The Formation and Historical Changes of Ulsan in the Twentieth Century: Industrial City, Company Town, and Workers’ City*

Hyung-Geun Yoo**

The purpose of this paper is to highlight the formation and the historical changes of Ulsan in the twentieth century with “industrial city, company town and workers’ city” as its keywords. The modernized Ulsan began with the idea by Japanese businessmen during Japanese colonial rule in the late 1930s and it was selected as a planned “industrial” city in the Economic Development Plan by the military regime in the 1960s. Ulsan was developing as a newly emerged industrial city and a huge change occurred when the sizable investment from Hyundai Group began to flow in the 1970s. This provided an opportunity for the city to really look like an “industrial City” with the nickname of “Hyundai City.” However, the local community governance of Ulsan remained perfunctory. It was the worker’s fight and the consequential democratization of labor-management relations that brought the new regional governance. As a result, Ulsan was given a new identity, “Workers’ City.” However, the full-time employees of conglomerates moved up the ladder from the outsider of “Hyundai City” to its internal members; and they became a part of the corporate community. This strengthened the conglomerate hegemony which ruled “Hyundai City.” The division of labor and corporate hegemony strengthened each other. Ulsan’s identity as a workers’ derived from the challenge and resistance toward the identity of government-led industrial city and corporate-ruled company town; however, the once existed political potential is dissipating due to the divide in

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** Research Professor, Department of Sociology at Ewha Womans University.
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1. INTRODUCTION

This year marks the 50th anniversary that Ulsan was selected as a special industrial complex by the military regime of former President Park Jeong-hee. As its nickname, “industrial capital”, suggests, Ulsan is the symbol of South Korea’s economic development and many celebratory events took place to celebrate the anniversary along with a myriad of regional publications of the past, present and future of Ulsan. Without exception, the articles shine a light on President Park who selected Ulsan as the special industrial complex as a part of the 5-year Economic Development Plan as well as the late Chung Ju-yung, the founder of Hyundai group who chose Ulsan as its entrepreneurial home ground. In this discussion, Ulsan is portrayed as a result of collaboration between the government and conglomerates. However, whether it be an industrial city or company town represented by the name, Hyundai City, it shows that Ulsan was formulated by political and economic influence from outside the city. In that regard, Ulsan serves as a notable example of formulated space out of not the internal but external necessity in modern South Korea.

However, contrary to popular belief, the origin of such city formulation is not 1962 when President Park appointed the city to be the special industrial complex. The idea for modern Ulsan originated from a business plan by a certain Japanese capitalist with a government background in the late 1930s and the colonial power who supported and sponsored the plan (S.G. Han 2012). Details will be discussed in the main text. In summary, Ulsan was selected as a strategic location that connects the Pacific Ocean, Japan, Joseon Dynasty, Manchuria, and China economically and tactically especially when Japan was at its peak due to Sino-Japanese war and the Pacific war. In the 1960s, Ulsan has been fostered as an important industrial hub which connects the U.S., Japan and South Korea under the new U.S.-oriented global order. In
this regard, it is not difficult to assess that the destiny of 20th century Ulsan was controlled by the external power remote from the city.

For 50 years since the industrial identity of Ulsan was formed in the 1930s, this exertion of external power was not interfered by any (K.T. Park 2011). However, Ulsan embarked on changes as the democratic movement emerged in the late 1980s. The workers’ movement which originated in Ulsan completely upended the existing city order of Ulsan which originated from the colonial power of the late 1930s as well as the capital investment by Hyundai Group in the 1970s. The demands of the workers which began in 1987 were rather simple. What they wanted was that “we, too, want to live here with dignity.” They no longer wanted to wander and wanted to settle down. They no longer wanted exclusion and wanted a share in the newly found wealth in the city. The challenge and the resistance from the grass root ultimately brought upon social changes in Ulsan, the company town. For the next 10 years, the cash that ruled the company town successfully regained its control by meeting the challenges. The workers began to be a part of the company in the order that were closest to the ruling corporate and those who are distant from the core capital began to be even further isolated. The new divide was born between those who were excluded and those who succeed to side with the corporate in this company town.

The aim of this article is to shine a light on the formation and changes of 20th century Ulsan as Industrial City, Company Town, and Workers’ City from a historical point of view. Chapter 2 will discuss how Ulsan as an industrial city first emerged under the Japanese colonization at the end of 1930s, and how it evolved into Ulsan in the 1960s under the military authoritarian regime. Hyundai Group began to pour in cash into the city starting in the 1970s, and city became a company town, also known as, Hyundai City. If the name “company town” refers to where the regional economy is controlled

1 “Workers’ City” in this article refers to a city where industrial workers compose a majority of the population of which a majority is in unions, and where the labor movement holds a strong power. In Korea, Changwon is another worker’s city. In other countries, the 20th century worker’s city examples can be Manchester, Glasgow, Liverpool of the U.K., Eastern skirt of Paris, also known as the “red belt”, Torino of Italy, Vienna of Austria, Dusseldorf of Germany, and Detroit of the U.S. (Cronin 1980; Nolan 1981; Oestreicher 1986; Hobsbawm 1987; Kirk 1991).
by a small number of or a single conglomerate yielding certain political power in the community, then Ulsan as a company town began in the 1970s. In Chapter 4, the challenges from the workers and the changes in the nature of company town will be discussed. In post-1980s, democratic movement and the labor movement flourished which meant that the regional hegemony controlled by a single conglomerate had to change. The restructuring of the regional hegemony will be reviewed with the example of “Hyundai City” as well as its impact on the attitude of workers in a company town.

2. THE BIRTH OF ULSAN AS AN INDUSTRIAL CITY: COLLABORATION BETWEEN DEVELOPING NATION AND COLONIAL NATION

The vision of Ulsan as a modernized industrial city originates from a Japanese capitalist in the late 1930s. He saw Ulsan as a connection between inner land and a continent as well as a connection point for petroleum supply for the Japanese Empire. The idea of reemergence of Ulsan which appeared after the Sino-Japanese war was substantialized by the military regime of the former president, Park Jeong-hee, who appointed the area as a specialized industrial complex. Thus, it is safe to say that the birth of Ulsan as an industrial city is owed to the greed of Japanese colonialism which was materialized by the execution of the authoritarian government of a developing country. The plan to make Ulsan an industrial city was first established by Suketada Ikeda (池田佐忠, 1885~1952), a Japanese capitalist with a tie to the empire who was also called “the king of land reclamation.” He first came to, then, Joseon, and after serving the military terms in 1916, he began land reclamation business in the mid-1920s. He expanded the business into port infrastructure construction, petroleum, and industrial city construction which turned him into a wealthy capitalist. He had relations with the Oriental Development Company as well as the military and the government. Using this ties, he began the reclamation work in the South Port and Jeokgi Bay in Busan, and shifted his focus to Ulsan in the late- 1930s (S.M. Bae 2012). In 1938, Ikeda filed for reclamation license to build a city in Ulsan, and filed a patent for
Ulsan City Plan in 1940. The reclamation construction began in 1943. In details, he filed for reclamation license to the Japanese Government General of Korea in 1938 to fill up 3,570,264m2 in Daehyeon-myeon, Ulsan. In 1939, he established a plan for the “2nd Gwanbu Ferry” which connects Yuya Port of Yamaguchi Prefecture of Japan and Ulsan Port of Joseon. In 1940, he created a plan for “Ulsan Industrial City Plan” with a population of 500,000. The idea of Ulsan for Ikeda was a means to create the second transport route between Japan and the continent as well as an industrial complex for the military advanced base to conquer Asia. The following is an excerpt from Ikeda.

Ulsan is … very useful as both land and maritime route due to its location which is at the center of Japan, Manchuria and China. … By developing Ulsan, we will have a new city, a military base which enables a transport to the continent, and production base. This will strengthen our national power and I believe this is the calling that was sent to me from God. That is why I am doing my very best to make this happen. … From the national perspective, in order for Joseon to do its full duty as an advanced base for conquering greater Asia, a production base of 2.5 billion won is ideal. I believe Ulsan can be accountable for 1 billion and that is the core part of my plan. By creating 9,917,400m2 of coastal industrial zone with 00000 m2 of hinterland, we can create a new city in which 500,000 people can dwell….  

Ikeda included in the “Industrial City Plan” the condition analysis of the location such as transportation, geographical features, climate, industrial water supply, electric power, oil supply, industrial type, and labor, and the land utilization plan (refer to <Figure 1>) for Ulsan and Bangeojin-eup, Hasang and Daehyeon-myeon areas, “Yuwool Connected Network Base Plan” to replace the existing Gwanbu ferry route, as well as the railway construction plan to create a connection through Kyeongbu Line, Central Line and East Coast Line (S.G. Han 2012). The Ulsan that Ikeda planned right after Sino-Japanese war broke out clearly included Ikeda’s intention to foster Ulsan.

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1 Suketada Ikeda, 「蔚山都市計劃創設」, 「油蔚連絡基地蔚山港創設」(28 April, 1943). Re-quoted from S.G. Han (2012, 38-55). This material was created and distributed by Ikeda to promote the cause of Ulsan development, and the original document is discovered by Professor S.G. Han of Ulsan University at an old bookstore in Ganda, Tokyo. The ownership of the document remains with Prof. S.G. Han.
as a new industrial city based on oil refinery to fulfill tactical and strategic purposes, and such idea was being materialized under the consent of the colonial Japan.

The Ulsan industrial city plan did not remain as a plan, and part of the development such as plant site renovation, plant construction, and infrastructure alignment actually took place from 1943 to the liberation of Korea in 1945. The significance of this fact is that this is the historical origin of Ulsan industrialization which began in 1962. The development of Ulsan which took place with 20 years of gap shows the historical continuity as described below.

First, the land reclamation business to renovate the plant site began with the Joseon Harbor Construction Company which was founded by Ikeda and Oriental Development Company, and participated by Joseon Oil Company and Ulsan Construction Limited Company. To realize this, Oriental Development Company purchased 3603322m2 around Yeocheon, Gosa, and Maeam-dong area, and sold it to Joseon Harbor Construction Company and Joseon Oil Limited Company. This land became state-owned after liberation,
however, it became private corporate-owned after Ulsan was designated as a special industrial complex in 1062. The existence of vast state-owned land was a significant factor for the military regime at that time to designate Ulsan as the special industrial complex in 1962 due to the lack of financial struggle.³

Second, a refinery plant of 495870 m² in size was built around Gosa-dong area in February 1944. This was to reduce the oil transport distance and as a part of Wonsan factory facilities removal plan after the Pacific War. Joseon Oil Limited Company moved some of the facilities of Wonsan refinery to this site (D.W. Kim 1989, 181; Ulsan Chamber of Commerce 1981, 145). However, as the war came to a close, the refinery construction work, which was around 70% finished, was halted. The completion was tempted a couple of times after the Korean government was established, but never realized due to the lack of financial resources. It was finally finished in 1963 after Joseon Oil Company became state-owned, the Korea Oil Corporation (S.S. Kim 2007, 56).

Third, other infrastructure organization for ports and railway took place in 1940. With the shifting construction of Joseon Oil Company, a wharf was additional built in Jangsaengpo harbor which is now, the 2nd pier of SK. As the industrial complex construction began, a boat-train railway was planned and partly built connecting Ulsan Station and the plant site (M.J. Lee 2008, 38-39). This railway connected Ulsan port-Ulsan station, Gosadong Refinery plant-Ulsan station, Jangsaengpo harbor-Ulsan station, which means that Ulsan station connected to Kyongju Line and Jungbu (center) line. Since the 1930s, the Japanese empire began its aggressive imperialism after the Manchurian Incident and Sino-Japanese war, and this was the main cause of the changes in the colonized city and the city network in the entire empire (B.K. Kim 2009). During this process, Ulsan was selected by the colonial power for many reasons such as supplementing and replacing a cross-channel liner between Busan and Shimonoseki, dispersing the Wonsan refinery plant and supplementing refinery facilities, and fostering new industrial complex for the Greater East Asia War, and the city was, in fact, being built for a couple

³ Petrochemical industry which led the early Ulsan industrialization began with the government selecting the site in 1967. The government ran site validity review for Ulsan, Incheon, Bi-in, Yeosu, and selected Ulsan due to the fact that an oil refinery was already in place in Ulsan and the city barely cost expropriation fee. (S.S. Kim 2007, 59).
of years before the liberation. The “incomplete Ulsan” receives attention again by Park Jeong-hee’s military regime 20 years later.

On January 17, 1962, the military government selected and announced Ulsan as the special industrial complex through the Cabinet Order #403. Such action was made only after 2 weeks since the announcement of the 1st 5-year Economic development plan on January 13 of the same year. It means that Ulsan was selected in 2 weeks after the location selection began to fulfill one of the basic objectives of the 5-year plan which was to supplement key industries and SOCs. It is known that, behind Ulsan's selection, the meeting between Jeong-hee Park and the business leaders at the time in Busan played a significant role (Ulsan Chamber of Commerce 1981).

Within a month of this meeting, the selection was made without any systematic analysis and review, and the reason can be found in the industrial complex plan made in 1940s which I discussed earlier. The development of Ulsan happened very quickly. A week after the selection announcement, Park Jeong-hee attended the development commencement ceremony and praised Ulsan as the symbol of “modernization of Korea” and assessed

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4 After the 5.16 coup, the members of the Federation of the Korean Industries were pointed as the illicit fortune makers, and they asked government to construct plants using the illicit fortune and contribute back in stock. They officially asked Ulsan to be the plant site during this meeting. Byeong-cheol Lee who was the chairman of FKI at the time is said to have emphasized the advantages of Ulsan in terms of location conditions (Refer to articles in Kyeongsang Ilbo, 6 February, 2012). The article includes testimony by Young-gil Sohn, the close staff of Park Jeong-hee, who was present at the meeting.

5 The core connection between Ikeda’s Ulsan development plan and Park Jeong-hee’s selection is Kyeong-mo An (1917-2010) who served as the deputy Construction minister and Transportation minister during the 1960s. He served in the railway department in the Japanese Government-General of Korea, and became core member of transportation, engineering and construction department after the liberation, and became a core official in the National Construction agency, Construction ministry and Transportation ministry in the 1960s. He became the second head of the agency in October 1961, and worked as the team leader of industrial site selection team in early 1962. Also he was the special construction team leader during the Ulsan development (S.G. Han 2012, 27-28). According to Park Jeong-hee Biography, Ikeda discussed with Kyeong-mo An during the Japanese colonial period, and he led the oil supply base construction in Ulsan during the Korean war (G.J. Jo 2000, 64-66).
The Formation and Historical Changes of Ulsan in the Twentieth Century

Ulsan development as the determining success factor of the “revolutionary government” (Ulsan Chamber of Commerce 1984, 151). The development plan at the time shows that 4 sectors, steel, petrochemical, fertilizer, thermal power generation, were planned and the city was planned to have 500,000 residents by 1986. (Ulsan Development Plan Center 1962). The government created a Ulsan Special Construction Agency to develop urban infrastructure and key industries. The central government created infrastructure through the special agency until it closed down in June, 1976. As discussed so far, Ulsan as the industrial city was first conceptualized under the colonization and realized by the authoritarian government. The industrialization of Ulsan was not the result of microscopic policy decision based on comparative advantage with its resources, but the result of macroscopic development plan by the government. In other words, it was a result of external force from Ikeda’s plan to government power. Ulsan is the first example of growth pole strategy which was discussed in the developmental economics in the 1950s and 1960s. In essence, it is based on an imbalanced growth theory in which the resource deployment is maximized on the growth pole city, and the effect of economic development is distributed nation-wide afterwards (H.S. Lim 1984). Thus, the industrialization of Ulsan during each period excluded the will of its residents and local enterprises, and was a sole result of the economic development plan by the government-conglomerate alliance. In terms of scale, Ulsan development was at national scale both in terms of its birth and the development.

3. HYUNDAI CITY, MODERNIZED BY HYUNDAI GROUP

Ulsan which was selected as a growth pole by the government at a national scale went through a significant changes in its local economy and space in the 1970s as Hyundai group began to make large investments. As Hyundai began to integrate its industries in Ulsan, it became a very unique corporate city with a nickname, “Hyundai City”. Hyundai accumulated its capital at the late 1960s with construction industry, and it began to concentrate its capital investment in the Ulsan area in the 1970s, and based on the growth in this region, Hyundai joined the ranks of conglomerate by the late 1970s (M.Y. Heo
What Hyundai differed from other conglomerates in terms of capital investment, it was the regional concentration. Hyundai not only promoted business alliance and geographical concentration with the related businesses in Mipo complex in Ulsan, but enhanced the spatial concentration of the capital investment in order to secure financial advantage. Let us look into this in further details.

First, the share of Ulsan in Hyundai Group’s investment portfolio was overwhelming. Table 1 is a clear illustration. In the mid and late 1970s, about 80% of the entire labor force of Hyundai was concentrated in the Ulsan area. This stark number means that most of the subsidiaries, with an exception of construction, were concentrated in Ulsan.

What led this concentrated investment were Hyundai Heavy Industries and Hyundai Motors. As the investment in Ulsan began, the focused industries began to change in Ulsan. The focused industries in Ulsan, based on the number of people with the occupation, were petrochemistry and synthetic fiber, however, the number in shipbuilding and automobile soared in the 1970s. The composition of machine equipment, based on the number of people, shows 7.7% in 1962 and 20.9% in 1970; however, it increases to 46.4% in 1975 and 67.8% in 1980 (Ulsan Chamber of Commerce 1981, 95).

Second, besides the capital investment concentration, Hyundai focused on Ulsan geographically. Hyundai acquired or founded 12 companies in Ulsan by 1987. In Hyundai Heavy Industries alone, there were Hyundai Engine,  

In 1971, companies with 500 and more employees were only 2 in Hyundai group. The number increased to 11 in 1979 and 17 in 1986. By the end of the 1970s, Hyundai created about 40 subsidiaries, and created a “Corporate Planning Division” in January 1979 which made the company more official (M.Y. Heo 2003).

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<tr>
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</thead>
<tbody>
<tr>
<td>Total Force (A)</td>
<td>2,550</td>
<td>19,658</td>
<td>49,813</td>
<td>86,427</td>
<td>99,316</td>
</tr>
<tr>
<td>Ulsan Force (B)</td>
<td>1,697</td>
<td>16,930</td>
<td>39,836</td>
<td>64,887</td>
<td>69,984</td>
</tr>
<tr>
<td>B/A</td>
<td>0.67</td>
<td>0.86</td>
<td>0.80</td>
<td>0.75</td>
<td>0.71</td>
</tr>
</tbody>
</table>

Source: M.Y. Heo 2003, 64.
Hyundai Heavy Electric Machine, Hyundai Lumber, and Korea Flange Co. Ltd., Hyundai Motors, Hyundai Precision and Industries, Hyundai Steel Pipe, and Koryo Chemical were located side-by-side.

In 1987, about 70,000 Hyundai employees were working in the same space. Along with the geographical concentration of subsidiaries, the residences of the workers were also nearby. It is very unique that tens of thousands of workers of the same corporate group worked and lived in the same space. The unique spatial characteristics created from the plan and engineering of the capital investment became the engine for the Great Labor Movement of 1987. The population concentration of Ulsan was the highest when the Hyundai investment was materialized. As the workers poured in, about 40% of Ulsan population was composed of people in their 20s and 30s by the end of 1970s, and the number of people in Yeompo region where Hyundai Motors was located, and Bangeojin area where Hyundai Heavy Industries was located, exceeded that of the old section of Ulsan (J.B. Kim 2006, 245).

The spatial concentration of Hyundai Group quickly dissolved the traditional local community in Dong-gu and Buk-gu area where Ulsan Mipo Industrial Complex was built, and was replaced by that of conglomerate governance (D.G. Jin 1975). The nickname, “Hyundai City”, or “Republic of Hyundai” was given at the end of 1970s symbolizing such changes. At the end of 1992, the research shows the percentage of 23 Hyundai subsidiaries in the local economy of Ulsan. It took up 57.5% in terms of the number of workers, 52.2% in terms of manufacture volume, and 48.7% in terms of export volume (Kyeongsang Ilbo, 2 February, 1993) As of now, at the end of 1990s, the population of Ulsan is 682,978 and about 75,370 are Hyundai workers who “wear the sweat and oil drenched uniforms.” If the family members are counted, about 300,000 are part of the Hyundai Family. If the contractors are included, then more than half of the Ulsan population is part of the Hyundai Family. In 1990, Ulsan-located 13 Hyundai subsidiaries posted 8.089 trillion

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7. Se-young Jeong of the Hyundai Group confessed that he was notified of effects that concentrated plants will have on labor-management relations. However, he didn’t know the power of labor strike, so he only focused on the advantage of geographical concentration of plants (K.W. Kim 2002, 146).

8. The term, Hyundai City, was first used by a French journal “Le Express” in 1978 when it ran a series on Korea (Kirk 1995, 329).
won in manufacture volume. This makes up 65.9% of the entire industrial manufacture volume of Ulsan. These numbers show that Ulsan is a Hyundai-nized Hyundai City by Hyundai Group (Hyundai Heavy Industries Co. Ltd. 1992, 1388). As such, the concentration of investment by Hyundai changed the spatial structure of Ulsan. The city which was built in the 1970s remained the same to this day. Ulsan is divided into industrial section and metropolis section. The metropolis is again divided into the old section in the north of the Taehwa River and the new section in the south. The natives of Ulsan mostly lived in the old section near Jung-gu and the old section declined as the commercial and service industry boomed in the new section in the 1990s. On the other hand, the Hyundai City near Dong-gu and Buk-gu is far from both the old and the new section, and little exchanges occurred in between as well. Thus, the characteristics of Hyundai City were quite different. The industrial complex is divided into 4 sections and each section has its own business. The business-oriented division of industrial complex remains the same today. <Table 2> shows the business survey in Ulsan. The number of people in 4 largest industries in Ulsan (petrochemistry, primary metal, automobile, shipbuilding) has clear pattern. Nam-gu takes up 67.2% of petrochemical workers where as Ulju-gun makes up 72.8% of primary metal workers. Buk-gu makes up 80.7% of automobile workers and Dong-gu takes up 91.1% of shipbuilding laborers. The concentration pattern in automobile

Table 2. Distribution of Workers by District (Gu/Gun) and Business Types in Ulsan City

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Jung-gu</th>
<th>Nam-gu</th>
<th>Dong-gu</th>
<th>Buk-gu</th>
<th>Uljoo-gun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronics</td>
<td>434,485</td>
<td>44,602</td>
<td>160,941</td>
<td>69,261</td>
<td>80,734</td>
<td>78,947</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>148,375</td>
<td>2,198</td>
<td>25,025</td>
<td>38,858</td>
<td>47,854</td>
<td>34,440</td>
</tr>
<tr>
<td>Petrochemistry</td>
<td>17,741</td>
<td>38</td>
<td>11,929</td>
<td>568</td>
<td>215</td>
<td>4,991</td>
</tr>
<tr>
<td>Primary metal</td>
<td>6,769</td>
<td>9</td>
<td>974</td>
<td>0</td>
<td>860</td>
<td>4,926</td>
</tr>
<tr>
<td>Automobile</td>
<td>44,296</td>
<td>123</td>
<td>1,914</td>
<td>385</td>
<td>35,747</td>
<td>6,127</td>
</tr>
<tr>
<td>Ship-building</td>
<td>38,766</td>
<td>7</td>
<td>1,282</td>
<td>35,322</td>
<td>300</td>
<td>1,855</td>
</tr>
</tbody>
</table>


* Petrochemistry business covers “cokes, briquets and petroleum refined products” (19) and “chemical materials and chemical products manufacturing” (20) from the Standard Industrial Classification categories.
and shipbuilding is very clear.

Dong-gu which is called “Hyundai City” makes up a very self-sufficient market in terms of labor market. The labor demand and supply is very closed off in Dong-gu. According to the analysis by An (2006), 75% of employees in Dong-gu companies come from Dong-gu, and 82% of employees residing in Dong-gu work for Dong-gu businesses, and this shows that the Dong-gu labor market is very closed-off. Furthermore, the labor market of Hyundai City has been governed by Hyundai Heavy Industries. Conclusively speaking, Hyundai City surrounding Dong-gu in Ulsan shows very clear features of a “company town” due to the singularity in business, geographical isolation, separation of living quarter, and the closed-off labor market since the 1970s.

However, the conglomerate corporate governance in Hyundai City remained only in perfunctorily before 1987. The industrial citizenship of the worker in the “production site” was not recognized, and the intervention and management by the conglomerate in areas of collective consumption and regional community which is “re-production area” remained only at basic level. Foreign researches on company town all point to the fact that in order for conglomerate which governs the local economy to control the regional labor market, it needs to create and recreate a mutually beneficial relationship between the capital and the labor, and the company and the local residents in both the production and re-production areas. What this means is a corporate welfare-ism based on the spirit of charity (J.W. Park 1999; M.K. Yeom 2002; Kalb 1997; Jonas 1996; Hareven 1982). Until 1987, conglomerates maintained despotic rule in the production site which was created at a national sale, and they did not see the necessity to form a mutually beneficial relationship at a local level. Most manufacturing workers and local residents were excluded from the reciprocality. Before 1987, many workers of Hyundai in Ulsan form a flexible group. They came to Ulsan for livelihood, but the possibility of settling down was slim. Manufacturing workers were excluded from the protection of the internal labor market which means lay-off was frequent and they suffered from long hours and industrial accidents.\(^9\) Not only that, they

\(^9\) The amount of industrial injuries between 1970 and 1980 in Hyundai Heavy Industries was severe. According to Hyundai statistics, the industrial injury related death from 1974 to 1987 was 206 (annual average at 14.7), the number of injured was
suffered from discriminatory employment, so a majority of manufacturing workers did not stay. About half of the workers at Hyundai Heavy Industries in the 1970s changed job either voluntarily or involuntarily (H.G. Park 1982, 409). The average age of Ulsan in 1985 is 23.5 making up 42.5% of the entire population. About half of the population reported relocation every year (Y.H. Park 1989). The population liquidity, low sedentary rate, and the demographic structure mostly made up with people in 20s played a certain part in the intense labor movement after 1987. Since the Great Labor Movement in 1987, Dong-gu region of Ulsan underwent the most intense labor movement. For 3 years from 1987 to 1989, the strike days of Hyundai Heavy Industries were 156 days, 2,702,766 of foregone working days, and 86 arrested workers (G.J. Lee 1997, 221). The main reason for these numbers is the anti-labor sentiment of the company and the physical suppression of the nation, but these conditions were the same elsewhere. The intensity of Ulsan labor movement stemmed from the regional characteristics of Dong-gu and especially the liquidity of tens of thousands of young workers. The government recognized as such and the mayor at the time identified that the liquidity of the population based on rapid industrialization as the reason of the labor movement. He emphasized that the workers need to be incentivized to stay in order to stabilize and that the company needs to model after Pohang Steel and Co. (M.S. Kwak 1989). The struggle and confrontation for years since 1987 can be described as a “class war”, and it gave impetus on not only the new labor-management strategy for conglomerates, but also changes in governance over the local community. The structured governance based on exclusion of laborers and residents no longer sufficed. The new labor control system at local scale substantialized itself in the 1990s.

9,419 (annual average at 672.8) (Hyundai Heavy Industries 1992, 364; G.J. Lee 1997, 13).
4. THE CHANGE IN THE COMPANY TOWN AND THE “WORKERS’ CITY”

1) The challenge from the labor movement and changes in the company town

Hyundai City of Ulsan changed between 1987 and 1988 for the two following reasons. First, the labor movement and its growth dismantled the foundation of capital which was not limited to the work place. Due to the unique spatial structure of Hyundai City, the effect easily spread to the local community from the living quarter of the workers (J. Kim 2006). Second, the political necessity arose for the capitalists themselves to renew local management when the largest stockholder of Hyundai Heavy Industries decided to enter politics during the 1988 general election. The intervention and physical investment of conglomerate in local community skyrocketed after that and that alone had a political motive. With these two incidents, everything from labor-management relations, built environment to local community network undergoes huge changes (H.G. Song and H.G. Yoo 2009). At the center of such changes, there were rapid growth by Hyundai Heavy Industries (HHI) which monopolized the local economy and its improved business performance. In the 1980s, HHI began to emerge from the slump in shipbuilding industry and became the top shipbuilding company in the world during the 1990s. The sales either stalled or decreased in the 80s during the slump, but the number grew impressively and sales profit turned surplus for 15 years since 1990. The continued rapid growth from the 1990s and improved business performance allowed HHI to listen to the workers’ demands and to make sizable investment into the local community.

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10 Mong-joon Jeong, the owner of HHI became the CEO of HHI in 1982. Upon returning from study abroad in the U.S. on October, 1987, he became the Chairman of HHI. The next spring, he ran as an independent during the 13th general election representing Dong-gu where HHI HQ is located and was elected. And he became an advisor for HHI in 1991. He entered politics in 1988, and he won the Dong-gu district for 5 consecutive times. During the 18th general election, he relocated to Seoul, and has won twice in Dongjak-gu district.
Based on the financial strength, HHI began to meet the bottom-up challenges from the workers head-on in the 1990s. It materialized itself as “new business strategy” in the production area, and “restructuring of the space” in the reproduction area. For the former, efforts included: acknowledging and empowering union, establishing cooperative labor-management relations by cutting off alliance with outside unions and internalizing union, increasing physical consensus by stabilizing employment, wage increase, corporate welfare, and cutting labor cost by using internal contractor system, weakening the bargaining power of union by fostering management-friendly union representatives, and etc.

Such strategy of the company was successful, and the resistance from the union disappeared in the late 90s. After 2000s, HHI had a stable management-led labor-management relation that is cooperative. The HHI union in in its current form promotes cooperative relations with the management and disassociated themselves from the Korean Confederation of Trade Unions and functions independently. It serves as a sub-partner of Hyundai to manage the local community.

Next, HHI began to restructure the local community. It coincided with the weakened union in terms of mobilization and bargaining. The restructuring took place in two ways. First, HHI promoted a massive housing support policy to encourage the workers to settle down and increased the worker retention rate rapidly. The housing renovation began in May of 1990, and by May 1997, about 8,309 new houses in a modern apartment were built near the plant and sold to the workers (J. Kim 2006). The house-ownership of the married workers exceeded 94% by the end of 1995 (Kyeongsang Ilbo, 21 February, 1995). Aside from building apartments for the workers, housing for regular residents took place in a large scale in the early 90s, and as a result, the building environment of Ulsan was completely renewed.\footnote{The following is the number of housing in Dong-gu: 1960s: 162, 1970s: 1,848, 1980s: 9,334, 1990-94: 9,093. 1995-99: 6,898, 2000-04: 9,464. The numbers show that a starting number of new housing was built in the early 90s. The numbers are from 2007 Ulsan Annual Statistics.} The housing community of the workers located next to the shipbuilding yard became a modern apartment complex.
Second, the restructuring was not limited to the workers’ housing. HHI was active in improving the Dong-gu facilities and city infra. This process began around the same time as the housing renovation. With Hanmaem Hall in 1991 as the beginning, HHI has built and still operates 6 local cultural and welfare facilities such as Hyundai Art Center. Aside from this, it has invested over 200 billion won in building recreational center, schools, hospitals, and other public facilities as well as roads (Hyundai Heavy Industries Co. Ltd. 2007). After the 90s, Dong-gu in Ulsan has really become a “Hyundai City” where not only the workers, but regular residents benefit from many sports, cultural, health facilities that Hyundai operates. As the supply of public property became monopolized by Hyundai, the biggest stockholder of HHI could easily be elected as a representative in Dong-gu area.

Through this process, many spaces disappeared where the workers can communicate with each other about class suppression. A clear example is the unmarried workers dormitory. It was called Ojwabul Dormitory and served as a cradle to foster young union workers as well as a safe haven when HHI closed down this facility after 128 days of strike in 1989 and it was re-purposed as family dormitory for workers, but finally closed down in 1995 (Kyeongsang Ilbo, 22 March, 1995). Along with this, the change in building environment following the construction of large apartment complex resulted in reducing the space for working class to have public discussion.

The plaza which formed on its own during the struggle after 1987 (“democratic plaza” or “freedom plaza”) disappeared during the redevelopment of the housing area and the company stadium which hosted many rallies and union assembly changed into company warehouse for blocks. The physical change of workers community housing led to the destruction of social relationship promoting the workers solidarity which was originated within. Throughout the mid-90s, the social foundation that can control the conglomerate influence that dominates both inside and outside the working place, and conglomerate not only controlled the labor inside the working quarters, but also the living quarters which was mainly resided by its employees. Hyundai City became similar to Japanese conglomerate city (J.W. Park 1999; M.K. Yeom 2002; S.H. Jang 2010).

The special characteristics of conglomerate controlled local community based itself on the mutually beneficial relationship with workers and
residents, and this strengthened conglomerate hegemony in the regional community.

2) The hegemony of company town and breakdown of labor

The change of Hyundai City in the 90s was accompanied by workers becoming the main beneficiary of Ulsan’s development. Right after 1987, solidarity promoting labor movement weakened due to the structural limitations of union system, and the increase of wage and corporate welfare played a significant role in drawing the workers to partake in “corporate community”. The laborers of large plants were no longer nomads since the union was created and became urban settlers with their life quality similar to that of urban middle class. Their employment also stabilized with the welfare programs provided by the company.

Now that they became a “member” of governance order of company town, the union in Ulsan plants has limited their local community activities to “social contribution” which is related to the theory of social responsibility of unions in large corporations. Social contribution of union means that unions of large company donate fund to support rural areas and vulnerable class, and build cultural facilities. These activities are mostly dispensary, and it serves the large corporate to reaffirm their governance in the local community. What deserves our attention is that these sort of activities emerged after the large corporations’ hegemony was restructured in a company town. When the union movement challenged the conglomerate governance, the union’s intervention into local community was quite different in its nature. In the early 90s, many labor unions of large companies in Ulsan area partake in many solidarity activities to resolve not only internal issues such as wage increase, but also that of local community. They made conscious effort to ally with the many local citizens’ campaigns. Ulsan suffered a great deal from industrial pollution due to large petrochemical plants; thus, the residents paid a lot of attention to environmental issues. Therefore, united activities with environmental organizations appeared during this time.\footnote{The historical review of Ulsan’s environmental issues and movement is in S.J. Han et al. (2008).}
between the labor movement and environmental campaign in Ulsan area substantialized as regional chapter of labor union, notably, Korea Federation of Hyundai Group Worker’s Unions.\textsuperscript{13}

However, the participation of labor movement in environmental, transportation, and other social issues fell short of full development and only stayed at a basic level such as publishing promotion material, press release, or signing of petitions. Especially, due to the Asian financial crisis and corporate restructure of 1997 made labor movement to focus on internal issues. Thus, intervention into social issues and alliance formation were left to be marginalized. After the financial crisis, in the 2000s, the core unions of Ulsan concentrated in stable employment and wage increase and other practical issues. As they recognized conglomerates’ regional hegemony, they were able to maximize their profits and this is when “social contribution” activities took firm roots.

Ulsan, in its very origin, was formulated by external force such as conglomerates and central government and grew based on plants of conglomerates whose HQ was in the greater capital area. Thus, it is rather natural that the target of labor movement was external influence which determined the unions’ destiny.

“Fight at the HQ” movement which appears often in labor movement after 1987 reflects the characteristics of Ulsan’s industrial structures which is composed of sub-plants of conglomerate. However, as the local government influence became stronger and Ulsan became a “metropolitan city”, the autonomy of local government was strengthened, and the regional governance became more important. Ulsan, especially, boasts strong labor unions and many of the members entered local politics early on. Thus, the potential for

\textsuperscript{13} The examples of this alliance are the following: Movement against incineration plant for HHI industrial waste in 1993, Petition to turn the water of Sayeon dam to drinkable water, Movement against the construction of Korea Titanium plant in Onsan complex in 1995, movement against cold rolled plant in Hyundai steel pipe, movement against the construction of Seokgye golf course in 1996 (D.M. Jo 1996, 82; Kyeongsang Ilbo, 29 April, 1996).

Intervention into transportation issues are as follows: participation in campaign against bus fare increase in Ulsan in 1996, petition against expressway toll increase between Ulsan and Eonyang in 1997 (Kyeongsang Ilbo, 1 May, 1996; 14 June, 1997).
labor’s active participation into local politics was high. However, most of conglomerate labor unions do not focus much on the local improvement and regional governance that goes beyond practical interest of each company (H.J. Jo 2009). Similar situation exists for conglomerates. Hyundai Motors has promoted global business strategy since the 2000s and increased local production, and now it is one of the top global companies. The local scale of Ulsan only yields itself a title of “one of many factories” for Hyundai.\textsuperscript{14} Therefore, the presence of union is not strong enough. The situation with HHI is a little different. Since its foundation, HHI’s HQ has been in Ulsan and it did not globalize its manufacture. Unlike capital that is free to move, ship building relies on the skills of workers. Thus, it is difficult to globalize its production. Thus, the local governance is more important for HHI and that has been the business strategy of HHI which is why it has been strengthening its local governance since the early 90s. As union lost its power to mobilize, it only serves as a secondary partner of the company. Thus, the labor union movement of Ulsan area has very little motivation to lead labor politics, and that is why the conglomerate union movement in Ulsan is “disassociated from its region”.\textsuperscript{15} The disassociated nature of conglomerate union can be seen in their resistance activity patterns.\textsuperscript{16}

\textsuperscript{14} Of course, the Ulsan plant produced the most in Hyundai motors, but the share decreased significantly. The overseas production was 6.5% in 2002 for Hyundai motors, but it exceeded domestic production in 2010 taking up 51.9% of the total production (S.H. Lee 2011).

\textsuperscript{15} After Ulsan became metropolitan city and local government took place in 1997/1998, labor party rather than labor union began to play larger role in the community. The primary local authority was ruled by the Democratic Labor Party (Buk-gu and Dong-gu), and the progressive local politics took place. However, these political experiments did not substantialize due to the lack of competence, lack of intervention of local labor market or local agenda discovery, heated internal politics and the consequential divides. The progressive politics that is closer to the people is yet to be realized (S.J. Han et al. 2006).

\textsuperscript{16} The resistance pattern of Ulsan workers is based on the content analysis of articles in Kyeongsang Ilbo. The news article was turned into quantitative data using the pre-engineered coding and the pattern was calculated to create ‘Data set for Ulsan Workers Resistance’. The data covers from July 1, 1987 to December 31, 2010 and all articles covering workers’ resistance were included. H.G. Yoo (2012) for details.
As Table 3 shows, the target of labor movement right after 1987 is the user of the union and the central government. However, one local government system was in place in the late 90s, the target became the local government.

It went from 4% before 1995 to 18-19% in the 2000s. This shows that the role and weight of local government in Ulsan workers’ lives – in other words, the local influence- increased greatly.

The analysis of the share of local government increasing as a union target shows a very interesting fact (H.G. Yoo 2012, 249-250). Workers who set the main target as the local government are usually teachers, civil servants, part-time workers who reside in the margins of the labor market, regional chapters of labor union. However, unions at Hyundai Motors and HHI that determine the direction of labor movement of Ulsan rarely resisted against local government (only 7 since 2000). The Hyundai Motors union, especially, only targeted the user and the central government, and this shows that Hyundai Motors union is active mainly at the working place and at national level and that their interest and intervention in regional issues are quite weak, making them disassociated from region. As the hegemony of conglomerate monopoly becomes stronger, the union movement within became internalized. The mobilization power of HHI union is almost nonexistent, and Hyundai Motors goes on strike frequently, but its only motivation is financial compensation.

On the other hands, the workers that reside in the margins of local labor market are becoming more collective. Part-time workers or those who work in smaller companies have always been marginalized in assembly in the 90s; however, it was reversed after 2000. As Figure 2 shows, the assembly of part-time workers of construction plant, local government, school janitorial

<table>
<thead>
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<th>Period</th>
<th>User</th>
<th>Central government</th>
<th>Local government</th>
<th>Police</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
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<td>1987-1995</td>
<td>71.5</td>
<td>13.0</td>
<td>4.0</td>
<td>7.0</td>
<td>4.5</td>
<td>100.0</td>
</tr>
<tr>
<td>1996-2010</td>
<td>52.9</td>
<td>32.2</td>
<td>9.1</td>
<td>2.7</td>
<td>3.1</td>
<td>100.0</td>
</tr>
<tr>
<td>2001-2005</td>
<td>43.5</td>
<td>28.4</td>
<td>19.2</td>
<td>5.2</td>
<td>3.7</td>
<td>100.0</td>
</tr>
<tr>
<td>2006-2010</td>
<td>54.9</td>
<td>22.6</td>
<td>18.1</td>
<td>1.4</td>
<td>3.0</td>
<td>100.0</td>
</tr>
</tbody>
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Source: Ulsan Area Workers’ Protests Data Sets.
agency, sub-contractors of automobile companies has soared, and their resistance pattern became often confrontational and aggressive.

The assembly pattern of Ulsan workers shows that it moved from assembly of Hyundai-centered conglomerate unions to assembly of marginalized workers. After 2000, such change can be summarized in the regression of labor movement by full time employees of large companies, and increase and progression of marginalized workers from SMEs and part-time workers. The demands of the latter group are not different from what the workers of large companies made in the 80s. The demands included improving low-wage system, recognition of union, demolition of class-based discrimination, regulation of layoff, compliance with 8-hour work days, etc.\(^\text{17}\)

\(^{17}\) Representative case is the demands made during the strike by Ulsan Construction
The fact that the same demands with time gap shows the large divide in the labor market. The marginalized workers were distant from the development of Ulsan and excluded from financial benefits. The level of exclusion is relevant to the social distance they have from the capital that ruled the regional economy. For example, there are many sub-contractors for Hyundai Motors or HHI. However, the economic status differs depending on whether the subcontractor belongs to primary, secondary or tertiary group. The ones in primary group has higher economic status and the distance is correlated with the distance they have from conglomerates.

It was the full-time workers of conglomerates that entered the box where mutual benefits exist with the conglomerate that autonomously govern the local community, and the primary group of sub-contractors followed. In recent times, the primary sub-contractors of automobile and shipbuilding companies are finding their home within the conglomerate and the retention years are on the rise. Also, the fact that conglomerates provide more benefits to these sub-contractors means that they are no longer excluded and moving slowly towards inner circle. As illustrated so far, the divide between exclusion and inclusion has been restructured based on the social distance from conglomerates that dominate the local economy. If all workers groups were excluded before 1987, the inclusion and exclusion in the newly structured company town show in hierarchical format with multiple layers of division. The regional hegemony by a monopolizing conglomerate currently remains without much resistance thanks to the multiple layers of division in labor class. Ulsan represents “the Mecca of labor movement” and “progressive politics” since 1987. However, the reason why it has stalled its progression is because the labor class is not being united within the newly formed society where multiple layers of labor division exist.

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Plant Labor Union in 2005. The main demands were making the labor contract, 8 hour work days, provision of 4 insurances, building of facilities such as cafeteria, shower, and toilets. The condition of construction workers were not much different from before 1987.
5. CONCLUSION

I have so far discussed the formation and changes of Ulsan from 1930s to now from the conceptual perspectives of industrial city, company town and workers’ city. The following is the summary.

The modern Ulsan was selected as a planned “industrial city” originally in 1930s by a Japanese capitalist and the colonial nation, and it was further developed by the military regime in the 1960s with its economic development plan. In other words, Ulsan as a new industrial city was conceptualized and realized by the collaboration between the colonial nation and a developing country.

Thus, 20th century Ulsan is a result of national-scale effort that is external to the city itself just as other aspects of industrialization of Korea were. Ulsan underwent huge changes with a massive investment by Hyundai Group which began in the 1970s. Hyundai focused its manufacturing division in Mipo complex in Ulsan and that changed the local economic structure, spatial environment, and demographic structure of Ulsan. As Hyundai and its subsidiaries took control of the local economy, Ulsan garnered the nickname, Hyundai City and became a company town. However, the local governance of company town, Ulsan, remained perfunctory. The conglomerate maintained its despotic rule in the production area which was formed at a national scale; however, did not feel the necessity to form a mutually beneficial relationship with the regional community and its workers. It was 1987 when the Great Labor Movement took place and the labor-management relations became democratic, and this brought upon the needs for new management method of the local community. With this change, Ulsan was given a new identity of “workers’ city”. The conglomerate had to radically change the way it manages its workers and the local community, and attempted to enter the regional community network by pouring massive amount of investment.

After going through confrontation and struggle with the company that does not wish to recognize industrial citizenship of labor class, the full-time workers of conglomerate moved up the social and economic ladder by becoming one of the inner circle of Hyundai City, and they became part of the “corporate community”. The labor movement focused on maintaining
this hard-earned status and the conglomerate hegemony that rules “Hyundai City” strengthened.

In the 21st century Ulsan, the company town, there exists the monopolizing capital which rules the local economy and its full-time employees in the core, and a wide variety of marginalized groups that take different types of role depending on the employment class on the periphery. The division of labor less and stronger corporate hegemony strengthened each other. Ulsan as a workers’ city was born out of the resistance to Ulsan’s identity as a government-formed industrial city and another identity as a corporate-ruled company town, however, the potential it once possessed is regressing due to the division in the labor class.

Ulsan which was born during the economic development process since the 1930s as a “military supply basis” or “industry basis” was promoted as a metropolitan city in 1997 and it is now a city with more than 1 million residents; however, its economy still depends on conglomerates and their plants rather than their own competence. It also suffers from social and economic cost due to rapid development, and although its revenue is high, the quality of life and welfare such as healthcare, education and culture remain at the underdeveloped stage. In order to resolve such issues, the problem needs to be defined at a local level and the competence to solve problems need to be in place. The organized labor existed as the problem solver. Since the late 90s, the labor movement of Ulsan entered local politics more successfully than that of any other cities, and progressive political experiments took place. However, at this point, it is not providing any alternative solution that can take the city away from its predicted development pattern (Han et al. 2006). The organized labor of Ulsan only focuses in economic issues that happen within the plants, and distancing itself from local issues. The progressive political party suffers from internal division and losing even its basic competence. Thus, in order for Ulsan to move away from the identity of industrial city and company town which was determined in top-down manner by the government and conglomerates and determine its destiny by the power of its people, the union between the regional civil society and organized labor is important.
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