to censure that it had unfairly colluded with the arrogant Hyundai Group. In contrast, workers and their community experienced the power of unity and found out how their networks and resources could be used in a struggle if not without the recognition of weakness and mistakes in their strategies.[38]

A third important incident also took place in the HHI Dockyard in 1990. Hyundai workers called it the 'Goliath Struggle'. Even though the state and Hyundai Group could suppress the 128 Day-Struggle brutally, they knew that the battle was not over. As mentioned earlier, the struggle had been spread over the entire community and workers and their families felt that they were unlawfully treated and discriminated against by the state and the Hyundai Group. As a welder in HHI claimed (Kirk, 1994, p. 243):

> "The people in Manseidae Apartments suffered psychological damage. They want an apology from the company. At this moment, there will be no more demonstrations, but we want those in prison released. We will plead with the company to release the arrested people and withdraw civil suits. If refuses our offer, in the worst situation, the strike will be extended, and then both the company and the union will suffer.

The society blamed the Hyundai Group for its illegal and violent terror against Hyundai workers. Hyundai had to change its attitude on labor relations and make reasonable compromises with HHI workers. On August 10, 1989, HHI and the Union reached a settlement that included four important agreements; first, reappointment of the dismissed workers, second, payment of wages for the strike period, third, increase of wages by more than 15 percent, and fourth, cooperative efforts to release arrested workers (Lee, S. W.,

1994, pp. 285-286). Actually, most of workers arrested were released after the first trial except 5 union leaders. In contrast to the result of 128-Day Struggle, these negotiations were regarded as a victory for HHI workers while Hyundai Group gnashed its teeth over the defeat.

In January, 1990, the attitude of Hyundai toward its workers became aggressive again. In addition to the feeling of defeat, there were two more reasons for the return of Hyundai's aggressiveness in the labor relations.

First, on January 22, the Korea Trade Union Congress (KTUC, Chonnohyup) was created mainly from the regional councils (Kim, D. C., 1995, pp. 398-400).[39] The KTUC defined itself as the national solidarity center of the democratic trade union movements. Even though the KTUC was loosely organized by regional councils mainly based on local firms, the emergence of a national organization which challenged the legitimacy of FKTU was shocking news to the state and capital. Moreover, federations of white-collar workers' trade unions formed themselves into the Korean Congress of Independent Industrial Trade Union Federations (KCIIF, Upjonghoewi) in May 1990. The state and capital tried to show their strong opposition against the democratic labor movement organizations and they targeted HHITU first. Since HHITU had become the symbol of Korean labor movement,

the situation at HHI had a strong impact on conditions of the whole labor movement.

Second, Hyundai workers reorganized the Federation of Hyundai Group Trade Unions(FHGTU) in January, 1990 (FHGTU, 1994, p. 3). HHITU and HMCTU were the main actors in organizing the Federation. The emergence of FHGTU meant that more than 170,000 Hyundai workers had a unified organization which could directly bargain with the Hyundai Group on many labor issues that Hyundai workers commonly faced under the one formidable management system. In other words, it was an attempt to break the framework of company unionism upon which the state and capital continuously insisted. Therefore, the state and Hyundai Group tried to give all workers in the nation a message that union activities outside of companies could never be allowed by tearing the solidarity of Hyundai workers in Ulsan.

The state and Hyundai group, once again, colluded to use familiar strategies for repressing the new union executives elected on January 19, 1990. HHI suddenly refused to allow the inauguration ceremony of new union executives during working time even though it had been a usual practice since 1987. Moreover, the state demanded longer penalties for five arrested workers in the second trial than in the first trial which was also rare. In opposition to those assaults, HHI workers decided to hold a

general assembly after leaving the workplace earlier than usual on February 7. HHI immediately accused the new chairman and three other executives of interference of business activities on February 7 and the police arrested them in the evening of the same day. After that, HHI refused to talk with workers, and the state arrested movement leaders who had been involved in the 128-Day Struggle. The state's discriminatory legal action enraged workers (HHITU, Letter to Dong-Ku Residents, April 21, 1990):

> …The government released 117 arrested workers of Korean Broadcasting System who asked for the resignation of president Suh, Kiwon who always followed governmental direction. In contrast, the government arrested a vice chairman of HHITU who asked for release of the chairman Lee, Younghyun. So they respect white collar workers in media. Workers who had welding machines in their hands are nothing to them. …We worked hard but the firm ignored it and the government unlawfully arrested our friends only because we do not have power and money. We cannot take it any more.

Consequently, on April 25, HHI workers decided to go on strike ignoring legal injunctions on strike. All vice chairmen -there are several vice chairmen in Hyundai unions- refused to lead the strike because some of them had been arrested in the 128-Day Struggle and did not want to be arrested again and others were appeased by the firm. Finally, the director of the bureau of HHITU, Lee, Kapyong,

who also had been arrested in 128-Day Struggle, bravely took the responsibility to lead the strike (Lee, S. W., 1994, p. 295).

In the early morning, April 28, about 8,000 combat policemen marched to the HHI dockyard. Thousands of HMC workers sat on the road and tried to block the march. It took about two hours for the police to penetrate HMC workers' barricade and finally thousands of police poured into the HHI dockyard at six o'clock in the morning. More than 100 of core union members including Lee, Kapyong retreated to the top of a 82-meter-high Goliath crane over a drydock. Hyundai workers from HHI, HMC, HPC, Hyundai Construction Equipment Companies, Hyundai Electrical Engineering Company, and Hyundai Wood Industries Company demonstrated on the streets of Tong-Ku area (Lee, S. W., 1994, p. 296-298). Once again, Tong-Ku was filled with tear gas and Molotov cocktails. On April 30, the KTUC declared a national strike and workers in Masan and Changwon went on strike to support Hyundai workers in Ulsan. The Goliath Struggle was now leading the labor movement in Korea as a manager of the Ulsan Social Action Committee remarked (Kirk, 1994, p. 247).

> When HHI began its strike, seven Hyundai Group companies joined the strike at the same time. Before the HHI strike, our labor movement was very silent for a while, but

> when the strike began 170 labor organizations said they would begin striking.

Once again, the community supported the strike. Kim, Myungsook, a leader of the Association of Expelled Workers in Ulsan and a dismissed worker from Hyundai Wood industries Company, recalled that workers' wives and women working in cafeterias of Hyundai companies distributed food and water to demonstrators and even broke brick blocks to give to the workers to throw at the police (interview with Kim in 1994). However, the demonstration on the streets was eventually suppressed by the police. The chairman of HMC, Lee, Sangbum, requested workers to return to work on May 4. His decision was the most discouraging factor in the struggle. In addition, the leaders on the crane suffered from lack of food and water and the cut-off of information (Kirk, 1994, p. 248):

> They existed on one large bottle of water a day sent up by the company and some food they had had the foresight to bring up… The families of many of them carried still more food to the outer gate, but Hyundai authorities refused to let them in or accept food packages to send up with the water bottles. "The most difficult thing on the crane was not the food shortage but the cut-off of information from outside, …We were isolated."

On May 6, workers on the crane started a hunger strike. They rapidly grew weaker and finally, on May 10, 14 days

after the ascent, they had to come down from the crane. Immediately after their descent, 32 core leaders including Lee, Kapyong were arrested (Lee, S. W., 1994, p. 300). Hyundai workers, once again, tasted the bitterness of defeat. In the process of struggle, however, Hyundai workers found solidarity with workers in other places and industries while they also found some HMC workers withdrawing from solidarity and indulging in company unionism.

Actually, HMC workers started collective bargaining on wage increases with the firm on May 10, the same day HHI workers came down from the crane. Even though HMC workers concentrated their efforts on wage increases, there was no reason for the Hyundai Group to accept workers' demand easily after it successfully suppressed the Goliath Struggle. Accordingly, on May 12, 71.6 percent of HMC workers voted for the strike. However, Lee, Sangbum, who opposed the Goliath Struggle, did not want to go on strike (Lee, S. W., 1994, p. 271). In June, 65.7 percent of HMC workers ratified his decision. In terms of democracy of the trade union, it was a complete defeat for HMC workers. Moreover, it meant that HMCTU led by Lee, Sangbum officially launched economism and company unionism in the union movement in Korea. Since then the rhetoric such as 'compromise', 'utilitarian strategies', and 'cooperation

between labor and capital' has been gaining the audience even among the leaders of 'democratic' unions.[40]

Fourth, in 1993, the FHGTU organized a movement uniting all Hyundai Trade Unions in Ulsan more successfully than ever before. There were two reasons why Hyundai workers united under the flag of FHGTU. First, Hyundai workers had experienced the limit of company unions to struggle against the state and Hyundai Group and recognized the importance of fighting together (FHGTU, 1994, p. 39). Second, Hyundai workers expected Kim, Youngsam's administration to be more reasonable than the previous military regime. President Kim, who started his term in February, emphasized that his administration was 'civil' for the first time in 32 years.

Moreover, Hyundai workers elected more radical leaders as chairmen of their unions after they were betrayed by chairmen who negotiated with the Hyundai Group during 1990-1992 (FHGTU, 1994, p. 39). Chairmen of Hyundai companies in Ulsan and other areas and leaders of the FHGTU made plans for joint collective bargaining.

The FHGTU's demand for pay rises between 14.5 % and 20.3 % was far higher than the 4.7 %, so called wage guideline, suggested by the state and Hyundai (Lee, S. W., 1994, p. 330). Again, Hyundai Group appeased and threated Kim, Dongseop, the chairman of FHGTU and HPC, to agree with the 4.7 % increase of wages on June 5 (Lee, S. W., 1994, p.

328-329). However, that was not a new story to Hyundai workers. Rather than getting angry, all trade unions of Hyundai companies legally proceeded to strike at the same time.

To make a long story short, FHGTU could directly talk to the Minister of Labor and the state who had to admit that FHGTU was representing all Hyundai workers in the nation. Even though FHGTU could not break the wage guideline, workers got a higher wage increase than 4.7 % by achieving extra allowances (Lee, S. W., 1994, p. 336). Moreover, FHGTU could organize two general strikes successfully on July 7 and 23 which had never been possible in the past (FHGTU, 1994, pp. 44-48). The joint struggle in 1993 presented the possibility of strong solidarity among Hyundai workers even though the framework of company unionism remained the main stream in the labor movement (Lee, S. W., 1994, p. 357).

In summary, the Hyundai workers' labor movement has significantly developed in spite of repression from the state and the Hyundai Group, internal conflicts, and lack of resources. At the same time, company unionism, economism, and sectionalism grew in the process of struggle as shown in the case of some leaders of HMCTU and HHITU. In the developmental stage of the labor movement, some important characteristics can be identified.

First of all, Hyundai workers' labor movement quite successfully developed its organizational structure and became the spearhead of the labor movement in Korea. The history of Hyundai workers' labor movement shows that struggles which started at workplaces diffused to workers' communities, to Ulsan City, and to the nation. As McAdam and et. al. point out, for a movement to survive, movement leaders must be able to create a more enduring organizational structure to sustain collective action (McAdam and et. al., 1996, p. 13). As discussed earlier, Hyundai workers organized FHGTU to fight against the largest conglomerate in Korea. In spite of enormous pressure from the state and Hyundai Group, workers' struggle could protect their organizations. Moreover, FHGTU formed the 'Korean Council of Trade Unions' (KCTU, Chonnodae) with the KTUC, KCIIF, and large company trade unions such as Daewoo Group Trade Union Council, and Kia Group Trade Union Federation, in June, 1993 (FHGTU, 1994, p. 32). Even though those organization were illegal according to the Trade Union Act and the Labor Dispute Adjustment Act (see endnote 32), the state could not abolish them. Finally, KCTU transformed into the Korean Confederation of Trade Unions(KCTU again, Minjunochong) as a central organization of democratic trade unions in Korea. The KCTU which currently comprises 400 thousand membership in 1,000 company level unions is now

negotiating new labor laws with the state, capitalists, and the FKTU. All in all, 170,000 Hyundai workers in FHGTU have been the main force in those national organizations.

Second, the spatial arrangement and characteristics of the production system were strong factors in the development of the labor movement in Ulsan. For example, Hyundai's giant production system in Ulsan has often turned out be the network for the labor movement. Production facilities, disciplines and skills for works, and workers' experience of Hyundai's indiscriminate dominance over all Hyundai companies in Ulsan often transformed into resources for the movement as Massey similarly discusses about the situation in advanced capitalist countries (Massey, 1995, p. 341):

> It is important to be alert to the endless flexibility (in the sense of specificity) of capital, to be aware that they are always contestable. Spatial organization is both a stake and a weapon in the various power struggles in society, not least in the geography of industry.

Moreover, the proximity and the relationship between the workplace and residence communities were important factors in the development of the movement, as Katznelson argues (Katznelson, 1992, p. 129):

> …class relations are lived and experienced not only at work, but also off work in residence communities. If we are interested in how social classes in cities are formed as groups sharing dispositions, then we must attend to how they construct

> maps of their social terrain in both domains, and to how they do, or do not, link them.

Therefore, the labor movement in Ulsan was not only a workers' affair but also a community affair as Dawley observed in the case of Lynn (Dawley, 1976, p. 228). Under the circumstances, countermeasures of the state and Hyundai Group could not be confined to modifications of labor process and work organization. The Hyundai Group recognized that it needed strategies for cultural and spatial hegemony over the whole area.

However, the spatial arrangement and Hyundai production system also had negative impacts on the development of the local labor movement in Ulsan. Workers in the chemical industries and subcontracting firms hardly participated in Hyundai workers' struggles. When I asked several chairmen of those firms about this problem, most of them answered that they did not have to fight because they and their employers settled their issues in line with the negotiations made by Hyundai workers and Hyundai Group. In other words, they were talking about the joy of 'free riding'. To them, the labor movement usually meant Hyundai affairs in the Hyundai kingdom.

Moreover, one of them (Chairman of Hyosung Metal Company) seriously criticized Hyundai workers saying that "They don't care about struggles in small and middle firms.

When we were brutally suppressed by the police, few helped us." The concentration of Hyundai workers in the eastern part of Ulsan under the regime of Hyundai Group not only encouraged class consciousness significantly, but also tended to isolate Hyundai workers from local support and cooperation (Gordon, 1978). Therefore, building local solidarity and overcoming 'group unionism' seemed to be required for further development of the labor movement in Ulsan.

Third, there was not only the emergence of economism in union activities but also the expansion of struggles to management issues. On the one hand, as discussed earlier, many of chairmen of HMCTU and HHITU and other Hyundai companies often confined union activities to achieving tangible gains, accepting company unionism and economism. By doing so, they disregarded workers' will and seriously damaged the democracy of trade unions. Therefore, the labor movement in Korea must clarify the meaning of company unionism and economism for further development.

On the other hand, FHGTU and HHI workers started to challenge the management system of Hyundai Group after 1993. In 1994, HHITU brought issues of the personnel system, decision making process, management participation, and decrease of working hours to 40 hours a week to the bargaining table(S., J., 1994). Even though HHI workers

could not achieve those demands in spite of 63-day strike, it was a new attempt to move the labor movement into social and political spheres. Currently, Korean workers are fighting for the amendment of Labor Laws which strictly limit workers' political activities and freedom to organize and help each other. All in all, the labor movement in Korea is at a crossroads.

Fourth, countermeasures by the state and the Hyundai Group have been developing along with rapid development of the labor movement. As is well known, in the process of export-oriented industrialization, the state took almost complete charge of labor control. However, since 1987, the state had to give up many repressive controls and strict application of labor laws and the labor control has been largely transferred to the capitalist class. As mentioned earlier, even though FHGTU and many other national labor organization are illegal according to current labor laws, the state had to approve them tacitly. Of course, it does not mean that the state totally gave up repressive controls over the labor movement. However, in Kim, Youngsam's administration since 1993, overtly repressive controls over the labor movement have been significantly decreased.

Instead, the administration is trying to create an unfavorable image of, and disinformation about the labor movement by disseminating the idea that the international

competitiveness of the Korean economy has been seriously damaged by the labor movement (Marx, G., 1979). Currently, the state is amending labor laws by collecting opinions from both capitalists and labor organizations. Harmonizing demands from both sides without losing legitimacy is really a difficult task for the state. The state is becoming more and more the principal focus of class struggle between capital and labor.

Without giving up using public power for the suppression of workers' struggle, the Hyundai Group eventually recognized that they needed new strategies to control workers effectively. Accordingly, Hyundai has been adopting more sophisticated automation systems, new bureaucratic control systems, and a much more flexible wage system as discussed in Chapter III. Moreover, it has devised various inducement strategies and has developed communication channels to control workers culturally and ideologically. In other words, Hyundai is trying to manage workers' hearts and minds by creating mechanisms which convey corporate culture to workers(Willmott, 1993, p. 515). Here are some examples of those mechanisms.

First, HHI implemented a 'One Mind Education program' for all workers during the period 1989-1991 (Koh, 1996, p. 155). It was a kind of camp training program in which Hyundai mixed entertainment and corporate messages

emphasizing cooperation and consent between labor and management as 'one family'.

Second, the Hyundai Group is running a cable television system to disseminate corporate cultures and ideologies to Hyundai workers (Chang, P. S., 1991, p. 151-152). Especially, Hyundai is broadcasting important information on benefits, wages, housing with entertaining programs to attract workers' attention.

Third, the Hyundai Group has been providing various seminar programs to persuade workers ideologically and culturally (Koh, 1996, p. 162). In those seminars, Confucianist ideas, traditional cultures, nationalism, and anti-communism are intermingled with emphasis on cooperation and loyalty for national and social development. Many movement leaders admit that this strategy is a really powerful tool to control workers' consciousness. When I participated in one of those seminars, I found that the emphasis on the national prosperity in the ancient period and anti-Japan feeling were well used for persuading workers to work harder for national development. For example, a lecturer said, "How come can we have internal conflicts such as labor disputes under the circumstance that Japan always blocks the economic development of Korea and is still looking for a chance to dominate Korea again. We have to protect ourselves and we have to unite."

Fourth, Hyundai improved welfare systems and invested in the development of workers' community to induce workers' consent (Hyundai Group, 1994-a, p. 5). For example, Hyundai is giving selected workers a chance to travel abroad, especially to Japan, to show them how much Japanese workers are loyal to their firms (Chang, P. S., 1991, p. 151). More importantly, Hyundai built many cultural and recreational facilities for Hyundai workers in Dong-Ku area and has been providing various educational programs to workers and their families which have brought significant changes to urban structures and people's life style.

In sum, Hyundai workers' struggle which originated at workplaces, has inevitably and rapidly expanded to the realms of reproduction, national politics, spatial organization, culture, and ideology. In one of the most rapidly industrializing countries in the world, the conflict between labor and capital took compressed and evolutionary steps. It is a new type of war in which repressive and violent strategies and modern management and communication skills are used together.

CHAPTER VI. CONCLUSIONS

In the previous chapters, I have discussed structural and spatial conditions for the labor movement in Ulsan by focusing on the urbanization process, the production system, and the condition of Hyundai workers. On the basis of those discussions, I analyzed the process of the Hyundai workers' labor movement with some implications for social movement theories. In this concluding chapter, I focus on how the labor movement has contributed to urban changes since 1987. After doing so, I will conclude with theoretical implications for the labor movement in Korea.

A. Urban Changes and the Labor Movement

In the new urban studies, the role of proletariat as a collective actor is often missing. Especially, the impact of workers' struggle on the formation of built environments in a city are dim in Harvey's theory of the secondary circuit as Byrne argues (Byrne, 1995, p. 122):

> Secondary circuit theorists seem frequently to have lost sight …of the role of labour power in secondary circuits themselves.

Therefore, in Harvey's account, 'capital always wins, and, it seems, only capital can ever win (Massey, 1991, p. 278). Without a doubt, the formidable power of capitalism in the process of urban transformations and politics should not be

ignored. By the same token, the role of workers' struggle should not be ignored in the analysis of urban changes.

In this respect, recent urban changes that Hyundai workers' labor movement has brought to Ulsan since 1987 need to be discussed. First, the Hyundai Group constructed various facilities to appease Hyundai workers and maintain its hegemony over the space. For example, HHI constructed Hanmaeum (one mind) Cultural Center and Mipo Welfare Center in Dong-Ku area and HMC also built HMC Welfare Center in Joong-Ku (Hyundai Group, 1994-b). In those centers, there are various recreational facilities such as indoor swimming pools, gymnasiums, bowling alleys, ballrooms, restaurants, theaters, and so on (Hyundai Group, 1994-b, p. 4). Moreover, Hyundai constructed new roads, a new wholesale market for groceries, stadiums, under the name of Chung, Mongjoon, Chung, Jooyoung's sixth son, the consultant of HHI and the congressman of Dong-Ku District (Chung, M. J., 1991, p. 2-3).

All in all, the so called 'Hyundai Area' is a space which has the best cultural and recreational facilities in Ulsan City. Accordingly, the feeling of segregation between Hyundai workers and Ulsan people has intensified. As leaders of FHGTU told me, Hyundai workers and families are proudly enjoying those spatial privileges and Ulsan people are quite jealous about that. Inevitably, middle class

consciousness has been growing among Hyundai workers (interview with Han, J. H. at FHGTU). Therefore, changes in the built environments in Hyundai workers' community are by no means workers' victory over the Hyundai Group. Rather, those changes show how struggle between capital and labor expands to the realm of spatial organization, culture, and workers' life style.

Second, as discussed briefly in Chapter IV, workers' strong demand for homeownership has brought rapid suburbanization in the Ulsan area. In contrast to Gordon's observation about the history of urbanization in the U.S.A., not factories but Hyundai workers' new apartment complexes, except HHI workers' apartment complexes in Dong-Ku area, have been located in suburban areas (Hanback Newspaper <HMCTU's newsletter>, March 12, 1993, p. 6). The Impact of segregation between residential areas and workplaces on the labor movement will be observed in the near future. However, it would not contribute to the formation of solidarity and working class culture as Harvey points out (Harvey, 1985, p. 42):

> Extended individualized homeownership is is therefore seen as advantageous to the capitalist class because it promotes the allegiance of at least a segment of the working class to the principle of private property, promotes an ethic of "possessive individualism" and brings about a fragmentation of the working class into

"housing classes" of homeowners and tenants. However, I am not arguing that workers' achievement was small or unimportant. I just point out that the labor movement should be aware of the possibility of incorporation into capitalist logic.

Third, as discussed in Chapter IV, the commercial area in Ulsan has expanded quite rapidly in accordance with the improvement of workers' economic power. This phenomenon inevitably will accompany significant changes in class composition and workers' life style.

Finally, Hyundai workers are quite actively participating in urban policy making process by cooperating with other social movement organizations. For example, Hyundai unions with the Coalition for Environmental Movement in Ulsan and other social movement organizations could successfully block the construction of an incinerating factory in 1993 (Coalition for Environmental Movement in Ulsan, 1994, p. 1). Will a happy marriage between the labor movement and the environmental movement in Ulsan last long? As long as Hyundai workers maintain their hegemony in the social movement sector, it will. Otherwise, the environmental movement might remarry the middle class as seen in many western countries. When the expansion of workers' residential area and job security conflict with

environmental issues, there may be a serious fragmentation between two movement sectors.

So far I have discussed some impacts of the labor movement on urban changes in Ulsan. In the process of struggles, successes and failures intersected while the state and Hyundai adopted new strategies for incorporating the labor movement and workers into the capitalist system.

B. Theoretical Implications for the Labor Movement

As discussed above, Hyundai workers' struggles have concentrated on the achievement of 'democratic and powerful' unions. However, Hyundai workers witnessed so many betrayals by their leaders and some labor chairmen openly declared economism and company unionism as their basic direction for union activities. Recently, the Committee of Daewoo Group Trade Unions declared that it would limit their concerns to compromise and cooperation with the Daewoo Group (Korean Labor News, October 11, 1996). Workers in Samsung Group still do not have their own unions. HHI, again, is trying to separate workers from the trade union by persuading some workers that 'compromise and cooperation' is the only way to solve the problems (Korean Labor News, September 13, 1996). Therefore, it is a urgent task for the labor movement to have clear aims of union activities.

For Marx and Engels, trade unions were institutions fulfilling an essential function within capitalist society,

and that, further, they possessed the capacity, or at least the potential, for establishing the preconditions for radical social change (Moses, 1990, p.155). According to Draper, the roles of unionism in Marx's theory are 1) Elementary resistance--Trade union struggle is a struggle for humanness; 2) Defense of immediate economic interests; 3) Development of class consciousness and organization--as a mean for the unification of the working class, preparing for the overthrow of the whole old society together with its class antagonisms; 4)Training School--schools of war, the military school of the workingmen, and a school preparing cadres of workers capable of administering society (Draper, 1978, pp. 92-8).

However, they, especially Engels, eventually discovered the problem of business unionism, labor aristocracy, and cooptation, and therefore stressed the limitations of trade union organization and action, their limited effects on living standards and on class consciousness (Draper, 1978, pp. 99-110). Nevertheless, they never sufficiently elaborated the conditions under which trade unions would become revolutionary organizations and their members develop revolutionary consciousness.

There is a large body of work on the issue of the appropriate political role of trade unions. Every major socialist theorist from Marx onwards has expressed a view regarding the contradictory position of trade unions in a

capitalist society. This dual role of trade unions can be summarized as 1) the elevation of the class situation of the workers within the prevailing social-economic-political system, i.e. the pressing of class interests to improve wages, conditions, social policy and so on; b) the abolition of class society, which means in practice the elimination of the commodity character of labor, the maintenance of labor productivity with the simultaneous establishment of human dignity in the workplace, in society and in the state (Moses, 1990, p. 158).

There is a dialectical relationship in this dual role. The contradiction between raising the class level, which tends to preserve existing social structures, and the elimination of the class structure altogether, is resolved in the actual process of elevating the class level. This process is at once the precondition for and consequence of eliminating the class structure. But the trade union movement may not concentrate itself exclusively on either one of these goals; alterating emphases needs to be practiced. The concentration only on the elevation of class level of workers certainly would just contribute to maintaining the existing system.

For example, the strategy of 'encroaching control' over capital was put to the test in many advanced capitalist countries in the 1970s and 1980s. According to Kelly, this

strategy was focused on unions and workers' participation in the running of capitalist enterprises (Kelly, 1988, p. 185). Some regarded it as courageous attempts to challenge capitalist production criteria, but others argued that encroaching control over capital was a delusion. Unions would inevitably become incorporated and would cease to represent the interests of their members and mobilize them in struggle. Hyman, Panitch, Coates, and Clarke are some of those 'incorporation' theorists.

For example, Panitch regards the entry of profitability into union bargaining criteria as a type of incorporation (Panitch, 1981, p. 33):

> In terms of the effect on trade-union policy of coporatist political structures, the most general is the introduction of capitalist growth criteria within the formulation of union wage policy, the central aspect being the recognition that profit is the condition for future economic growth, including that of wage. Of course, to cast the matter simply in terms of profit is too narrow. Macro-considerations for the economy as a whole enter into the formulation of wages policy via union participation in corporatist structures.

The incorporation is achieved also by collective bargaining arrangements. Hyman points out the nature of the 'joint regulation' as follows (Hyman, 1984, p. 99):

> Yet the transformation in relationship must not be exaggerated. It is important to scrutinize carefully the nature of the 'joint regulation' which is often argued

> to have displaced managerial autonomy. ...Nevertheless, the fundamental implications of managerial control need be little less oppressive if the basic policy decisions -what sort of reasons are to count as 'good reasons', what sort of rules are to constitute the 'rule of law'- continue to be determined by the criterion of the economic interests of the employer.

Actually, the 'extended collective bargaining' strategy is naive in its belief that the forward march of collective bargaining has hither to been so far reaching that we can easily contemplate its continued, evolutionary extension into further area of corporate decision-making , such as investment, plant relocation, and other business policy issues (Kelly, 1988, p. 208). 'Industrial democracy' is an exaggerated description of the impact of unionism.

Therefore, incorporation theorists oppose the joint management and collective bargaining because it would legitimate capitalist business enterprise and its objectives, and it would make no fundamental difference to workers' interests. By being incorporated, those unions take a role of stabilizing capitalist production system.

Then, what kind of alternative strategies and roles for unions do incorporation theorists suggest? First, some of them emphasize the trade union action based on militant rank-and-file struggles. Freeman argues as follows (Freeman, 1984, p.266):

> We have to take a stand in defense of our jobs and living standards, whether in the private sector or the public sector. How the employers organise their industries and services is their problem --not ours. We simply have to insist that our livelihoods are guaranteed. The only way we guarantee our survival is fighting—and the harder we fight, the more they will be forced to concede.

In this regard, it is not accidental that HHI workers are leading the Hyundai workers' movement and have a strong influence on the labor movement in Korea. Choi, Seunghoi of FHGTU told me that there were at least 5,000 HHI workers who were ready to struggle any time. Moreover, the labor movement in Korea is still young enough to maintain its power to struggle.

Second, others insist on revolutionary, political trade unionism that will fight for workers' control of production in a fully socialist economy. For example, Panitch argues as follows (Panitch, 1978, p. 44):

> Thus ongoing workers' struggles for obtaining sufficient power on the factory floor to refuse speed-ups, arbitrary redefinitions of work rules, skills and rates, etc., must be treated as more than a negation of capitalist authority structures. They must be practically connected with revolutionary affirmation of workers' power. Today's struggles against the authoritarian factory system must become one moment in the broader assertion of the capability of workers to take control of the process of production and to organize the working process as they think best.

While accusing the strategy of industrial militancy of lacking political strategies and challenges, the revolutionary/political trade unionism rigidly emphasizes an immediate and continuous struggle for 'workers' control' without suggesting clear strategies for trade unions. In Korea, the fall of 'actually existing socialist countries' in late 1980s almost swept socialist ideologies from the society.

However, it is clear that trade unions have to take a role to deploy socialist strategies in somehow interactive ways.

As many argue (Braverman, 1974, Burawoy, 1985, Edwards, 1979), there are various mechanisms of capitalist production system which have been impeding and coopting workers' class consciousness and organizations. Strongly related to those mechanisms, there are some internal variables which influence and distort the proper roles of trade unions. To suggest future directions for the labor movement, it is necessary to discuss those internal obstacles here.

First, the trade union bureaucracy has been one of the main obstacles in the way of revolutionary union struggle. One of the most hostile --maybe too extreme-- criticisms is Trotsky's (Trotsky, 1929, p. 28):

> It is thanks to it [the trade union bureaucracy] that the whole structure of capitalism now stands upright, above all in Europe and especially in England. If there were not a bureaucracy

> of the trade unions, then the police, the army, the courts, the lords, the monarch would appear before the proletarian masses as nothing but pitiful and ridiculous playthings. The bureaucracy of the trade unions is the backbone of British Imperialism.

Even though the union bureaucracy is not the one and only barrier for revolutionary unionism as Trotsky points out, the bureaucracy as a corrosive pattern of internal social relations is a real problem. According to Hyman, bureaucracy is manifest in a differential distribution of expertise and activism; in a dependence of the mass of union members on the initiative and experience of a relatively small group of leaders (Hyman, 1985, p. 119). It seriously impedes democracy and collective action in unions. In the case of Hyundai workers' movement, workers are really sensitive to this problem since they witnessed so many betrayals by their chairmen. In a sense, Hyundai workers' unions are the most democratic organizations, in which leaders are regularly elected and chairmen who betray workers' will are expelled by workers' votes. In Korean society, even all presidential candidates have practically speaking been appointed by presidents and leaders of minority parties. In these days, The labor movement through the KCTU is challenging the bureaucracy of the FKTU.

Second, as discussed above, compromise and collaboration are included in those variables. Under the

control mechanism (Edwards, 1979) or hegemonic factory regime (Burawoy, 1985), compromise and collaboration are often regarded as the special prerogatives of union officials (Hyman, 1985, p. 120). Even though union leaders are not always conservative and sometimes more militant than union members as Kelly indicates (Kelly, 1988, Chapter. 7), compromise and collaboration are often unavoidable for union survival in a hostile environment. Actually, many Hyundai union leaders took this strategy shrinking from enormous pressure by the state and Hyundai. The danger is that a truce or a pragmatic limitation of hostilities can become transformed into a permanent peace and collaboration obscuring fundamental class conflicts.

Third, the role of the union is also hampered by sectionalism. Unionism in one industry, hostility among workers to other workers' strikes, internal conflicts inflated by labor market mechanisms and work control (Rubery, 1978), and segmentation of workers by skills are some examples. When hierarchy within the working class is replicated within trade unions, trade unionism not only reflects but actually reinforces divisions and antagonisms within the working class.

Finally, there is the familiar economism discussed earlier. For example, business/enterprise unionism (Edwards, 1986), which is commonly applauded in the US, is an

example of economism, a segregation between union strategy and working-class politics. It excludes any meaningful attention to the possibilities of social transformation.

Facing all those coercion, work control, manufacturing consent, factory regimes, and internal obstacles, what do trade unions have to do to achieve their principal goals? As Hyman insists, there is no uncontradictory and irresistible iron law (Hyman, 1985, p. 123):

> The contradictions inherent in trade unionism --as in the experience and consciousness of workers within capitalist society--create space for socialists. The malleability of unions is doubtless limited: many appear rigid and ossified institutions. But in any union there is some scope for members to fight for more democratic patterns of internal relations; for more radical aims and imaginative forms of struggle; for strategies which broaden solidarity among different groups of workers; for policies informed by socialist politics.

Here, I suggest some implications for trade unions to implement their principal roles. First, the trade union is not a prerequisite for struggle but merely one possible vehicle of collective worker action. Therefore, it must be informed by workers' current experiences and aspirations, their hopes and fears, their grievances and enthusiasms. Certainly, it needs to develop communication networks and strategies for its members. Especially, Hyundai workers need to develop existing small group communications more actively

and have their own broadcasting system in their companies to challenge Hyundai's cable television system. Given the situation that even high school students are running radio broadcasting systems in their schools, it does not make sense that hundreds and thousands of Hyundai workers do not have their own medium to share common concerns and issues together.

Secondly, as Kelly argues, for revolutionary unionism, the problem of sectionalism is not its existence per se, but its lack of articulation with corporate and hegemonic aspirations (Kelly, 1988, p. 146). It is essential to coordinate activity, demands and interests, but solidarity can not be artificially imposed. Any strategy to unify disparate and fragmented struggles must proceed from the grassroots upwards. With this principle, for example, unions need to develop a strategy for organizing and facilitating the active participation of internal subcontracting workers and female workers in their activities.

Third, in the case of Hyundai workers' struggle, strikes have been an important way of expressing resistance by union activists even when strikes bear no necessary relationship to political radicalism. Wood emphasizes the importance of strikes and direct struggles, in her writing of the miners' strike in England, as follows (Wood, 1986, pp.. 183-4):

> The strike has demonstrated--as the labor movement has done so often before --how "merely economic" class struggles, even when their objectives are limited, have a unique capacity to alter the political terrain and to unmask and confront the structure of capitalist power, the state, the law, the police, as no other social forces can do. It has demonstrated yet again how it expands the horizons of struggle, repeatedly breaking through the barriers between the "economic" sphere and the "political".

Fourth, Much more attention has to be given to the process of political education, upwards and downwards in the labor movement, in relation to the broad complex of social relations that touch on workers' lives. Especially union activities for the community and working class culture should be developed in consideration of cultural, ideological, and spatial countermeasures of the state and Hyundai. For example, Hyundai unions have to start collecting information of and experiences in new changes from workers and communities together and developing much more interactive communication networks. Especially, using traditional culture and community resources for union activities and movement culture is a powerful strategy. For example, intimate friendship, tradition of cooperation in rural communities, and mutual sharing may be still alive in Korean workers' minds.

As a conclusion, I would like to reemphasize the importance of democracy and autonomy in workers' lives and

the society - goals every labor movement should aim at. To do so, it is to challenge the capitalist system which is the main obstacle on the way of true democracy as Wood argues (Wood, 1996, p.4):

> Since there's no way of recovering the social content and the active popular power of democracy within capitalism, since there's no way of extending democratic rights into the spheres cut off by capitalism without destroying capitalism by that very act of democratic expansion, I guess I would say that, in the modern world, democracy has to be synonymous with socialism.

Certainly, the labor movement in Korea, one of the 'newly industrializing countries', is developing. How long can it last without a distortion in the formidable capitalist world-system? It probably depends on how many audiences it is getting in the world. It is time for Korean workers to talk to the world. It is time to ask, "Who is listening to us out there?"

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[1]. Number of unions decreased from 7,861 in 1989 to 7527 in 1992 while union members decreased from 1,402,106 in 1989 to 1,323,521 in 1992. Ministry of Labor, 1993, p. 290.

[2]. For a theoretical argument on this point, see McKeown, 1987, pp. 192-214.

[3]. For example, many analyses of Korean labor movement have been misled by the national statistics on the unionization rate, union memberships, the labor disputes and the income distribution, etc., which were strictly

screened by the state and reported to the ILO. Actually, ILO makes it clear that its data cannot be comprehensive and perfect. For example, as a principle of collecting data, "Disputes of small importance and political strikes are frequently not included in the statistics. ...The data do not cover 'workers indirectly affected', i.e., workers who, though not parties in the dispute, are thrown out of work within the establishment directly affected by the stoppage of work." (ILO, 1986, p. 919).

[4]. The Kennedy administration was supporting Myon Chang's administration which was ideologically liberal and politically close to the US. In addition, the US was skeptical about General Park's ideological background since he had been involved in the communist soldiers' riot before Korean War. To Korean people, the coup was hardly justifiable since Chang's administration was democratically elected by them after the civil victory over Rhee's dictatorship.

[5]. In 1963, General Park was elected as a president and the Third Republic started. Therefore, those organizations had to be reorganized under the new administration.

[6]. See Gottdiener and Feagin, 1988.

[7]. The "Foreign Capital Inducement Promotion Act", which regulated tax benefits for those investing foreign capital, eliminated certain discriminatory measures aimed at foreign investors and issued guarantees for investor's remittances of their principal and earnings, was passed in 1960 and amended in 1961. Moreover, the state established the "Law for Repayment Grantee of Foreign Borrowing" and the "Special Law to Facilitate Capital Equipment Imports on a Deferred Payment Basis" in 1962. In addition, Korea joined international financial institutions like the IBRD, the IMF and the IDA in order to grantee a steady source of public loans. Moreover, the state normalized relations with Japan in 1965, and this opened new channels for public and commercial loans. All in all, the state took every possible step to induce foreign capital.

[8]. Ibid, p. 383.

[9]. Actually, Hyundai and Lotte won some cases at the court.

[10]. There could be some differences in numbers of firms and workers due to the different points of time the data were collected by different institutions. However, the differences are too slim to distort the general figure.

[11]. Hyundai Engine Company, of which workers led the labor movement in 1987 and 1988, was merges into HHI. In addition, Hyundai Construction Equipment Industrial company and Hyundai Engineering Company were merged into HHI at the end of the year of 1993.

[12]. For example, Lipietz argues that peripheral fordism based on Taylorist labor control follows the tendency toward underconsumption which becomes a stumbling block to further economic growth, as it is in the core (Lipietz, 1987). Amsden criticizes Lipietz by arguing that 1) Korean economic growth has been much more relied on the exportation (international market) than internal market; 2) the wage increase has been fast without undermining competitiveness with faster productivity growth; 3) the labor control in the large companies has not been Taylorist (Amsden, 1990, "Third World Industrialization: 'Global Fordism' or a New Model?", New Left Review, No. 182, pp. 12-13.

[13]. Others are Samsung Group and Daewoo Group.
Table A shows net assets and investments of the top ten chaebol and their 374 subsidiaries as of 1994. Table B shows percentages of 'family-owned equity' -held by major shareholders, family, and subsidiaries- in the Chaebol in 1993 and in 1994. It shows the increase of the percentage in Hyundai. (Tables are cited from Kirk, D. 1994. P. 356)

Table A: Chaebol Assets and Equity

(million dollars, $1=805 Won)

Group	Net Assets	Investments
Hyundai	7,163	2,027
Daewoo	6.084	1,969
Samsung	5,973	1,168
Lucky-Goldstar	5,060	1,308
Sunkyung	2,836	1,153
Ssangyong	2,658	545
Lotte	2,157	294
Kia	1,927	246
Hanhwa	1,134	485
Hanjin	1,064	319

Table B: Family-owned Equity in the Chaebol

(percentage)

Group	1993	1994
Hyundai	57.8	61.3
Daewoo	46.9	42.4
Samsung	52.9	48.9
Lucky-Goldstar	38.8	37.7
Sunkyung	48.6	50.9
Ssangyong	36.7	33.8
Lotte	23.2	23.8
Kia	21.4	22.7
Hanhwa	36.8	33.8
Hanjin	46.6	43.9

[14]. For example, more than 15 percent of total product lost from Strikes at HMC in 1988 was from strikes at subcontractors (Park, H. K. 1989, p.39).

[15]. Ibid., p. 9.

[16]. There was a Labor-Management Council in HMC just like other firms. The function of the Labor-Management Council, however, strictly confined to so called 'cooperation' and 'industrial peace' between labor and management. The council cannot be used as a place for collective bargaining according to the "Labor-Management Council Steering Regulations".

[17]. For example, Hankang Industry, which is a member of HHICA, is actually run by the executive manager who is a former HHI officer at the Department of Quality Control. Hankang, which went bankrupt in 1986, suddenly became a major supplier of ladders, ladder platforms, and track ways after scouting the manager from HHI. It is located in Kyungjoo area which is just 33 kilometers far from Ulsan. It could get a bank loan to buy the factory site there which was arranged by HHI. To get an intimate and informal connection to parent firms is really crucial for subcontractors in Korea (Munhwa Ilbo, Feb. 28, 1994).

[18]. HHI workers say they cannot see each other because of gas and dust when they are welding inside blocks. Committee for the Election of Working Class Candidate, Kim, Jin-Kook

as A Congressman, 1988. Your victory is Our Victory, Seoul: Cheonji Publisher, p.27.

[19]. Daewoo Shipbuilding Industry is most famous for industrial accidents in Korea. In 1985, there were 1312 accidents in Daewoo dockyard which means almost 10 percent of workers were involved in accidents. Park, J. S., 1992. A Study of Labor Relations in Korean Large Firms, Seoul: Paiksan Seodang Publisher.

[20]. For example, Toyota's investments in research and development in 1993 was almost same as total investments made by all manufacturing companies in Korea in the same year. Toyota invested approximately 40 billion and 73 million dollars while Korean manufacturers, all together, invested 40 billion and 421 million dollars. (Chosun Daily, April 4, 1995).

[21]. For Tokyo's functional primacy, see Hill, R. C. and K. Fujita, "Osaka's Tokyo Problem", International Journal of Urban and Regional Research, Vol. 19, No. 2, 1995, pp. 181-193. For Seoul's functional primacy, see KOCER, Overview of Seoul Metropolitan Area, 1995, Seoul: Hanul Publisher. According to the book, 58.4 % of total firms, 54.5 % of total employees, 64.9 % of total bank deposits, 50.4 % of universities, and 49.9 % of hospitals are concentrated in Seoul Metropolitan Area.

[22]. For example, Hyundai Group acquired vast land at 2~3 cents per 'pyong' (3.3 square meters) when it came to Mipo area. In 1975, the price for 1 square meter of factory sites in Mipo area jumped to about 10 dollars. Now, the price is about 800~1,000 dollars. Ulsan City Hall, Basic Survey Materials for Urban Planning Readjustment in Ulsan, 1975, p. 148-149. Korea Housing Public Corporation, Handbook of Housing Statistics, 1993, p. 200.

[23]. As shown in Table 4-4, amount of bank loan in Ulsan far exceeds that of nation and Seoul. Especially, households which have their own apartments or rent apartments seem to have much more burden of loans than others.

[24]. UCCI, 1992. Survey Report on the Condition of Exporting/ Importing Firms in Ulsan, Ulsan: UCCI, p. 53.

[25]. See O'Connor, J. 1973. The Fiscal Crisis of the State. for dilemma of the state between the need of social

expenditures to maintain capitalist system and its legitimacy and increasing fiscal burdens.

[26]. Classifying the whole population by class is not an easy work especially when there is no data on the employment by sophisticatedly defined occupations. Therefore, This table only can show a general figure of class structure in Korea. Main problem in the table is that some people classified as new middle class may be actually classified as working class or capitalist because the data classified all office workers as one category.

[27]. A recent change in Korean administration system should be noted. Korean people, for the first time in Korean history, could elect local administrators such as mayors, ward heads, and governors of province in 1995. It is expected that the local self-government system would bring much more democratic life to Korean people in the future as well as much power for local governments.

[28]. Onsan, which lies to 20 miles south of Ulsan, is a nonferrous industrial district. There are more than 12 factories which produce copper, aluminum, lead, and so on. Onsan became suddenly famous for a unknown disease in 1985, which is now called as 'Onsan Disease'. The disease starts with body aching and ends up with general paralysis. More than 1,000 people suffered from the disease, and 2,369 households had to leave under the threat of disease. (See for more details, Korea Institute of Pollution Problems, 1986. Mapping the Pollution in Korea, pp. 51-119)

[29]. See, for more details, appendix 1.

[30]. According to the Bank of International Settlements, average wage per hour in Korea was 4.38 dollars as compared to 20 dollars in Germany, 14.04 in Japan, 12.52 in the USA, and 4.81 in Taiwan. Non-wage cost in Korea was 0.55 dollar as compared to 7.58 in Sweden, 3.65 in the USA, and 0.77 in Singapore. Total labor cost in Korea was just 30.5 percent of those in the USA and Japan. The labor cost per unit, which means the cost to produce a same unit as compared to the cost in the USA as 100, was 47.0 in Korea, 171.2 in Germany, 165.9 in Japan, and 81.2 in Taiwan (Hankyureh Shinmun, Feb. 27, 1994).

[31]. Lee, Suwon, 1994. The Labor Movement in Hyundai Group: Its Dynamic History, Seoul: Daeryuk Publisher. This book

was written by a movement activist who actually worked for Hyunchongryun and at HMC. This book conveys workers' enthusiasm and dynamic activities for the movement quite well. (written in Korean)

[32]. There was a reason why they had to proceed organizing a union secretly. According to the "Trade Union Act" Article 3-5, "...however, in cases of described in any of the following Subparagraphs, this definition (of Trade Union) shall not apply: ...5. When the organization has the same organization as an existing trade union, or it aims to interfere with a normal operation of such union. Therefore, once the firm organizes a yellow union, workers cannot organize their union. In extreme case, there is a union which has only several dozens of members in one of Samsung companies where thousand of workers are employed. Actually, HHH and HMC workers had to struggle with this problem when they tried organize a union as will be discussed later. (Ministry of Labor, 1995. Labor Laws of Korea, Seoul: MOL., pp. 3-4.)

[33]. Article 12-2 of the Trade Union Act and article 13-2 of the Labor Dispute Adjustment Act define "Prohibition of Intervention by Third Party" as follows: " No person except for workers who have a direct employment relationship with the employer, the trade union concerned, or other persons duly authorized by laws or regulations shall manipulate, instigate, obstruct or intervene with intent to influence the concerned parties in the establishment or dissolution of a trade union, joining or leaving a trade union, or in collective bargaining with the employer: provided, that in a case of a federation of trade union or an industrial federation of trade union to which the union is affiliated, it shall not be considered to be an interference of the third person. Ministry of Labor, 1995. Labor Laws of Korea. This provision has been used as a powerful measure by the state and capital to block workers' solidarity and activists' help for unions.

[34]. Actually, intellectuals and students were divided by two groups; one was supporting for Kim, Youngsam and the other one was favoring Kim, Daejoong as a presidential candidate. After all, two Kims both ran for the presidential election in 1987 and had to taste the bitterness of disunion by presenting the position of president to Roh, Taewoo.

[35]. For more discussion of the positive role of Confucianism in the process of economic development in East Asian

countries, see Chan, S. 1990. East Asian Dynamism, Boulder: Westview.

[36] . Kim gained 22,641 votes (30.6 %) while Chung bought 40,253 (54.4 %). On the election day, 12 unofficial poll boxes were found and HHI paid worker unplanned bonus equivalent to a monthly income. (Committee for the Election of Working Class Candidate, Kim, Jin-Kook as A Congressman, 1988, pp. 236-239)

[37]. KwangJoo People's Uprising in May, 1980 was officially named as KwangJoo Democratization Movement by the congress in 1988 after another comrade Noh, Tae Woo was elected as the president. However, still many people are likely to define the KwangJoo Uprising as People's Democratization struggle. Their point is simple; the protagonist was people and it was not a movement but a warlike struggle. Some people compare it to 'Paris Commune'.

[38] . Economic losses for both workers and Hyundai were enormous. Orders canceled for three ships for which HHI had contracts for more than 100 million dollars and talks suspended on another 12 ships. In addition, HHI lost one million dollars a day the yard lost by standing idle, delaying work underway. HHI workers lost nearly 20 million dollars in four months' wages. Of course, subcontractors and their workers had suffer from the long strike at HHI. All in all, total losses, including damages to subcontractors and other costs, were about 1.2 billion dollars (The Asian Wall Street journal, April 14-15, 1989).

[39]. 424 unions from 14 regions with 166,307 workers participated in the KTUC. (KLI, 1991).

[40]. Lee, Sangbum proudly finished up his two year tenure of office in 1991. His insistence on economism produced a new word, 'Lee, Sangbum Syndrome' to the history of Korean labor movement. (Kim, W. J., 1991, p. 129; Lee, S. W., 1994, p. 272).

APPENDIX

APPENDIX A

A COMPARISON AND EVALUATION OF 74 KOREAN CITIES (1995, FOUR CITIES SELECTED)

APPENDIX A: A Comparison and Evaluation of 74 Korean Cities (1995, Four Selected Cities)

(ranks in parentheses)

	Seoul	Pusan	Ulsan	Changwon
1. Population Density (person per Km^2)	18,121 (74)	7,350 (70)	4,145 (58)	3,094 (54)
2. Water Pollution (index)	18.1 (24)	67.4 (70)	71.8 (71)	73.2 (72)
3. Medical People (No. per 10,000 persons)	55.1 (19)	38.4 (33)	37.2 (45)	24.3 (69)
4. Rate of Green Land (%)	25.7 (64)	76.1 (29)	61.4 (45)	74.9 (31)
5. Pharmacy (No. per 10,000)	6.56 (9)	4.20 (54)	3.71 (65)	3.04 (71)
6. Rate of Air Pollution	53.72 (64)	55.37 (66)	62.73 (71)	42.38 (43)
7. Fire (No. per 10,000)	4.74 (47)	3.02 (13)	3.47 (24)	2.85 (9)
8. Merrymaking Place (No. per 10,000)	1.47 (7)	3.39 (22)	9.35 (53)	7.81 (43)
9. Crime (No. per 10,000)	287.11 (29)	154.23 (14)	362.44 (48)	94.70 (9)
10. Felony (No. per 10,000)	1.94 (20)	1.66 (11)	4.25 (65)	2.15 (26)
11. Traffic Accident (No. per 10,000)	47.00 (4)	58.06 (11)	77.05 (30)	68.02 (22)
12. Policeman (No. per 10,000)	22.52 (36)	19.58 (42)	14.58 (59)	11.52 (66)
13. Fire Fighting Equipment (No. per 10,000)	0.45 (71)	0.52 (70)	1.00 (52)	0.88 (56)
14. Private Educational Institute (No. per 10,000)	10.78 (40)	11.98 (30)	17.61 (2)	11.13 (38)
15. Quorum of Universities (No. per 10,000)	264.33 (31)	225.84 (32)	189.00 (35)	174.85 (36)
16. Students per Class	48.3 (64)	45.3 (42)	46.7 (56)	46.8 (58)
17. Quorum of Welfare Facilities	11.78 (51)	23.36 (32)	2.83 (68)	4.39 (63)
18. Welfare Expenditure (million Won)	780,751 (1)	224,326 (2)	20,170 (12)	19,950 (13)
19. Rate of Going to College(%)	53.6 (67)	69.9 (30)	74.8 (18)	58.4 (44)
20. Degree of Financial Independence (%)	98.4 (1)	85.2 (11)	96.6 (2)	87.4 (8)

Continued from the previous page

	Seoul	Pusan	Ulsan	Changwon
21. Annual Expenditure per Person (Won)	313,530 (67)	354,000 (66)	656,000 (44)	876,000 (22)
22. Recent Inclusion of Adjacent Area (Yes=1, No=0)	0 (36)	0 (36)	1 (1)	1 (1)
23. Tenement Fee for 25-Pyong Apt. (10,000 Won)	5,000 (74)	4,300 (70)	3,000 (36)	3,600 (67)
24. Average Cost for Regular One-Stop Shopping (Won)	29,750 (24)	26,320 (20)	29,810 (52)	29,300 (44)
25. Employment Rate (%)	96.7 (51)	96.7 (51)	98.5 (34)	98.5 (34)
26. Housing Supply Rate (%)	67.0 (59)	67.0 (59)	70.6 (54)	76.7 (39)
27. Water Supply Rate (%)	99.9 (1)	98.1 (8)	91.0 (42)	84.0 (60)
28. Average Driving Speed (Km/hour)	13.1 (72)	12.4 (73)	25.0 (50)	60.0 (1)
29. No. of Markets and Department Store	0.40 (31)	0.43 (27)	0.45 (24)	0.73 (4)
30. Average Speed per Administration Service (seconds)	55 (2)	112 (28)	136 (32)	80 (10)
31. LNG Heating Gas Supply Rate (%)	50.6 (6)	18.7 (33)	27.3 (25)	48.1 (7)
32. Fixed Seats of Cultural Halls (No. per 10,000)	31.45 (45)	26.92 (49)	79.48 (21)	58.39 (28)
33. Fixed Seats of Movie Theater (No. per 10,000)	74.80 (37)	62.21 (42)	56.53 (46)	17.88 (67)
34. Exhibition Space (pyong per 10,000)	12.60 (26)	26.92 (11)	12.47 (28)	59.69 (6)
35. Books in Public Libraries (No. per 10,000)	1829.10 (45)	1990.27 (41)	1631.62 (47)	2168.03 (28)
36. Bookstore (No. per 10,000)	1.15 (52)	1.36 (51)	2.15 (24)	1.69 (36)

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