

**Dreaming of a *Laissez-Faire* Korea:
Protestant 'Self-Reconstruction' Capitalists, 1910s-1990s**

by

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Abstract

This dissertation traces the evolution, survival and re-emergence of a Korean ‘self-reconstruction’ capitalism from the 1910s to the 1990s. Self-reconstruction capitalist thought and practice kept alive in the ‘margins’ the only tradition of classical economic liberalism in modern Korean history, one inextricably mixed with Korean and American Protestant ethical thinking. It provided a *laissez-faire* capitalist model that stood in contrast to the developmental state-led capitalism used first by the Japanese colonial government and then the South Korean state to enact the ‘economic miracle.’ Because of its Protestant background it overlapped with but differed significantly from the neoliberalism that has prevailed in South Korea since the 1997 Asian Crisis.

Following a *laissez-faire* capitalist model, self-reconstruction capitalists consciously diverged from developmental state business and social practices. These divergences included seeking profitability, business focus, independence from government loans, and allowing their offspring to marry outside the elite. In contrast the developmental state encouraged maximizing revenue, business diversification, reliance on government-backed loans, and, socially, intermarriage within the business and political elite. Self-reconstruction capitalists were the first Korean capitalists to implement employee stock sharing plans, and corporate philanthropy. They were also the first to advocate export-led growth, and the value of societal ‘trust’ as essential to economic development.

Using archived materials and interviews with their peers conducted in both Korea and the U.S., Chapters Two and Three covers the lives and careers of the two first generation self-reconstruction capitalists. Chapter Two focuses on Ilhan New, the Korean-American founder of

Yuhan Corporation. New was one of the first major capitalists in Korean history, and the protégé of the early major nationalist Sō Chae-p'il. Chapter Three focuses on Chōn T'aek-bo, the 'forgotten father' of South Korean export-led growth who won the first national awards for top exporter in the 1960s five years in a row. Despite this, as an impediment to the developmental state, he was the first capitalist divested of his business empire by military dictator Park Chung Hee.

Using archived materials and interviews with their peers and children conducted in both Korea and the U.S., Chapter Four traces the ties and interactions among a sub-section of the business elite in South Korea through the 1960s to the early 1980s. This sub-section was the second and third generation of self-reconstruction capitalists, who founded and sustained some of the largest and most influential business groups in the country, such as Daesong, Byucksan, and HanGlas. It describes the differing fates of their enterprises in the face of the 1997 Asian Economic Crisis as tied to their pursuit of self-reconstruction capitalist business practices. This chapter also examines the important role played by the Korean Christian Businessmen's Committee (KCBMC), which reached its zenith of influence in the 1970s. The KCBMC and its American parent organization argued that *laissez-faire* Protestant businessmen were the most ethical humans alive, and therefore the 'natural' leaders of Korea.

Joining the KCBMC in the 1970s as a rising 'star' in the Hyundai group, Lee Myung-bak took this lesson to heart. As South Korean President from 2008 to 2013, Lee pursued the 'dream' of a *laissez-faire*, classical liberal Korean economy. Although his attempt ran up against the realities of a now neoliberalist South Korea, Lee's administration provides a fitting epilogue for this study, by pointing to the re-emergence of self-reconstruction capitalism, an alternative strain

of economic thinking and business practice that was little-noticed during the decades of developmentalist supremacy, yet persisted from the 1910s into the twenty-first century.

Preface

This thesis is an original work by Brian Robert Gold. No part of this thesis has been previously published. The research project, of which this thesis is a part, received research ethics approval from the University of Alberta Research Ethics Board, Ethics Board of Record: Arts Science Law, Project Name “Protestantism and the first Korean conglomerate founders,” No. 1659, 05/12/2007.

Dedication

To

Dorie, Emma, and Ava –

Three remarkable Protestant women.

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It has been my privilege to have a network of family, friends, and professional colleagues in Korea going back three decades. Each of the following provided more hospitality, help, and moral/physical support within and without Korea directly in aid of this work than I could ever describe. I wish to thank my longest term friend from Korea, Diane Lee, my sister-in-law Lee Min Ah and her family, my brother Stephen Gold, fellow Monitor Company Seoul alumni Eunhee Kim and Jaewook Yoo, and the entire Choi family of Kangnam, particularly Jason Choi, Sangbin Choi, and Heyryung Choi.

I am grateful that the late Dr. Fritz Lehmann and Dr. Edward Wagner both introduced me to the fascinations of Korean history. Dr. Sarah Hammond was a brilliant young scholar and fellow enthusiast of all things CBMC related whose early passing was particularly tragic. I trust that in some way she can still appreciate my reciprocation of her thanks to me in her dissertation.

Finally, again my thanks and love for the tireless patience of my immediate family, including my wife Dorie and my daughters Emma and Ava. In these three the words ‘bears all things, believes all things, hopes all things, endures all things’ come to life.

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Chapter One: Introduction & Prologue - The Dream of a Liberal Protestant Nation

"Is there any point to which you would wish to draw my attention?"

"To the curious incident of the dog in the night-time."

"The dog did nothing in the night-time."

"That was the curious incident," remarked Sherlock Holmes.

- Arthur Conan Doyle, *The Silver Blaze*, 1892

Korea is not modern like Japan, she is older than China... The new Korea will be a Christian Korea and that within a comparatively short time... The Far East is to have its innings. The time has come. For masses of humanity she leads the world, and when the president of all the earth is to be elected by popular vote, he will be a man of the yellow skin. She can do anything; once teach her and she can do all that we can do cheaper and easier.¹

- James Scarth Gale, *Korea in Transition*, 1909

Due in part to a slowly encroaching imperialism, in the late 19th through early 20th century Koreans in unprecedented numbers were exposed to Western ideas, conveyed either through a Chinese or Japanese intermediary, or directly from Western Protestant missionaries. One of the most important of the latter was James Scarth Gale, whose elementary school textbooks were very likely read by Ilhan New (1895-1971), the first major Protestant Korean businessman in Korean history, and the first 'self-reconstruction capitalist' analyzed in this study. In the above quotation Gale describes the paradox of Korea. Not as 'modern' as the Japan about to colonize it and not even as up-to date as China, yet the one Asian nation to soon 'transition' to a 'Christian nation'. And to Gale, and the Protestant capitalists of this study, there was no quicker route to the most modern Korea possible than through 'Christianity', which to both meant Protestantism. Led by the example of Korea, the feminine 'Far East' will enter

¹ James Scarth Gale, *Korea in Transition* (N.Y.: Presbyterian Church in the U.S.A., 1909), 131, 229, 248-249.

modernity in its fullest in a globalized world unified under liberal democracy and a ‘yellow-skinned’ male President.

As will be seen in Gale’s textbooks not only will the ‘modern Protestant’ Korea be globally linked under liberal democracy, but it will be also part of a global, classical liberal free market economy, with the comparative advantage of “cheaper and easier.” This was the economic order that all of the first Korean nationalists, most of whom were Protestant, initially expected for Korea as an inevitable part of a single global process of modernization. Few could have expected the routes to economic modernity actually taken by both North and South Korea, which only recently in the South has started to look like (neo-)liberal economics. Instead, Korean industrialization was initiated under a Japanese colonial developmental state, which transformed into a Stalinist economy post-war in the North, and after a brief interregnum, a Japanese-modeled developmental state in the South.

‘Developmentalism’ is defined simply as “state-led capitalism” where the foundation of a developing economy is capitalist, and where it participates globally in that manner, but where domestically the market function is widely, routinely, and significantly usurped by direction from the state, which takes on, (as it is widely expected to) the role of leading and planning economic development.² The classical liberal economic model that guided the Protestant big business founders of this study is defined as the articulation of ‘free market’ principles in opposition to mercantilism by classical economists in the 18th and early 19th century such as

² Chalmers A. Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975* (Stanford: Stanford Univ., 1982), 17-20; Iain Pirie, *The Korean Developmental State: From Dirigisme to Neo-Liberalism* (London: Routledge, 2008), 1.

Adam Smith and David Ricardo, and then systematized and mathematized by neoclassical economists in the late 19th century such as Alfred Marshall and Leon Walras.³

This classical liberal, '*laissez-faire*' economics is historically distinct from neoliberalism. Neoliberalism is defined as a mid-20th century revival of classical liberal economic ideas in reaction to the then global dominance of communist, developmental, or Keynesian market economies. Its origins are associated with the ideas of Friederich August von Hayek, an Austrian economist who founded the Mont Pelerin Society in 1947 to promulgate his ideas. Hayek is practically an icon of 20th century neoliberal thought. The Society is still the world's leading advocacy group for neoliberalism. An important source of its further intellectual development was the American economics academy, influenced by the so-called [University of] 'Chicago School'. Since the 1980s it has become the dominant economic paradigm for economic policy worldwide, supported by such institutions as the IMF.⁴

Despite some of its proponents linking themselves closely with classical economists such as Adam Smith, neoliberalism's differences with *laissez-faire* thought and classical economics are numerous, both from the perspective of outside critics and from some of its major thinkers themselves.⁵ To describe all of these differences is not necessary but three are worth mentioning in terms of this study. First is an emphasis on the removal of national government regulations on the financial sector and the adoption of international standards of corporate financial transparency to allow the creation of a relatively unfettered global financial industry. Second is a

³ David Harvey, *A Brief History of Neo-Liberalism* (Oxford: Oxford Univ., 2005), 20.

⁴ Harvey, *A Brief History of Neo-Liberalism*, 9-13; Manfred B. Steger and Ravi K. Roy, *Neoliberalism: A Very Short Introduction* (Oxford: Oxford Univ., 2010), 2-10, 15-17.

⁵ Mitchell Dean, "Free Economy, Strong State," in *Neoliberalism: Beyond the Free Market*, ed. Damien Cahill, Lindy Edwards, and Frank Stilwell (Cheltenham, UK: Edward Elgar, 2012), 76; Joy Paton, "Neoliberalism Through the Lens of 'Embeddedness,'" in *Neoliberalism: Beyond the Free Market*, ed. Damien Cahill, Lindy Edwards, and Frank Stilwell, 98.

belief that monopolies are not necessarily an impediment to a free market, and that in any case government intervention to remove or prevent monopolies through anti-trust or other activities is a violation of economic freedom worse than monopolies themselves.⁶ Finally, a neoliberal economy does not require a liberal democracy or a minimal state to flourish; in fact its implementation may require, in the minds of some of its most influential advocates, a strong state.⁷ While classical liberal economics was often seen as organically part of classical liberal democracy (an assumption Korean Protestant nationalists usually shared), neoliberalism has been implemented by political dictatorships of any orientation and is compatible with and often supported by a strong state.⁸

The story of the South Korean industrial revolution, from war-end devastation (or extended back into the colonial period) to present developed country status has been told and re-told many times. From the jump-start to its growth under Park Chung Hee in the early 1960s it was already a “near-miracle”⁹ to Western development thinkers in 1969, a full-blown “miracle” by 1975,¹⁰ and a development ‘hero’ to Cold War strategist Herman Kahn in 1979.¹¹ Its lessons as a ‘model economy’ are recommended to poor nations by U.S. Presidents.¹² For over forty years innumerable scholarly and popular works by journalists and academic and development organization experts of every discipline have analyzed in minute detail how it grew and how its developmental state helped to foster the ‘miracle’, (and how much the preceding Japanese

⁶ Dean, “Free Economy, Strong State,” 74; Harvey, *A Brief History of Neo-Liberalism*, 28-33; Steger and Roy, *Neoliberalism: A Very Short Introduction*, 19-20.

⁷ Dean, “Free Economy, Strong State,” 77; Paton, “Neoliberalism Through the Lens of ‘Embeddedness,’” 96.

⁸ Dean, “Free Economy, Strong State,” 78-79; Harvey, *A Brief History of Neo-Liberalism*, 15, 74, 120-151. Examples include the right-wing dictatorship of Chile in the 1970s and 1980s and China since the 1980s.

⁹ Chester Bowles, *The View from New Delhi* (India: Allied, 1969), 65.

¹⁰ Robert E. Looney, *Income Distribution Policies and Economic Growth in Semi-industrialized Countries: A Comparative Study of Iran, Mexico, Brazil, and South Korea* (N.Y.: Praeger, 1975), 14.

¹¹ Herman Kahn, *World Economic Development: 1979 and Beyond* (London: Croom Helm, 1979), 329.

¹² “S. Korea Is a Role Model for Africa: Obama,” *Korea Times*, July 11, 2009, http://koreatimes.co.kr/www/news/nation/2009/07/113_48292.html .

colonial developmental state laid the grounds for its post-war flourishing).¹³ Even the decline of the South Korean developmental state after the 1997 Asian economic crisis and its evolution into a neoliberal economy has generated so much scholarly literature that recent historical overviews of the ‘miracle on the Han’ are apologetic in tone when introducing the topic of why yet another study of such a well-tilled field is needed. An example is the following: “Why then, given that such a vast body of literature on [South] Korea already exists, do we feel the need to write this book? What can we contribute to this already highly developed area of study?”¹⁴

The answer to that question in terms of this study is to move away, except for one significant exception, from adding to the conventional narrative of the rise and fall of the Korean developmental state. This is emphatically not a study of the main currents of (South) Korean economic development, either of the state or of the conglomerates (e.g. the ‘*chaebols*’) that were the primary private sector engines of growth. As stated, that story has already spawned a vast scholarly literature. This is a history of a capitalist development of Korea envisioned by the first-generation of Protestant nationalists who were certain it was going to happen; however it was never realised. It is fundamentally a history of a sub-current of Korean economic thought and practice, a sub-current that until this study has never been clearly seen and whose history has never been told.

¹³ For the latter topic see for example Alice Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (Oxford: Oxford Univ., 1989); Carter J. Eckert, *Offspring of Empire: the Koch'ang Kims and the Colonial Origins of Korean Capitalism 1876-1945* (Seattle: Univ. of Washington, 1991); Stephan Haggard, Wonhyuk Lim, and Euysung Kim, ed., *Economic Crisis and Corporate Restructuring in Korea: Reforming the Chaebol* (Cambridge: Cambridge Univ., 2003); Eun Mee Kim, *Big Business, Strong State: Collusion and Conflict in South Korean Development, 1960-1990* (Albany: NYU, 1997); Atul Kohli, “Where do High-Growth Political Economies Come From? The Japanese Lineage of Korea’s ‘Developmental State,’” in *The Developmental State*, ed. Meredith Woo-Cumings (Ithaca, NY: Cornell, 1999); Dennis L. McNamara, “Korean Capitalism,” in *Corporatism and Korean Capitalism*, ed. Dennis L. McNamara (London: Routledge, 1999); Jung-en Woo, *Race to the Swift: State and Finance in Korean Industrialization* (N.Y.: Columbia Univ., 1991).

¹⁴ Pirie, *The Korean Developmental State*, 1.

This classical liberal sub-current of Korean economic thought, an ‘alternative’ capitalism that never constituted a main impetus in 20th century Korean economic history, nonetheless shows itself in a history of the intellectual heirs of the first generation Protestant nationalists, namely three generations of major Protestant capitalist big business founders who proceeded as much as possible, in their public advocacy, lives as citizens, and most of all, actions as businessmen, (and in one case, later as President of South Korea) to develop (South) Korea as a classical liberal state and economy, notwithstanding and even in defiance of the developmental state(s) they spent all or most of their business lives under. (The one exception mentioned is Chŏn T’aek-bo, the private-sector ‘father’ of export-led growth, who, despite his importance to the entire story of the ‘Korean miracle’, has almost fallen completely out of the historical record. His contribution was as central to the ‘Korean miracle’ as many much more lauded business, bureaucratic, and political leaders.) The major Protestant capitalist big business founders that are at the core of this study represent the total and complete number of major Korean capitalists in the 20th century who can be argued from present extant evidence to have clearly attempted to follow their ‘calling’ as businessmen according to their own intertwining of Protestantism with classical economic liberalism. Their small numbers attest to and underscore the marginality of classical economic liberalism in 20th century Korean economic thought.

This study therefore is in part one of acknowledged historical marginality, not a covert attempt to overstate the influence of Protestantism in Korean economic development. The ‘uses’ of studying the marginal, historical or otherwise, has been extensively argued by theorists of marginality, and all can be applied to this study: to ‘rescue’ from oblivion the otherwise forgotten or overlooked, to further understand the ‘mainstream’, as the ‘centre’ and the ‘margins’ define each other, and even to understand marginality as a universal existential state; all

historical actors (like any human) from their own viewpoint can feel as if they are on the margins, bound within the constraints of their time and place.¹⁵ One of the most important uses of studying the marginal is to recover the sense of historical contingency, to avoid overstating path dependency, to realize that the present was not inevitable,¹⁶ that Koreans could have chosen many different paths:

...historical accounts will not give us a justification for...why our current state seems to us all but inevitable. Rather, historical accounts of origins may be demystifying, allowing us to conceive of alternatives to the present.¹⁷

What may be jarring about speaking of ‘marginality’ in this study is that usually there is a confluence between economic, political, and/or regional/ethnic/racial marginality and the historically marginal.¹⁸ By these definitions, except for in a few cases, region of birth, the Protestant business founders featured in this study were far from marginal. It is more accurate to describe the marginality within this history as what is defined as ‘epistemic marginality’, or the marginality of an “idea, concept, theory, methodology.”¹⁹ The marginality in Korean history of the idea of classical economic liberalism is underscored by explicitly showing in this account how far it remained from being the dominant paradigm of South Korean development despite the efforts of its only ardent Korean advocates.

That the Protestant nationalists and businessmen featured in this study were its only Korean advocates needs explanation. As classical economic liberalism globally is distinct from neoliberalism, similarly the antecedents for the ‘triumph’ of South Korean neoliberalism after 1997 are almost completely different from the subjects of this study. The first and still most

¹⁵ Aurelian Craiutu and Costica Bradatan, “The Paradoxes of Marginality,” introduction to the special issue on marginality, *The European Legacy* 17, no. 6, (2012), 724-26.

¹⁶ Martin H. Krieger, *Marginalism and Discontinuity: Tools for the Crafts of Knowledge and Decision* (New York: Russell Sage Foundation, 1989), 5-7, 28, 38.

¹⁷ Krieger, *Marginalism and Discontinuity*, 114.

¹⁸ Gino Germani, *Marginality* (New Brunswick, NJ: Transaction, 1980), 3, 49.

¹⁹ Craiutu and Bradatan, “The Paradoxes of Marginality,” 730.

consistent domestic champions of neoliberalism were in fact U.S. university economics Ph.D. holders gaining high positions in the South Korean bureaucracy from the 1980s onwards. As noted one of the distinctive features of neoliberalism is that it has often been supported by a strong state. That Korean classical economic liberalism was championed by, as will be seen, private sector businessmen, and Korean neoliberalism by top government bureaucrats provides an almost too neat regional example of the global differences between the two ‘liberalisms.’ Despite the influence of these ‘anti-government’ government bureaucrats, the developmental state only undertook relatively minor steps towards reform during the 1980s and early 1990s.²⁰ The decisive implantation of neoliberalism occurred after the 1997 Asian Crisis under pressure from the IMF, and with the enthusiastic support of the Kim Dae-jung administration. Kim was the first democratically-elected President of civilian background after the end of the military dictatorships. For decades while a leading opposition leader Kim had called for more transparency in the financial dealings of the corporate sector, which he saw as essential for breaking their ‘corrupt’ ties with the military regimes. With the support of the middle class, Kim’s implementation of neoliberalism allowed for a (relatively short-term) curbing of corporate power and the end of their financial opaqueness.²¹

²⁰ Byung-Kook Kim, “The Politics of Chaebol Reform, 1980-1997,” in *Economic Crisis and Corporate Restructuring in Korea: Reforming the Chaebol*, ed. Stephan Haggard, Wonhyuk Lim, Euysung Kim (Cambridge: Cambridge Univ., 2003), 56, 58-59; Yun Tae Kim, *Bureaucrats and Entrepreneurs: The State and Chaebol in Korea* (Seoul: Jimoondang, 2008), 88-89, 128-134; John Lie, *Han Unbound: The Political Economy of South Korea* (Stanford: Stanford Univ., 1998), 124-125; Pirie, *The Korean Developmental State*, 77-103; Woo, *Race to the Swift*, 190-196; Daniel Yergin and Joseph Stanislaw, *The Commanding Heights: the Battle Between Government and the Marketplace that is Remaking the Modern World* (New York: Simon & Schuster, 1998), 171-173.

²¹ Kim, *Bureaucrats and Entrepreneurs*, 134-137; James Crotty and Kang-Kook Lee, “From East Asian ‘Miracle’ to Neoliberal ‘Mediocrity’: The Effects of Liberalization and Financial Opening on the Post-War Korean Economy,” in *Global Challenges and Local Responses: The East Asian Experience*, ed. Jang-Sup Shin (Abingdon, Oxon: Routledge, 2007), 75; Jesook Song, *South Koreans in the Debt Crisis: The Creation of a Neoliberal Welfare Society* (Durham, NC: Duke Univ., 2009), 11, 17; Leo Panitch and Sam Gindin, *The Making of Global Capitalism: The Political Economy of American Empire* (London: Verso, 2012), 256-261; Pirie, *The Korean Developmental State*, 128.

The roots of Korean neoliberalism extend back to the same point from which much of global neoliberalism has sprung: parts of the U.S. academy and U.S. sponsored international development bodies such as the IMF. As the Gale quote at the beginning suggests, Korean classical economic liberalism also had Anglo-American roots, but dating from the 19th century and reinforced with ties with the post-war American Protestant church. Neoliberalism was a global phenomenon that took decades to reach South Korea (and still has not penetrated the North). Classical economic liberalism was a separate global trend, that took longer to reach late 19th century Korea, and ultimately goes back to 18th century British thinkers. As part of a differing wave, the following history of Korean economic liberalism can bear greater resemblance to parts of the world that were hit by the same wave much earlier than it does to the neoliberalist wave that followed it. One illustrative example of this is provided by the enthusiastic introduction of Smithian economics as a universal measure of advanced civilization by an entrepreneurial sub-set of Hungarian elites under the Hapsburg dynasty in the late 18th and early 19th century. Attached to what they saw as a decaying, sometimes repressive, and immoral Empire, they championed *laissez-faire* to promote free trade with the West in order to save their nation. Catastrophic region-wide war scuttled their vision and their national history followed a predominantly illiberal path until relatively recently.²² Substitute ‘Hungary’ with ‘Korea’, ‘the Hapsburgs’ with ‘the Qing’ (and then ‘Imperial Japan’) and finally ‘Napoleonic War’ with ‘the Pacific War and the Korean War’ and much of the following narrative is already anticipated. The only distinct overlap between the two waves of thought, that is classical liberalism and neoliberalism in terms of a person and event, was the South Korean Presidency of Lee Myung-bak (2008-2013), which will be described at the end of this study.

²² See Orsolya Szakaly, “Enlightened Self-Interest: The Development of an Entrepreneurial Culture within the Hungarian Elite,” in *Peripheries of the Enlightenment*, ed. Richard Butterwick, Simon Davies, and Gabriel Sanchez Espinosa (Oxford: Voltaire Foundation, 2008), 105-118.

While classical economic liberalism was epistemically marginalized, the stubborn pursuit of it by the Protestant capitalists featured in this study, using their conviction of being on the ‘right side’ of history to counter the South Korean developmental state that enveloped them, exemplified a ‘central’ Korean nationalist motif of stubborn resistance to marginalization, even if meant fighting against global currents. Trying to describe another manifestation of this motif, Bruce Cumings wrote that

[t]here was something “early,” prevenient, insistently parvenu about it, something ineffably “Korean” about it, if by that we mean the Korea of our [twentieth] century that lives so impatiently with the categories the rest of the world prepares to define, encapsulate, and (thereby) control it. It is a way of saying, the twentieth [and twenty-first] century has pinned us to a wall and we refuse it.²³

Here Cumings is referring to the determination of Korean leaders in 1950 to achieve unification, no matter what the cost to themselves and the array of outside great powers content to maintain national division. It could also refer just as easily to the continued existence of North Korea, (almost a quarter century after the Cold War ended), or the South Korean developmental state, (which never listened very closely to constant foreign advice to be far less ambitious.) Similarly the developmental state ‘pinned to the wall’ all of the capitalists that thrived underneath it, in response to which some Protestant capitalists more or less said: ‘we refuse’.

In Korean, there is an expression that a dream that will never come true but still persists is but a *kae-kkum*, or a ‘dog’s dream’. In Sherlockian terms, the ‘dog’s dream’ of a ‘liberal’ Korean polity and economy was ‘the dog that didn’t bark’. At the scene of an incident, even after an uncommonly competent Scotland Yard inspector has thoroughly and exhaustively uncovered every physical clue available, it is up to Sherlock Holmes to note (in the quote given above) the ‘curious’ yet significant meaning of what did *not* happen, namely that a dog did *not* bark, and yet

²³ Bruce Cumings, *The Origins of the Korean War: The Roaring of the Cataract, 1947-1950* (Princeton: Princeton Univ., 1990), 271. “[twenty-first century]” added by author.

should have. While not promising the empirical and analytical genius of a Sherlock Holmes, this is a history of an ‘alternative’ Korean capitalism never before told.²⁴

Prologue: The Dream of a ‘Liberal’ Protestant Nation: “Enlightenment,” the “Cultural Movement” & “Self-Reconstruction Nationalism”

The imposition of Western style, imperialist diplomatic relations and economic opening on Chosŏn Korea, initiated by Japan in 1876, allowed for the entry of Western Protestant missionaries, primarily from North America and the U.K. Korea’s thrust into the global order led a group of government officials named the *kaehwa* [Enlightenment] party, following the lead of the Meiji reformers of Japan, to launch the brief and ill-fated Kapsin Coup of 1884 to try and force similar modernizing reforms on Korea.²⁵ Realizing the need for broader public support, the survivors of the Coup and other reformers launched Korea in the 1890s into what Andre Schmid has called a “transnational newspaper culture, centered in Japan,”²⁶ and including China. The basic concepts and lexicon of Western modernity, colored by Chinese and most of all Japanese interpretations were introduced to a broader Korean public. Koreans labeled this ‘new’ thinking *munmyŏn kaehwa*, ‘Civilization and Enlightenment’, or often just *kaehwa*, ‘Enlightenment’ thinking.

Three of the most important leaders in this Enlightenment discourse, all Protestant, educated overseas, and participants in the Kapsin Coup, were Yu Kil-chun (1856-1914), Yun Ch’i-ho (1864-1945), and Sŏ Chae-p’il (1864-1951). Sŏ later became the lifelong friend and mentor of Ilhan New. In 1895 Yu published his “*Sŏyu Kyŏmun*” [Observation of a Journey to

²⁴ Or, alternatively, for Maoist readers this can be considered the history of another ‘breed’ of Korean ‘running dogs of capitalism’, if the metaphor has not yet completely exhausted itself.

²⁵ For an older, yet still clear and useful introductory history of the Coup, see Harold F. Cook, *Korea’s 1884 Incident: Its Background and Kim Ok-kyun’s Elusive Dream* (Seoul: Royal Asiatic Society, 1972).

²⁶ Andre Schmid, *Korea Between Empires: 1895-1919* (N.Y.: Columbia Univ., 2002), 112.

the West], extensively modeled on a similar previous work by his mentor, the leading Meiji Japanese popularizer of modernity, Fukuzawa Yukichi. It was the first widely circulated account of the West in Korea.²⁷ In 1896 Sō and Yun launched the *Tongnip shinmun* [The Independent], the first modern newspaper. The newspaper was linked to a corresponding national organization called the Independence Club, the first popular nationalist organization in Korean history. The modernity introduced and advocated in these publications was an idealized version of contemporary Western liberalism. The 1890s and onwards also saw the start and explosion in numbers of Protestant missionary schools for all levels of education, many soon run by Koreans, throughout Korea. The curricula reflected the classical liberal and gradualist orientation of its primarily North American and British missionary authors.²⁸ These schools became a model for secular Korean private schools and a tolerated alternative to the Japanese colonial education system.²⁹

After Korea's annexation and brutal repression by Japan through the 1910s, and following nation-wide mass demonstration against Japanese rule and an (unsuccessful) Declaration of Independence in 1919, a tactical easing of repression by the colonial government allowed for a flourishing of varied nationalist efforts spanning the political spectrum through the 1920s. One of the most important, decidedly on the 'right'/'moderate' side of the spectrum, was the *munhwa undong* or 'cultural movement'. The nationalist leaders within this movement advocated a peaceful, non-radical, long-term education of the Korean people to 'modern' standards in preparation for a 'someday' independence of Korea. The model of modern remained

²⁷ Schmid, *Korea Between Empires*, 111.

²⁸ Elizabeth Underwood, *Challenged Identities: North American Missionaries in Korea, 1884-1934* (Seoul: Royal Asiatic Society Korea Branch, 2003), 26, 31-33.

²⁹ Michael Edson Robinson, *Korea's Twentieth Century Odyssey: A Short History* (Honolulu: Univ. of Hawaii, 2007), 11.

the West, particularly the U.S. and the U.K., where modernization implied capitalism and liberal democracy.³⁰

Most (but not by any means all) of the major nationalist leaders associated with the cultural movement were Protestant. Protestants linked to this movement were the Enlightenment and Civilization stalwarts Yun Ch'i-ho, and Sŏ Chae-p'il. (Yu Kil-chun died in 1914.) Other Protestant major nationalist leaders associated with 'cultural nationalism' were An Ch'ang-ho (1878-1938), and Cho Man-sik (1883-1950?). Cho was the leading figure behind the famed elite Protestant educational institution, the Osan School, and the first popular movement promoting Korean economic nationalism, the Korean Products Promotion Society of the 1920s.³¹ An was a leading figure in the Independence Club, several subsequent major nationalist organizations, and a member of the Shanghai-based Provisional Government of Korea before dying in a Japanese prison.³² An was also a mentor to Ch'oe Namsŏn. Ch'oe was one of the most important pioneering nationalist historians of this time and an admirer of Protestantism, if not a convert (to Catholicism) until the last years of his life. In turn, Ch'oe (and his capitalist and Protestant friendly writings) was the most important nationalist intellectual influence on the 'father of export-led growth,' Chŏn T'aek-bo. Cho Man-sik and the Korean Products Promotion Society were heroes and models to all six of the self-reconstruction capitalists featured in this study, including the youngest, Lee Myung-bak. (Lee was President of South Korea from 2008-2013.) One of the 'second generation' capitalists featured, Choi Tae-sup, attended the Osan School as a youth and while there was mentored by Cho.

³⁰ Michael Edson Robinson, *Cultural Nationalism in Colonial Korea, 1920-1925* (Seattle: Univ. of Washington, 1988), 73-75.

³¹ Robinson, *Cultural Nationalism in Colonial Korea*, 66, 94-100.

³² Robinson, *Korea's Twentieth Century Odyssey*, 25, 38, 53.

Protestants with a liberal, non-radical vision of capitalist modernity for Korea overwhelmingly dominated Korean nationalism in general in its formative Enlightenment stage. From the turn of the century, however, other perspectives and visions for the nation multiplied. During the colonial period there were both right-wing and left-wing Protestant nationalists who advocated (and practiced) revolutionary change, militarism, and/or armed struggle and ‘terrorism’ against the Japanese. In general, however, these Protestant nationalists had little influence on the capitalists of this study. The only one greatly influenced by militarism was Ilhan New. In his youth New received military training at an academy for Korean-American youth modeled after West Point and run by Park Yong-man. Park was one of the first and relatively few examples of Protestant ‘Enlightenment’ nationalism coupled with advocacy of winning independence through a Korean army. In his deeply nationalist education in the perceived Korean heartland of Kando in Manchuria, Chŏn T’aek-bo met ardent Protestant nationalists of a revolutionary leftist bent such as Yi Tong-hwi, soon to be a founder of Korea’s first socialist and then communist parties, but decisively rejected that path under the influence of an Enlightenment-oriented school principal.

Enlightenment and ‘cultural’ nationalism in general held that modernizers needed to work at the national level in developing the level of civilization in a purportedly backward Korea.³³ For the nation to advance, ‘national harmony’ and unity around shared cultural, historical, and racial features had to prevail over class-oriented views of society.³⁴ Above all, the key word for enlightenment and cultural nationalism was education. The hallmark of this stream of Korean nationalism was the promotion of education and educational institutions. The goal was

³³ Schmid, *Korea Between Empires*, 9.

³⁴ Robinson, *Cultural Nationalism in Colonial Korea*, 75. According to Robinson, ‘cultural’ nationalism was one of the first targets of criticism by radical Korean Marxists for its alleged ‘non-political’ nature.

mass literacy and political participation in a liberal democracy, buttressed with a strong and growing capitalist middle-class, all of which implied a legal and gradualist approach.³⁵

A major part of the appeal of enlightenment thinking was always the optimistic potentialities of global capitalist modernity for many Koreans. This however was coupled with a belief in social Darwinism and awareness that capitalism could be predatory on a national level.³⁶ The first nationalists to introduce and ‘explain’ to a broader Korean public Western economics, which in their minds meant classical economics, were Yu Kil-chun and Sŏ Chae-p'il in the 1890s. In Yu’s writing there is a continual emphasis and championing of entrepreneurship, ‘self-help’, respect for merchants, meritocracy, the free market, and time-conscious citizenry.³⁷ Both Yu and Sŏ advocated open trade and private enterprise while the role of the state was to provide order, security, and welfare programs.³⁸

As practically all the Enlightenment and many cultural nationalists were Protestants, it is useful to outline those features of their thought specific to their Protestantism or only found amongst Protestant nationalists, as their religion provides the fundamental link with the Protestant capitalists of this study. A major attempt to do this for Enlightenment and cultural nationalists of the late 19th century and into the colonial period was undertaken by Kenneth Wells. In his 1990 work Wells identifies specific elements of nationalist thought unique to Protestant Enlightenment and cultural nationalist leaders, which he called “self-reconstruction

³⁵ Schmid, *Korea Between Empires*, 32; Robinson, *Cultural Nationalism in Colonial Korea*, 73-75.

³⁶ Schmid, *Korea Between Empires*, 37.

³⁷ Schmid, *Korea Between Empires*, 43.

³⁸ Denis L. McNamara, “Benign Capitalism – Idea and Institution,” in *Corporatism and Korean Capitalism*, ed. Denis L. McNamara (London: Routledge, 1999), 58.

nationalism.” While several dozen nationalists are referenced, his work focuses primarily on the same Protestant nationalists already identified.³⁹

According to Wells, Protestant thinking regarding nationalism was to focus on the universal ethics of Christianity and on the ethical development of individuals above all. Self-reconstruction nationalists separated the idea of the nation from that of the state and identified a national culture that lacked an altruistic public morality as the basis of Korea’s problems rather than the lack of an independent state. Korea’s renewal could be built only on a new personal morality, with an emphasis on self-restraint and self-sufficiency that in practice could not be realized without the help of a Protestant faith.⁴⁰ Enlightenment and a cultural revival could be developed by focusing on two powerful levers: ‘modern’ education, which included Protestant ethics and beliefs, and “Christian economics.”⁴¹

As self-reconstruction nationalists, Yu Kil-chun, Yun Ch’i-ho, and Sŏ Chae-p’il had a romanticized conception of Western *laissez-faire* economic practice. Yu Kil-chun in particular believed that competition, including economic, was a natural and proper method of nurturing knowledge and cultivating virtue that Confucianism had always lacked and had therefore failed to inculcate. To Yu the capitalist mechanisms of circulating money throughout the economy to the benefit of society showed that capitalism was unselfish in spirit. As Wells writes,

Just as responsible engagement in local and national affairs was civic morality in the political arena, so capitalism was civic ethics applied to the economic sphere. This rosy view of capitalism undergirded the economic self-reconstruction thought and activities of [self-reconstruction] Protestant nationalists...right through to the 1930s.⁴²

³⁹ Kenneth M. Wells, *New God, New Nation: Protestants and Self-Reconstruction Nationalism in Korea, 1896-1937* (Honolulu: Univ. of Hawaii, 1990).

⁴⁰ Wells, *New God, New Nation*, 9-10, 61.

⁴¹ Wells, *New God, New Nation*, 62.

⁴² Wells, *New God, New Nation*, 63.

Even though educated in the West or Japan, Yu, Yun, and Sŏ did not understand the manifestly successful *laissez-faire* economic development of the West, particularly the U.S. and Britain, as being at root based on ‘self-interest’ e.g. the search for profit, that the wonders of the ‘Invisible Hand’ and market competition turned into a public good. Instead, seeing that the vast economic profit of erstwhile Protestant countries such as the U.S. and Britain was partly donated for the use of establishing schools, hospitals, libraries, and other similar institutions in foreign lands such as Korea, they saw the animating experience of ‘true’ capitalism, that is, capitalism fused with Protestant ethics, as public spiritedness.⁴³ In essence they conflated the act of profit-seeking of Western and particularly Protestant capitalists with their philanthropy, seeing it all as part of the same seamless economic process. Imbued with social Darwinism, they could recognize the role of capitalism as part of the injustice of imperialism, especially as the latter engulfed Korea, but they made a distinction between such capitalism and/or imperialism run by ‘evil’ men as opposed to ‘good’. A typical example of this was provided by a newspaper editorial in 1909 expressing a self-reconstruction viewpoint, four years into Korea’s forced status as a protectorate of Japan and one year away from outright annexation. In this article the ‘bad’ actions of Japan in Korea as an imperialist power are contrasted with the supposedly good, paternalistic actions of Britain in Egypt.⁴⁴

For self-reconstruction nationalists, and also non-Protestant cultural movement nationalists, the culmination of their efforts to create ‘civil ethics applied to the economic sphere’ was the Korean Products Promotion Society (*Chosŏn mulsan changnyŏ hoe*). The Society, based in Pyongyang, was formed and led by Cho Man-sik, a Presbyterian elder and Principal of the Osan School. With the help of the Pyongyang YMCA and local Korean businesses, the Society

⁴³ Wells, *New God, New Nation*, 62.

⁴⁴ Schmid, *Korea Between Empires*, 119.

was proclaimed in existence in 1922.⁴⁵ The goal as Cho described it was to block “Japan’s capitalistic economic invasion” by promoting the consumption of Korean goods, both manufactured and local handicrafts by the peasantry. Cho promoted manufactured goods by nascent Korean capitalists, even if more expensive and of less quality than Japanese goods imposed on Koreans by an evil imperialist system. Cho also promoted ‘self-restraint’ in reducing consumption in general, and in substituting unnecessary Japanese manufactured goods with homespun handicrafts. Mahatma Gandhi’s similar actions in India were an inspiration for Cho, and inspired him to adopt a frugal lifestyle and to wear the traditional Korean male costume. This led to his continuing reputation in South Korea as the ‘Gandhi of Korea.’ His personal asceticism was often as admired as his economic nationalism.

Enthusiastic Korean press attention, the support of the national YMCA, and a lecture tour made the Korean Products Promotion Society a national movement in early 1923. Despite immediate harassment from the Japanese colonial government, support came from youth groups, other religious groups, women’s clubs, business associations, and some elements of the burgeoning labour movement. The Society held recurring rallies and opened regional branches. The most consistent initiative undertaken was the Society’s journal, which explained the goals of the movement, described the operation of Korean industries, and provided guidelines on which products to buy. After great initial enthusiasm momentum began to ebb by late 1924. This was due to three factors. First, and most important, was a steady and escalating Japanese government harassment of the Society and its activities. Second, there was an increasingly influential leftist critique of the Society stating that its aims were primarily aiding Korean capitalists whose class interests were ultimately identical to those of Japanese capitalists. In this critique the message of

⁴⁵ Except for the specific point below attributed to Robinson, *Cultural Nationalism in Colonial Korea*, the following account is based on Wells, *New God, New Nation*, 142-148.

the Society to use homemade goods was ignored. Finally, there was the unforeseen market consequence of success, where with increased demand for Korean manufactured goods, shortages resulted and prices rose.⁴⁶ Except for a brief resurgence of interest in the Society in 1929-1930, the movement and its publication finally ceased in the face of the Great Depression. Nonetheless, the legacy of this first foray into economic nationalism loomed large in the youth and life-long thinking of most of the capitalists featured in this study.

In Wells' account, the Society was the last initiative of the self-reconstruction nationalists that garnered broad-based, national support. His account of the end of most of the nationalists themselves and their ideas has a definite elegiac tone. From the late 1930s to the end of the Korean War, all the major self-reconstruction nationalists died, either from old age, mistreatment in a Japanese prison, or assassination/execution by either Syngman Rhee's or Kim Il Sung's regimes.⁴⁷ In many ways, those who died from other than natural causes were a part of a general destruction, generally through the murder of its major proponents, of the political 'centre', including liberalism or social democracy that occurred before and during the Korean War as Korean politics became irretrievably polarized.⁴⁸ More importantly, except for extremely sporadic and tentative re-airings of a few self-reconstruction ideas in South Korea from the 1980s onwards, Wells states baldly that self-reconstruction nationalism was a stream of early nationalist thought that practically speaking 'died' in the Korean War, and generated no intellectual or political heirs.

⁴⁶ Robinson, *Cultural Nationalism in Colonial Korea*, 97, provides a description of the shortages and rise in price for Korean goods.

⁴⁷ Wells, *New God, New Nation*, 161-162.

⁴⁸ Robinson, *Korea's Twentieth Century Odyssey*, 111.

This is explained, according to Wells, by the emphasis of self-reconstruction nationalism on the importance of the nation preceding that of the state. That meant that universal Christian ethics were more important, ultimately, in the viewpoint of self-reconstruction nationalism than the demands and loyalties of a Korean state. Unfortunately for the ongoing appeal of self-reconstruction nationalism, post-war Korea gained not one nation-state, but two, North and South, both staking their legitimacy on competitively linking the nation to their own version of the Korean state. In short, a nationalism that minimized the importance of the state to the nation was, according to Wells, of no political utility and in fact hindered the aims of both the North and South Korean governments.⁴⁹

While reviews of Wells' work were positive, there were common critiques.⁵⁰ Reviewers felt Wells overstated the link between Protestantism leading to a 'self-reconstruction' nationalism (especially with the post 1920s rise of non-revolutionary socialist Protestant leaders such as Yŏ Un-hyŏng or Kim Kyu-sik),⁵¹ and an overstatement of its relevance past the 1920s and 1930s.⁵² All agreed nonetheless that considering the widespread influence of Protestantism amongst the first generation of Korean nationalist leaders with a relatively broad, non-sectarian national profile, further research parsing out its significance was important. Since Wells' effort there has not been any further major research on Protestantism within early Korean nationalism focusing on the same level of nationalist figures that Wells wrote about. Recent works have focused on clerical figures more highly influential within Protestant circles, the influence of

⁴⁹ Wells, *New God, New Nation*, 162-176.

⁵⁰ Edward W. Poitras, "New God, New Nation: Protestants and Self-Reconstruction Nationalism in Korea, 1896-1937. by Kenneth M. Wells," *The Journal of Asian Studies* 51, no. 4, (Nov., 1992), 943-944; Michael Robinson, "New God, New Nation: Protestants and Self-Reconstruction Nationalism in Korea, 1896-1937 by Kenneth M. Wells," *The International History Review* 15, no. 4, (Nov., 1993), 808-809; Clark W. Sorensen, "New God, New Nation: Protestants and Self-Reconstruction; Nationalism in Korea, 1896-1937 by Kenneth M. Wells," *The American Historical Review* 99, no. 2, (Apr., 1994), 625.

⁵¹ Sorensen, "New God, New Nation," 625.

⁵² Robinson, "New God, New Nation," 808-809.

Protestantism on political alignment rather than nationalism per se, or upon rural Protestant social movements.⁵³ This study builds upon and strongly affirms Wells' pioneering work. It directly counters the critique of his reviewers (and Wells' own underestimation) of the lasting and still continuing legacy and importance of 'self-reconstruction' nationalism, at least in the history of Korean economic thought and practice.

Modeling a 'Liberal' Protestant Economy: Self-Reconstruction Capitalist Business Practices vs. the 'Chaebols'

It was always the ghost of Friedrich List, not that of Adam Smith that was haunting [South] Korean industrialization.⁵⁴

- Yun Tae Kim

It is a central argument of this study that self-reconstruction nationalism and its dream of a 'liberal' Korea did not 'die' during the Korean War, but in fact persists to the present. However, the 'heirs' of this stream of nationalist thinking did not reside amongst the 'usual suspects' in intellectual or nationalist history e.g. intellectuals, politicians, or even nationalist activists. Instead, it resided amongst businessmen, logical 'heirs' to a stream of nationalist thinking that put so much emphasis on the need for capitalist development along classical liberal

⁵³ Specifically, these are: Youngkeun Choi, *Rethinking Protestant Nationalism in Colonial Korea, 1910-1945: Chong In-gwa and the Christianization of Korea* (PhD dissertation, Graduate Theological Union, 2009); In Soo Kim, *Protestants and the Formation of Modern Korean Nationalism, 1885-1920: A Study of the Contributions of Horace G. Underwood and Sun Chu Kil* (New York: Peter Lang, 1996); Albert L. Park, *Visions of the Nation: Religion and Ideology in 1920s and 1930s Rural Korea* (PhD dissertation, University of Chicago, 2007); Chung-Shin Park, *Protestantism and Politics in Korea* (Seattle: Univ. of Washington, 2003).

⁵⁴ Quoted in Kim, *Bureaucrats and Entrepreneurs*, 52; see also Bruce Cumings, "Webs With No Spiders, Spiders With No Webs: The Genealogy of the Developmental State," in *The Developmental State*, ed. Meredith Woo-Cumings (Ithaca, NY: Cornell, 1999), 61-92. Friedrich List was a seminal 19th century German economist who argued that optimal extensive national economic development would require government intervention in deliberate contradiction to classical liberal economic thinkers such as Adam Smith. Bruce Cumings argues that there is a connection in ideas between late 19th century German economists such as List and then the Japanese developmental state, and finally the South Korean one.

lines, and whose last significant mass movement had been Korea's first example of popular economic nationalism. Inspired by the ideas of self-reconstruction nationalism, with half having a personal, mentor relationship with a self-reconstruction nationalist, it is not surprising that the six major business founders of this study chose as their life vocation to not only advocate the ideas of self-reconstruction but to actually put it into practice as successful capitalists modeling their understanding of Protestant business ethics. The six and the business conglomerates they founded or are associated with are Ilhan New (Yuhan), Chŏn T'aek-bo (Chonusa), I.D. Kim (Byucksan), Choi Tae-sup (HanGlas), Soo Keun Kim (Daesung), and Lee Myung-bak (Hyundai).⁵⁵ These capitalists did not usually put their efforts into communicating as full a vision for the nation as did their self-reconstruction nationalist mentors, but instead, as specialists in 'civic ethics in the economic sphere,' focused on demonstrating the viability of classical economic liberalism and self-reconstruction nationalism in practice, e.g. building large, thriving businesses configured in a unique manner that clearly set them off from all other South Korean conglomerates. As such, with their narrower focus they are called in this study 'self-reconstruction capitalists.' Of the six self-reconstruction capitalists, only New experienced significant business success while working under the Japanese colonial developmental state.

⁵⁵ As is standard for academic works, the McCune-Reischauer Romanization system is used, with the usual exceptions for well-established idiosyncratic spellings for certain place names or historical personages e.g. 'Seoul' and 'Syngman Rhee' and for cited works by Koreans where their Romanized names are given. The McCune-Reischauer Romanization system used is that employed by the U.S. Library of Congress. Korean names are usually given family name first, and to aid pronunciation the personal name divided with a dash dividing its two separate syllables.

However, a great many of the capitalists and other notable figures mentioned in this study had extensive, life-long interactions with Westerners and chose, sometimes at an early age, their own desired Romanization of their names. Some of these choices meant to convey deep-seated nationalist sentiments. Often when searching in English it is much easier to find sources using their own chosen Romanization of their names. Therefore, where ever known, this study uses the customary, idiosyncratic Romanization of such names. For those interested, the McCune-Reischauer Romanization for the six capitalists is given: 'Ilhan New': Yu Il-han, 'I.D. Kim': Kim In-dŭk, 'Soo Keun Kim': Kim Su-kŭn, 'Choi Tae-sup': Ch'oe T'ae-sŭp, 'Lee Myung-bak': Yi Myŏng-pak. 'Chŏn T'aek-bo' is already romanized according to the McCune-Reischauer system.

In addition, every Korean interviewed or with whom discussions were held that is cited has their own Romanization of their name which has been used in this study.

All of them grew and operated major business groups under at least the first decade of the South Korean developmental state, which quickly took shape in the early 1960s under the rule of military dictator Park Chung Hee and lasted until the 1997 Asian Crisis. Over this time period South Korea went from one of the twenty-five poorest nations on Earth to a GDP per capita (1997 prices) of \$11,000 and was a member of the Organization for Economic Co-operation and Development.⁵⁶ The seeming ‘discrepancy’ from the viewpoint of (neo)liberal economics between an economy such as South Korea’s achieving one of the fastest growth rates in human history while under such a manifestly interventionist government has made South Korea (along with other economies of East Asia) for decades a debating point in academic and popular debates on how extensive this intervention really was and whether it hurt or hindered economic growth.⁵⁷

The overwhelming consensus of recent literature, however, by scholars from multiple disciplines and economic theory orientations, whether specialists in global economic history or more focused on Korea, is that the extreme interventionism of the South Korean regime over almost three decades classifies South Korea at this time as both a developmental state almost without peer and, coincidentally or not, a swiftly growing economy.⁵⁸ This is accepted by Korea

⁵⁶ Pirie, *The Korean Developmental State*, 1.

⁵⁷ It could be argued that even by the 1980s most scholars saw South Korea as a developmental state. See for example the discussion of this ‘debate’ in Amsden, *Asia’s Next Giant*, v, 4; Woo, *Race to the Swift*, 1-2.

⁵⁸ Works with a (neo)liberal economic global perspective: Jeffrey Frieden, *Global Capitalism: Its Fall and Rise in the Twentieth Century* (New York: Norton, 2006), 386, 413-416; Deepak Lal, *Reviving the Invisible Hand: The Case for Classical Liberalism in the Twentieth-First Century* (Princeton, NJ: Princeton Univ., 2006), 198; Yergin and Stanislaw, *The Commanding Heights*, 139, 168-170.

Works focusing on Korea: Barry Eichengreen, Dwight H. Perkins, and Kwanho Shin, *From Miracle to Maturity: The Growth of the Korean Economy* (Cambridge, MA: Harvard Univ., 2012), 309; David Hundt, *Korea’s Developmental Alliance: State, Capital and Politics of Rapid Development* (Abingdon, Oxon: Routledge, 2009), 2-5, 13-16; Myung Koo Kang, “Compressed Modernization and the Formation of a Developmentalist Mentalite,” in *Reassessing the Park Chung Hee Era, 1961-1979: Development, Political Thought, Democracy, and Cultural Influence*, ed. Hyung-A Kim and Clark W. Sorensen (Seattle: Univ. of Washington, 2011), 166-186; Chung-yum Kim, *From Despair to Hope: Economic Policymaking in Korea, 1945-1979* (Seoul: KDI, 2011), 5; Dal Hyun Kim, “Outward-Looking Development Strategy in the 1960s,” in *Development Experience of the Korean Economy*, ed. Keuk Je Sung (Seoul: KyungHee Univ., 2010), 96, 99; Kyong Ju Kim, *The Development of Modern South Korea: State Formation, Capitalist Development, and National Identity* (London: Routledge, 2006), 182; Kim, *Bureaucrats and Entrepreneurs*, 35, 52,

specialist scholars of a most rigorous and quantitative neo-classical economic background, such as for example Nicholas Eberstadt of the American Enterprise Institute, a conservative Washington, D.C. think tank.⁵⁹

The ‘challenge’ for scholars such as Eberstadt and others is to explain why such an extensive developmental state did not stifle economic growth through internal corruption as occurred in other developmental states. The overwhelming consensus for South Korea, (as for other fast-growing East Asian developmental states) is that the deliberate linking of business viability and political legitimacy with export targets forced the overall economic system to be answerable to economic standards beyond the reach of the government or economic players to ‘game’ and forced ‘genuine’ economic growth.⁶⁰ One of the most striking characteristics of South Korean exports from the 1960s onwards is that their level of sophistication and quality was relatively high compared to other country’s exports of a similar GNP per capita.⁶¹ That export-led growth played this essential role in the dynamism of the South Korean developmental state underscores the importance of forgotten Chonusa founder Chŏn Taek-Bo.

68; Lie, *Han Unbound*, 79-98; Wonhyuk Lim, “Business Groups and Fair Trade Policy in Korea,” in *Development Experience of the Korean Economy*, ed. Keuk Je Sung (Seoul: Kyunghee Univ., 2010), 364; Pirie, *The Korean Developmental State*, 19-24; Sakong Il, “Introduction,” in *The Korean Economy: Six Decades of Growth and Development*, ed. Il Sakong and Youngsun Koh (Seoul: KDI, 2010), 9; Jae-Seung Shim and Moosung Lee, *The Korean Economic System: Governments, Big Business, and Financial Institutions* (Aldershot, Hampshire: Ashgate, 2008), 175; Jang-Sup Shin and Ha-Joon Chang, *Restructuring Korea Inc.* (London: Routledge, 2003); Song, *South Koreans in the Debt Crisis*, 16.

⁵⁹ Nicholas Eberstadt, *Policy and Economic Performance in Divided Korea during the Cold War Era: 1945-91* (Washington, D.C.: AEI, 2010), see entire Chapter 3, ‘Policy and Economic Performance in South Korea: 1945-91’, 94-171, and particularly within this chapter the conclusion with subtitles “The Enigma of South Korean Growth: How Much Can We Explain?” and “Reconciling Paradigms,” 162-171.

⁶⁰ Eberstadt, *Policy and Economic Performance in Divided Korea*; Eichengreen, Perkins, and Shin, *From Miracle to Maturity*, 43, 140, 307; Frieden, *Global Capitalism*, 415; Hundt, *Korea’s Developmental Alliance*, 67; Kim, *From Despair to Hope*, 6; Kim, “Outward-Looking Development Strategy,” 57; Lal, *Reviving the Invisible Hand*, 43; Lie, *Han Unbound*, 97; Lim, “Business Groups and Fair Trade Policy,” 364.

⁶¹ Eichengreen, Perkins, and Shin, *From Miracle to Maturity*, 178.

The ubiquitous corporate form of South Korean big business as it flourished under the South Korean developmental state, having its roots in the Japanese colonial state, is called the *chaebol*. While the taxonomy of South Korean big business organizations has become somewhat more varied since the 1997 Asian Crisis, for almost four decades the *chaebol* represented an organizational form that practically every large business in South Korea followed⁶² – except for the large businesses formed by self-reconstruction capitalists, whose business model consciously contradicted that of the *chaebol* in almost every aspect. The *chaebol*, its form and mode of operation perfectly reflected the political economy of the Korean developmental state that nurtured and spawned it. In contrast the business groups created by the self-reconstruction capitalists reflected their vision of how economic development in South Korea *should* (in their minds) have proceeded, which was under a classical *laissez-faire* economic liberalism tempered by Protestant ethics and philanthropy. Being business organizations not ideally suited to the political economy of the developmental state, the companies run by the self-reconstruction capitalists by and large experienced significant limits on their potential quantitative growth in comparison to their *chaebol* competitors before the 1997 Asian Crisis. Since then, as South Korea's economy has shifted to a more neoliberal basis, their relative competitive position has generally improved of those that survived, as their mode of business practices is somewhat more synchronous with the South Korean and world economy of the last decade and a half.

The *chaebol*'s closest historical analogy is the pre-World War II Japanese *zaibatsu*, on which they were modeled. Both were business conglomerates encompassing a wide variety of

⁶² Overviews of the *chaebol* and its structure can be found in innumerable sources on the South Korean economy. Besides the specific citations that follow, a good readable introduction is provided in the chapter entitled "The *Chaebol* (Business Conglomerate)" in Kim, *Big Business, Strong State* or her updated chapter that focuses on the Park Chung-Hee regime with Gil-Sung Park entitled "The *Chaebol*," in *The Park Chung Hee Era: The Transformation of South Korea*, ed. Byung-Kook Kim and Ezra F. Vogel (Cambridge, MA: Harvard Univ., 2011), 265-294.

sectors, though usually with an emphasis on heavy industry. The key difference is that South Korean *chaebol* were not allowed to operate financial sector businesses. Fundamentally the *chaebol* were seen as the private sector arm of the developmental state, implementing its overall economic growth policies.⁶³ In the early 1960s the South Korean state effectively ‘nationalized’ the entire South Korean financial system, and used access to below-market cost capital as the most important ‘carrot’ to incentivize *chaebol* to follow their policies. This led *chaebol* to overwhelmingly use loans rather than raising equity for financing. As wielded by authoritarian military-backed dictatorships, the ‘stick’ could be draconian tax audits, actual physical imprisonment, and/or ‘bankruptcy’ (the latter always imposed mostly on opaque political grounds) though in practice these tools, particularly the last two, were used sparingly.⁶⁴ While the state often supplanted the market in allocating resources, the South Korean system linked, in a relatively transparent and non-corrupt manner, the allocation of state subsidized credit to actual superior business performance by the *chaebol* as demonstrated by successful export sales to foreign markets. As described, this ‘export-led growth’ incentivized the entire system to produce tangible economic growth that created the ‘miracle’.

As a result, practically every *chaebol* showed the same overall characteristics. Financing was primarily from government mediated loans, to the extent that the *chaebol* could not sustain themselves without this tacit guarantee of their solvency from the government. The overriding business goal was export sales rather than serving the (heavily protected) domestic market. The

⁶³ Eichengreen, Perkins, and Shin, *From Miracle to Maturity*, 224; Hundt, *Korea’s Developmental Alliance*, 2-3; Kim, *Bureaucrats and Entrepreneurs*, 35, 82, 84; Wonhyuk Lim, “The Emergence of the *Chaebol* and the Origins of the *Chaebol* Problem,” in *Economic Crisis and Corporate Restructuring in Korea: Reforming the Chaebol*, ed. Stephan Haggard, Wonhyuk Lim, and Euysung Kim (Cambridge: Cambridge Univ., 2003), 36; Pirie, *The Korean Developmental State*, 72-74.

⁶⁴ Eichengreen, Perkins, and Shin, *From Miracle to Maturity*, 77, 85, 309; Kim, *From Despair to Hope*, 3-6, 60, 102-103; Kim, *Bureaucrats and Entrepreneurs*, 72; Il, “Introduction,” 53; Shim and Lee, *The Korean Economic System*, 176; Shin and Chang, *Restructuring Korea Inc.*, 22, 25.

focus on sales meant that business founders strove to create the largest, in terms of sales, organizations possible, without any regard to profitability. (Without profits retained earnings was not an option for financing, reinforcing the *chaebol's* dependence on credit.) To convey an overall image of vast size, which would attract the most capable new employees, and to develop the largest overall sales volume possible entrepreneurs created some of the most diverse conglomerates in business history with companies in numerous and often unrelated industries. This proliferation of group companies was one of the most important distinguishing features of the *chaebols*, and often defied any sort of business sense in terms of maximizing profitability.⁶⁵

Not answerable to market-driven private sector creditors or shareholders, the *chaebols* could be as opaque and 'fraudulent' in their management, accounting, and corporate governance as was in the best interests of owners and their families. In fact such practices were optimal for the overall growth and survival of the *chaebol* as a whole. Ownership and management were fused, with founder sons groomed for succession, and ownership maintained by byzantine shareholding arrangements. Opaque financing allowed for: levels of debt that would have been unsustainable in any dissimilar capitalist economy, tax evasion, 'illicit' real estate holdings and speculation (often an extremely significant portion of the new South Korean economic elite's wealth), routine and required 'kick-backs', bribes, and 'political donations' to the state. Transfers of funds amongst group companies both supported the business strategy of quantitative growth above all, and served as a tool to maintain the opaqueness of overall financial management and corporate governance. The more companies a *chaebol* had in as many diverse industries as

⁶⁵ Dal Hyun Kim, "The Expansion of Korea's Private Business and the Role of Entrepreneurship," in *Development Experience of the Korean Economy*, ed. Keuk Je Sung (Seoul: KyungHee Univ., 2010), 337; Kim, *Bureaucrats and Entrepreneurs*, 64, 66, 84, 89; Lim, "The Emergence of the *Chaebol*," 40; Lim, "Business Groups and Fair Trade Policy," 360-361; Lie, *Han Unbound*, 92; Shim and Lee, *The Korean Economic System*, 66; Song, *South Koreans in the Debt Crisis*, 15.

possible, the more options became available for any of the ‘business’ practices just listed: concealed debt, tax evasion, real-estate speculation, bribes, etc. The *chaebol* overall size in terms of assets or sales became their mark of success and ensured that they were ‘too big to fail’.⁶⁶

In contrast, the business groups created by the self-reconstruction capitalists differed from the *chaebols* in every aspect. As befitting classical liberal economics, the primary focus of self-reconstruction capitalists was profitability, which, for them, could come from both the export and domestic markets. Self-reconstruction capitalists sought to keep themselves and their businesses as financially independent of the developmental state as possible, which meant seeking all other sources of financing. The goal was to avoid reliance as much as possible on government sanctioned credit, which carried with it both expectations of compliance with government policies favoring growth above all, and providing the state with ethically dubious bribes, kick-backs, and ‘donations’. Self-reconstruction capitalists tried numerous means to achieve financial independence including low debt levels, retained earnings from profits, corporate bonds, and access to foreign development funds, banks, and/or joint venture investment.

Beyond retained earnings, profitability that is verified by financial transparency is useful in securing market-driven credit from creditors and shareholders. As much as *chaebols* were motivated to be opaque, self-reconstruction capitalists were therefore motivated to be as

⁶⁶ Dong-Se Cha, “The Structural Adjustments of Korea after the Crisis,” in *Development Experience of the Korean Economy*, ed. Keuk Je Sung (Seoul: KyungHee Univ., 2010), 496-497; David C. Kang, *Crony Capitalism: Corruption and Development in South Korea and the Philippines* (Cambridge: Cambridge Univ., 2004), 101-102; Kang, “Compressed Modernization,” 177-178; Kim, “The Politics of Chaebol Reform, 1980-1997,” 54, 57, 64-65, Chuk Kyo Kim, “Trade and Industrial Policy,” in *Development Experience of the Korean Economy*, ed. Keuk Je Sung (Seoul: Kyunghee Univ., 2010), 119; Kim, “The Expansion of Korea’s Private Business,” 344-345; Hyung-A Kim, *Korea’s Development Under Park Chung-Hee: Rapid Industrialization, 1961-79* (London: Routledge-Curzon, 2004), 207; Kim, *Bureaucrats and Entrepreneurs*, 119, 171-172; Lie, *Han Unbound*, 91-96; Lim, “Business Groups and Fair Trade Policy,” 362-365, 367-371; Shin and Chang, *Restructuring Korea Inc.*, 26-29, 32; Song, *South Koreans in the Debt Crisis*, 15.

transparent as possible in their business operations. This was both from their own self-interest in their chosen way of doing business and from their own religious based sense of business ethics. Self-reconstruction capitalists had to be ‘cleaner than clean’ from a desire to be moral exemplars to society and in order to avoid attracting the suspicion of the developmental state as they were clearly conspicuous non-conformists of its dictates. This meant scrupulous compliance with regulations, paying taxes, and making as credible a claim as possible to be avoiding corruption and ‘illicit’ asset speculation.

Transparency in fact and in perception by others was greatly aided for self-reconstruction capitalists if they pursued the exact opposite of the mind-boggling diversification of the *chaebols*. Instead self-reconstruction capitalists sought to specialize in just one industry and had relatively few group companies. For example, for five of the six capitalists, a long-standing industry focus is apparent and even is signaled in one of their group names e.g. ‘HanGlas’ (often ‘Hanguk Yuri’ in Korean, which means ‘Korea Glass’). Ilhan New specialized in pharmaceuticals, Chŏn in exporting expertise, Choi in glass, Soo Keun Kim in energy, and Lee in construction. The public explanation for their focus on one industry was usually along the lines of arguing that world-class competency in an industry required all of an entrepreneur’s efforts, which actually was often true. An unspoken reason was that if a capitalist had, for example, twenty group companies versus just two, he obviously had, to the government and public, ten times more opportunities for financial and business chicanery.

In terms of diversification I.D. Kim and his Byucksan group is the one exception amongst the six. His relatively closer compliance with the developmental state is explained by a feature of the South Korean developmental state almost never analyzed in the literature: the implications of family marriage strategies amongst the newly created South Korean elite. A ubiquitous feature of

the *chaebols*, practically as routine as closely held family ownership and management, high debt levels, focus on growth, and diversification in numerous industries, was a high rate of intermarriage of founder family children to the children of other *chaebol* founding families and to the political elite. Here also, as will be shown, the self-reconstruction capitalists pursued an opposite strategy – except for I.D. Kim, the instructive exception that demonstrates the overall validity of the argument.

It is because of the ‘compromise’ of a self-reconstructionist capitalist such as Kim that the term *chaebol* will be dropped from use in the rest of this analysis. While the term *chaebol* does clearly signify a very distinct form of business organization as just described, it has become loaded over the decades with a pejorative tone. This is demonstrated by the fact that the *chaebols* themselves never use it. To use it to contrast the business groups self-reconstruction capitalists created with all the other South Korean business groups may create too sharp an absolute distinction between the ‘good Protestant capitalists’ and the ‘bad *chaebols*’ that cannot be supported in reality. Instead more neutral and non-Korea specific terms will be used. The following historical account and its evidence will clearly show the overwhelming differences between the big businesses the self-reconstructionist capitalists created versus all the others, without the use of connotation-heavy words.

While their actions and the resulting business and philanthropic achievements will speak more eloquently than words, common themes in the writings and public statements of the self-reconstruction capitalists will re-enforce the contention that they were pursuing an ‘alternative’ capitalism. Some of these themes include a championing of classical liberal *laissez-faire* economics guided by Protestant ethics, a conception of their companies as ultimately being ‘owned’ by society, striving to be ethical ‘heroes’ always ready to serve the nation, being a

model of corporate philanthropy, especially in supporting education, and of self-discipline, including physical fitness and personal temperance.

The Disproportionate Significance of Protestants within Early Korean Capitalist History

Besides providing an account of an ‘alternative capitalism’, this study builds on scholarship linking Christianity, and particularly Protestantism with the first onset of Korean modernity. The Protestant contribution was particularly important in medical, educational, and media institutions, politics, and nationalism, as has already been suggested in the discussion on self-reconstruction nationalists. This point can often be demonstrated anecdotally by taking any sort of early landmark of Korean modernity, usually linked to a small number of elite individuals, and do a head count of the disproportionate number of Protestants involved. An oft cited example is of the thirty-three signers of the Korean Declaration of Independence in 1919, sixteen were Protestants.⁶⁷

Sociologist Kong Chae-uk has written the most cited work determining the top South Korean capitalists of the late 1950s. Using a variety of business metrics he identified twenty-nine ‘top capitalists.’⁶⁸ While his research was exhaustive, he did not determine the religious identity of any of this twenty-nine, as religious history or identity is not a research interest of his.⁶⁹ Research undertaken by others and myself shows that of the twenty-nine, seven were Protestants

⁶⁷ Oliver Leaman, *Encyclopedia of Asian Philosophy* (London: Routledge, 2001), 120.

⁶⁸ Chae-uk Kong, *1950-nyŏndae hanguk ūi chabŏngga yŏngu* [Study of 1950s Korean capitalists] (Seoul: Baeksan, 1994), 185-186.

⁶⁹ Chae-uk Kong, discussion with the author, Seoul, Korea, November, 2007.

(which includes three capitalists in this study, New, Chŏn, and Choi),⁷⁰ six were definitely not Protestants (one was Catholic), and the religious affiliation, if any, of thirteen is unknown.⁷¹

Assuming that the thirteen unknown were not Protestant, that means that at the very genesis of South Korean capitalism a solid majority of major business founders were not Protestant, which suggests there is no simple ‘Weberian thesis’ to explain the South Korean industrial revolution as the result of a Protestant work ethic. Non-Protestant entrepreneurs knew well enough how to create a major business. However, in the 1950s approximately 2% at the most of the South Korean population was Protestant.⁷² That at least 25% of the first cohort of South Korean capitalists was Protestant does suggest that in capitalism as in modern institutions and nationalism, Protestants had significance greater than their proportion of overall numbers.

⁷⁰ The seven were New, Chŏn, and Choi, Chŏng Chae-ho, founder of Samho (a different ‘Samho’ than any such business groups existing today), Yi Chŏng-rim, founder of Kaepung, Park Too-byung, founder of Doosan (who later in life converted to Catholicism as it was more congenial to his business career as a founder of one of Korea’s largest breweries; Korean Protestantism has historically been strongly influenced by temperance), and Kim Chong-hui, founder of the Hanhwa group, and faithful life-long Anglican. Due to the dominance of Presbyterians and Methodists amongst Korean Protestants Anglicanism in Korea has been relatively tiny and obscure, despite one relatively high-profile cathedral in central Seoul. In addition the specifically ‘high-church’ nature of Korean Anglicanism, with its use of Korean church vocabulary that is used by the Korean Catholic church has resulted in many Korean sources, even Protestant, in assuming Anglicanism is a form of Catholicism and that Kim was a Catholic.

Chŏng Chae-ho and Yi Chŏng-rim’s companies fell swiftly in stature or disappeared after the 1950s. Park and Kim’s groups are amongst the largest in South Korea but neither in their business ideas or careers can be classified as self-reconstruction capitalists. For Park this was probably because of his difficulty with and eventual renunciation of Protestantism due to his main line of business being alcohol, while Kim’s Anglicanism placed him in a tiny denomination outside the main currents of Korean Protestantism which is dominated by Presbyterians and Methodists.

It has been suggested that the key point of first generation Korean capitalists who were Protestant was the status of many of them as refugees from the communist north during the Korean War era and not their Protestantism per se. Worldwide refugees or first-generation immigrant groups arriving in a new society with little financial or social capital have been noted for their high propensity for entrepreneurship. At least amongst the seven a northern refugee origin is not an overwhelming characteristic. Three, namely Park, Kim, and Chŏng were from the south.

⁷¹ Primary and secondary sources consulted were numerous and include Yongdong Presbyterian Church baptismal and membership records, Seoul, Korea; Seoul Anglican Cathedral baptismal and church records; all individuals cited as interviewees or for discussions in this dissertation; In-chŏl Kang, *Hanguk kidokkyohwe wa kukka-siminsahye: 1945-1960* [The Korean Christian Church and State-Civil Society: 1945-1960] (Seoul: Hanguk Kidokkyo Yŏksa Yŏngusa, 2003), 207.

⁷² Timothy S. Lee, *Born Again: Evangelicalism in Korea* (Honolulu: Univ. of Hawaii, 2010), 65.

The point of this anecdotal evidence is to assert that by focusing on Protestant capitalists, this study is not unduly magnifying their importance in the history of Korean capitalism, contra the sweeping generalizations of scholars such as Bruce Cumings that prior to 1960 Korea had “no capitalists, no Protestants, no merchants...no discernible history of commerce, foreign trade, or industrial development.”⁷³ There were both Protestants and capitalists, and a lot more of them were both than might be expected. Instead the above is the first historical scholarship to carefully quantify, if even on a tiny ‘sample size’, how many there were. It also underlines that this study incidentally provides the beginnings of an explanation for why there were relatively so many major Protestant capitalists at the beginning of South Korean capitalism, though that is not the main focus of this dissertation. In any case, as will be seen, the six self-reconstruction capitalists of this study were all major business leaders of their time, creating businesses of such size, legacy, and importance to South Korean economic development that they are ‘worthy’ of increased scholarly attention under any historical framework, beyond their Protestant identities.

Chapter Overview

As the first self-reconstruction capitalists, providing a model to those who came later, Ilhan New and Chŏn T’aek-bo are the primary focus of this dissertation and are discussed in Chapter Two (New) and Three (Chŏn). Besides their completely unique and singularly important business careers, both had a larger vision for Korea that went well beyond just business. Both were amongst the first Koreans to obtain academic training in *laissez-faire*, classical liberal

⁷³ Bruce Cumings, *Korea’s Place in the Sun: A Modern History* (N.Y.: Norton, 2005), 300. This work was clearly written for wide popular consumption and so often sacrifices accuracy for the entertaining generalization, all to the laudable goal of creating wider interest in Korean history. However here Cumings overstates his case, which is to attribute the reason for South Korea’s industrialization to one cause: wise government officials.

economics. Ilhan New received a business degree in the U.S. in the 1910s and Chŏn a degree from Kobe Higher Commercial School. In the pre-war era Kobe School was an academic bulwark of classical economics and free trade liberalism in Japan and in East Asia. The same pattern of analysis is used for both. Each chapter is divided into three sections, besides an opening and ‘Conclusion.’ The three sections are entitled ‘Early Life and Influences’, ‘Economic and Business Viewpoint’, and ‘Career.’ The first section presents the early life, influences, particularly from self-reconstruction nationalists, and education of each capitalist. In the second the nationalist, economic, and business viewpoint of each is provided primarily by referencing their writings. Finally, an account of their career in its fullest sense shows how they practiced self-reconstruction capitalism and built business organizations that reflected their background and their ideas. This sequencing shows where in their background they developed their ideas. Then, the third and last section shows how their ideas led to action.

Chapter Two is entitled ‘Ihan New - The Model Self-Reconstruction Nationalist & Capitalist.’ New was the first major Protestant capitalist in Korean history and the founder of pharmaceutical pioneer Yuhan Company. Fully a peer of the first few colonial era Korean large business owners, New was the only one to live and continue running a major business well into the first decade of the Park Chung Hee developmental state, giving him a unique status in overall Korean economic history. He was also the first notable Korean-American capitalist, founding the iconic brand of American-Chinese food ‘La Choy’ in the 1920s. In many ways the crowning moment of New’s life was on his death where he became famed within South Korea for giving away all his wealth to society in his will. His status as a ‘Protestant nationalist hero’ whose life is featured in South Korean elementary school civic textbooks was cemented years later when it was revealed that he had trained at the age of fifty to lead a top-secret commando team of

Korean-Americans to participate in the planned U.S. invasion of Japan and/or occupied Korea. Beyond these achievements New played a key role in the formation of the first South Korean constitution and was a global pioneer in implementing employee stock ownership in the late 1930s in Yuhan, anticipating later ‘Third Way’ discourse on capitalism.

The well-spring of New’s astonishing career was a deep grounding in self-reconstruction nationalist influences and similar ideas from figures such as Samuel Moffett, James Scarth Gale, Park Yong-man, and most of all his life-long mentor, friend, and one-time business partner Sŏ Chae-p’il. While there are approximately a half dozen recent academic and popular monographs on New’s life in Korean, there is nothing remotely similar to the scope of the account given in this dissertation in any other English language (or Japanese)⁷⁴ sources. Also, while this account uses much of the same primary Korean sources as do Korean language monographs (as all such sources are controlled by Yuhan Corporation), this is the first scholarly account of New’s life to fully utilize the many English language sources on his life, including New’s own writings in English.

Chapter Three is entitled ‘Chŏn T’aek-bo - Forgotten Private Sector ‘Father’ of South Korean Export-Led Growth.’ It is the first scholarly account in any language of an almost forgotten key player in the start of South Korean export-led growth in the 1960s. Numerous sources outline the contribution to this idea of various American and South Korean development experts and government officials, and to the role of Park Chung Hee himself. Chŏn, who won the first national ‘top exporter’ awards from President Park four years in a row, was the first to suggest the idea of export-led growth in person to Park. However he saw his reputation and his

⁷⁴ The author wishes to thank Dr. Aya Fujiwara for her help in surveying the status of Japanese language works (which is primarily their non-existence) on the self-reconstruction capitalists of this study.

standing in Clio's annals disappear as alone amongst the capitalists of this dissertation there is no surviving company to keep his legacy alive. Thankfully Chŏn was a relatively prolific writer, particularly in contemporary newspaper editorials and these, excellently compiled by his only biographer over thirty years ago, are the major primary source on his life and thoughts.

From his deeply nationalistic upbringing and education in the perceived Korean 'heartland' of Kando, Manchuria, Chŏn was a quintessential self-reconstruction capitalist. This was grounded in Enlightenment and cultural nationalism from his youthful intellectual admiration of Ch'oe Namsŏn and from a 'free-trade' economic education at Kobe School. He pioneered export achievements that preceded export-led growth in the 1960s by several decades. As South Korea's acknowledged leading expert and practitioner of exporting, Chŏn championed an uncompromisingly *laissez-faire*, U.S. and Hong Kong modeled vision for South Korea's economic development that ultimately challenged Park Chung Hee's Japan-centric development model and his developmental state. This led to Chŏn's group Chonusa being the first ever major business group to be forced out of business primarily for political reasons by the South Korean state. Though in forced retirement, Chŏn then continued to be a major influence on self-reconstruction capitalists who followed him by taking on a senior leadership role in the Korean Christian Businessmen's Committee (KCBMC), the leading organization for Protestant businessmen in South Korea. He also analyzed the essential role of 'trust' in social and economic development in a manner that anticipated Francis Fukuyama's more famous work on this topic several decades later.

Finally, Chapter Four is entitled 'The Post-War Protestant Capitalist Network and Its Leaders.' This chapter provides the fullest scholarly account to date of the history of the KBMC. While the relatively scant attention this organization has garnered has focused narrowly on its

political role in 1970s, this study goes beyond this focus and using a plethora of primary sources reconstructs (beyond even what the KCBMC or its U.S. ‘parent’ organization, the CBMC has) the full story of its origins and activities from the early 1950s and 1960s. The KCBMC (and Korean Rotary) provided a forum for an extraordinary network of Korean big business founders of varying Protestant identity, top Park regime supporters, and a trans-Pacific network of self-reconstruction capitalism clerical ‘supporters’ including the CBMC itself and evangelists such as Han Kyung-Chik, Billy Kim, Hwang Söng-su, and Billy Graham. Its top leadership ranks of the 1970s include the ‘second’ and ‘third’ generation of self-reconstruction capitalists that followed New and Chön’s legacy. These were I.D. Kim, Choi Tae-sup, Soo Keun Kim, and Lee Myung-bak. Also included were their business polar opposites, the two large business founders in South Korean history most closely identified with the developmental state, namely Chung Ju-yung, the founder of Hyundai, and Kim Woo Choong, the founder of Daewoo.

Inspired by decades of example and ideological support from the CBMC, the KCBMC became a forum and catalyst for self-reconstruction capitalists to become the pioneers of corporate philanthropy and institutionalized business ethics in South Korea. Beyond straightforward Christian charity, motivating this philanthropy lay an audacious idea, imported through the influence of the American CBMC. This idea was that in a Cold War world of *pax Americana*, not only were businessmen, contrary to the low esteem South Korean society had for them, following an honourable profession (which self-reconstruction nationalism already had argued), they, or more precisely, ‘saved’ Protestant businessmen, were in fact the most important members of the church universal in evangelizing the nation, and therefore were the most ethical Koreans alive. As *the* ethical elite they were in fact the ‘natural leaders’ of the nation, an assertion that Lee Myung-bak appears to have taken to heart.

A 'mini-biography' of each of the second and third generation self-reconstruction capitalists follow which primarily shows that the background, expressed ideas, and business careers followed closely the same pattern as the first generation capitalists. A novel challenge that they faced was what marriage strategies to pursue for their families' vis-à-vis the burgeoning South Korean developmental state elite. Marrying into that elite meant losing the independence to run their businesses as self-reconstruction capitalists. Finally, an analysis of the policies of Lee Myung-bak as an incoming President of South Korea will show their debt to self-reconstruction nationalist and self-reconstruction capitalist ideas, and predecessors such as Ilhan New. Lee explicitly aimed in his inaugural policy document to erase all remaining legacies of the developmental state, Japanese colonial and post-war. While the actual achievements of his administration are mixed, he purportedly intended to 'restore,' in his thumbnail historiography, the 'true conservative,' free-market and global civilizational course of where Korean history and capitalism was 'supposed' to have gone, a dog that should have barked.

Chapter Two: Ilhan New: The Model Self-Reconstruction Nationalist & Capitalist

In spring 1945 eight Korean-Americans underwent extensive training for top-secret commando-style raids on either Japanese controlled Korea or on Japan itself on Santa Catalina Island, just off Los Angeles. In keeping with their mission they received instructions in weapons use shooting at pop-up targets with M-I carbines, forty-five caliber pistols, Thompson submachine guns, demolitions, close-quarter combat with daggers, and the art of sneaking up on the enemy and killing them with a knife, small baton, or bare hands. Other skills learnt included use of radios, jungle warfare, avoiding ambushes and snipers, using maps and compasses, rock climbing, infiltration from amphibious landings, and how to carry out night attacks. Training also included three-day survival trips with only a knife and fishing line. As might be expected their daily physical exercise regime was intense with uphill mountain sprints and early morning calisthenics such as push-ups in pastures amongst soggy deposits of cow-dung. What might be most unexpected was the age and background of the leader of the squad: fifty-year old Ilhan New, a co-founder of 'La Choy', the first major brand of Chinese-style food in the U.S., and the founder of Korea's largest pharmaceutical company, Yuhan.¹

Ilhan New (1895-1971), founder of Yuhan, is distinguished from the other business founders highlighted in this study by his particularly high standing amongst his Protestant contemporaries as *the* pioneering model Protestant businessmen and to non-Protestant Korean contemporaries and later Koreans as an exemplary, incorruptible man of wealth who put aside self, success in America, and family interest to work only for the modernization of Korea. He has been presented as such to South Korean elementary school children in civics textbooks since the

¹ Brian Masaru Hayashi, "Loyalty's Janus Face: the Office of Strategic Services and Asian Americans during World War II," Departmental Bulletin Paper, International Institute of American Studies, Doshisha University, March 19, 2012, 19. Due to Japan's surrender in Aug. 1945, New's squad was never deployed.

early 1980s.² His fame as a role model received a huge boost at his death when his will revealed he had given all of his wealth to charity and left practically nothing for his descendants (a decision not prompted by any discernible ill-will towards them). It only grew in the 1990s with revelations uncovered in U.S. government documents that New, even though well into middle age, had volunteered and trained during WWII to fight the Japanese as a combat soldier of a secret military force of Korean-Americans organized by the OSS but ultimately never deployed.

² *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], (Seoul: Yuhan Yanghaeng, 1995), 513. A picture is shown of the opened pages of a section on Ilhan New as a 'model Christian patriot' in a 1981 elementary civics textbook. The textbook itself could be seen as of 2007 in the lobby of the Yuhan main headquarters in Seoul, Korea.

Note on sources: All Yuhan company records and documentation related to Ilhan New and his life and career and all of New's private correspondence written from the time he returned to Korea after the Korean War to the end of his life that is extant is owned by Yuhan. However the vast majority of New's own writings which are the primary sources used in this chapter to demonstrate his thoughts on Protestant ethics, Korean nationalism, economics, and business were published in his lifetime in the U.S. in English and are fortunately publicly available. His two most famed acts of nationalist 'valour', namely volunteering as a commando in WWII and giving away his wealth in his will are similarly well-attested in publicly available documents not owned by Yuhan.

Yuhan control of its own company records and its sparing release of them to researchers does however pose a challenge for biographers of New. Several mostly popular manuscript length biographies have been written (in Korean), but as one senior manager at Yuhan amusingly related to the author, they are almost 'all the same' as every author has been dependent on the same prepared 'package' of texts and copied documents that Yuhan handed out to the author when he visited the company in 2007. The similarity of the available New biographies is amplified by the fact that few of the authors seemed to be interested in and/or capable of consulting source materials in English, the language of New's published works.

The author was not granted permission to search independently through relevant Yuhan archived documents. The only scholars to date who have been granted extensive direct access to such documents are those who were enlisted in the early 1990s in the Yuhan sanctioned biographical compendium cited in this footnote, *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New]. As described in its 'Editorial Afterword' (pp. 595-597), the Yuhan editorial board encouraged each of the twelve non-Yuhan affiliated authors, most scholars from Korean universities and the National Academy of Sciences, Republic of Korea, and a few writers and journalists, to write their own chapter, the author of each identified in the Afterword (595-596). However, the final editing of their contributions was the responsibility of Yuhan and the book is presented as a Yuhan published document with no author. Outside of the Afterword the author's identities are not listed with each chapter and according to standard citation protocol any referencing of this work would not identify a particular scholar's contribution. Due partly no doubt to the authors' privileged access to Yuhan records, *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New] is the most extensive and most academically rigorous secondary source on New's life presently available, and is used often in this chapter. Most large Korean companies routinely publish corporate histories at decade level intervals, including biographies of their founders. However, most of these are completely corporate controlled publications overseen and written from the beginning by paid staff. In comparison, *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New] appears to be a more academically rigorous and 'independent' work, so to accurately convey this, a deviation from standard citation protocol is employed when footnoted. The book title will be given first, as is standard protocol with any work with no formal individual author, but henceforth the author of the page cited (if an author is identified) and their institutional/occupational affiliation (as indicated in the Afterword) will follow in parenthesis.

The aura of New's sterling reputation has lived on to the present both for his own reputation and in the general public's perception of Yuhan.³

Born in 1895, New, along with Chŏn T'aek-bo, represents a first generation of self-reconstruction capitalists. However, while Chŏn started his entrepreneurial career during the colonial era, he did not attain major business success until after Liberation while New was already a major Korean businessman by the 1920s. New was in fact the first notable Protestant capitalist in Korean history. In terms of age, and the timing of his first businesses in the 1920s, New was fully a peer of the handful of nascent Korean capitalists who thrived during the Japanese colonial era, such as Pak Hŭng-sik, (born 1903) who founded Hwasin Department Store in 1931 and Kim Sŏng-su, (1891-1955) who founded Kyongsong Spinning in 1919.⁴ The systemic discrimination against Korean enterprise and favouring of Japanese business throughout the colonial era, followed by the destructiveness of the Korean War, suppressed the flourishing of most Korean entrepreneurial talent, including Protestant, until the 1950s.

New's longevity and sterling business reputation, however, free of the charges of collaboration that dogged, for example, Pak Hŭng-sik and Kim Sŏng-su,⁵ ensured that his business career straddled both generations. Besides charges of collaboration the post-Liberation business careers of both Kim Sŏng-su and Pak Hŭng-sik were less than stellar, with Kim dead by 1955 and Pak sinking in prominence after the 1950s.⁶ New's career in fact spanned the first two generations of capitalists and provides a link between the colonial era and the 'take-off' of South

³ Gyu-Chang Yu and Chris Rowley, "The Changing Face of Korean Human Resource Management," in *The Changing Face of Korean Management*, ed. Chris Rowley and Yongsun Paik (London: Routledge, 2009), 40-41; Hwa-dong Sŏ, "Yu Il-Han, Yuhan yanghaeng ch'angŏpcha" [Ilhan New, Founder of Yuhan], in *Hanguk chabonchu'i kaech'ŏkchatŭl* [Pioneers of Korean capitalism], ed. Tong-sŏng Cho (Seoul: Wolkan Chosŏn, 2004), 26.

⁴ Dennis L. McNamara, *The Colonial Origins of Korean Enterprise, 1910-1945* (Cambridge: Cambridge Univ., 1990), 178, 180.

⁵ McNamara, *The Colonial Origins of Korean Enterprise*, 120,128.

⁶ McNamara, *The Colonial Origins of Korean Enterprise*, 130-131.

Korean economic development in the 1960s. Most relevant to the purposes of this study was the uniqueness of his Protestantism versus his colonial-era peers, Pak for example being Catholic⁷ and Kim of no particular religious commitment.⁸

In 1994 Dankuk University economist Myöng-su Hwang stated that

There is practically no other Korean company like Yuhan. Its management philosophy and operations are unique....its management philosophy focuses on manufacturing top quality products, a separation between ownership and management, transparent tax accounting, and making profits, for the benefit of society.⁹

Until the Asian Crisis of 1997, Hwang's summation of Yuhan, and New's, uniqueness in the history of Korean capitalism was hardly overstated. Much of New's ability to take Yuhan in an independent direction derived from his background and success in a more *laissez-faire* U.S.

Much of New's unique management style and ideas also came from his singular grounding in a Korean-American Protestant nationalism, as exemplified by his close friendship with his mentor, Sö Chae-p'il, one of the first major nationalist figures in modern Korean history. His mentor Sö and the example of other early Protestant nationalist figures such as Cho Man-sik grounded

⁷ Kyo-sik Kim (Professor), in discussion with the author, 2007.

⁸ In Wells, *New God, New Nation* Wells references Kim Söng-su in passing several times, often identifying him as a Protestant, but with no source to verify this.

In contrast, there are two major scholarly works that focus entirely on Kim, his family, and their business and nationalist activities. In neither is Kim identified as Protestant or Christian, or particularly 'religious'. See Carter J. Eckert, *Offspring of Empire*, 18, 33. Kim's family is identified as having an illustrious scholar-official ancestor in the 16th century which motivated the family to Kim's time to maintain a *yangban* identity, and that his grandfather was a 'strict Confucianist'. He also received as a child education at a *sodang*, a traditional Confucian school. In Choong Soong Kim, *A Korean Nationalist Entrepreneur: A Life History of Kim Söng-su, 1891-1955* (Albany: N.Y. Univ., 1998), 26, 169, Kim is portrayed as refusing as a youth to become a Christian, even though a foreign missionary he very much wanted to learn English from made that a condition of him teaching Kim the language. In addition when he is sixteen Kim apparently studied for a summer at a Buddhist temple, which is not something a Protestant child of that time would have done.

The Protestant community as of the early 1980s also apparently did not see Kim as having been a Protestant, as reflected in *Kidokkyo taepaekkwajön* [The Christian encyclopedia] (Seoul: Kidokkyo Munsa, 1981), 202. According to this source, at the end of his life, after Liberation and having faced accusations of collaboration with the Japanese Kim apparently changed from no religious affiliation to Catholic.

⁹ Myöng-su Hwang, "Yu ilhanüi saengaewa kyöngje inyöm" [Ilhan New's legacy and management philosophy], in *Kyöngyöngsa hakhwe, (T'ükchip) Yu ilhan yöngu, {Kyöngyöng sahak che 9-chip}*, [(Special) report on Ilhan New, {management history 9th special report}], (Seoul: Kyöngyöngsa Hakhwe, 1994), 37.

New's business, economic development, and nationalist thinking as part of Kenneth Wells 'self-reconstruction' nationalism.

With this background New advocated and demonstrated in his entrepreneurial career an alternative Korean capitalism that directly challenged the norms, practices, and assumptions regarding the state-centered capitalism that has dominated 20th century Korean economy history. Beyond his capitalist career New also articulated an overall self-reconstruction vision for Korea. He advocated and worked for a Korea under a modern, liberal constitution, economically self-reliant, which meant a Korea developed under the initiative of profit-seeking entrepreneurs free of government regulations. Korean industry would compete along its comparative advantage in global trade without aid from the government or foreign countries, including the U.S.

To New an impartially run *laissez-faire* market economy was the most efficient and socially harmonious political economy possible, but representative of self-reconstruction thinking, no system, not even a *laissez-faire* one, would be just or viable unless its capitalist class, though profit-seeking, was individually guided by a set of spiritual ethics, optimally Protestant, that made them put the overall interests of their nation and society over individual self-interest, and motivated them to avoid any corrupting ties with governments and politicians. To New, in God's eyes, a company was, ethically speaking, 'owned' by society and the legal owner merely a 'caretaker.' New lived out this belief in pioneering the distribution of public and employee stock ownership in his business ventures, so through his own demonstrated selflessness society would own his companies in legal fact as well as figuratively. To maximize profitability an entrepreneur needed to focus his energies on understanding one industry very well instead of dispersing energies over several. New's choice was to focus on pharmaceuticals. New saw a Korean pharmaceutical industry as essential for Korean sovereignty as only a

physically vigorous people could maintain independence as New himself demonstrated by running over hills with a rifle in hand in preparation of fighting the Japanese at age fifty. Finally, New considered truly patriotic businessmen as models of philanthropy, particularly in education, the key to ‘modern civilization’ to self-reconstruction nationalists. New took a pioneering role in business philanthropy during his lifetime and particularly after his death in bestowing his fortune to society.

Early Life and Influences

New’s Father Yu Ki-yŏn: Early Protestant Convert and ‘Modern’ Urban Businessman

New’s father, Yu Ki-yŏn (born 1861), was an important early influence on New’s life.¹⁰ Yu was born in Yech’ŏn district, in the southern province of North Kyŏngsang. At nine Yu’s parents died and his life became more difficult with little support from his extended family. This motivated him to leave his native village and become an itinerant peddler in his early 20s. Attracted to Pyongyang’s commercial vitality, he ended up settling in Pyongyang and married a local woman named Kim Hwak-sil in 1888.¹¹

With the first semi-consistent presence of Protestant missionaries in Pyongyang starting in 1890, Yu and his wife became Christian most likely in the early 1890s, before New’s birth on January 15, 1895. Upon becoming a Christian Kim Hwak-sil changed her name to Kim Ki-bok, *kibok* meaning ‘God’s Blessing’.¹² Yu’s non-spiritual motivations for converting are speculated

¹⁰ *Nara sarangŭi ch’am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, 67.

¹¹ Sŏng-ki Cho, *Yu Il-Han p’yŏngjŏn* [A critical biography of Yu Il-Han] (Seoul: Bobosbook, 2005), 26-29.

¹² Cho, *Yu Il-Han p’yŏngjŏn* [A critical biography of Yu Il-Han], 34.

to have been three-fold: the strong influence of his wife,¹³ and his initial personal encounter with the material power of the West, exemplified by Western medical treatment received from the Canadian Presbyterian medical missionary Dr. James Hall in 1892,¹⁴ and the numerous Western manufactured goods he saw in Pyongyang, a major entrepot for such goods coming in from China.¹⁵

Perhaps because of an estrangement from his native village and kin, and a thwarted desire, from youthful penury, to pursue a conventional scholar-official career, Yu appears to have been an especially early and enthusiastic adopter of Western culture in all its forms. Photographic records of his appearance indicate that he must have been one of the earliest Korean adopters of Western dress and hairstyle.¹⁶ Yu made his fortune in Pyongyang.¹⁷ Yu took advantage of the commercial opportunities of his adopted city, particularly in importing Western goods via China. Yu successfully ran a number of businesses in central Pyongyang, including trade in silk, general merchandise, agricultural and marine products, a cold noodle restaurant, and running the Pyongyang outlet for Singer sewing machines from the U.S.¹⁸

Considering his Protestantism, openness to the West, residence in Pyongyang, the nationalism he passed down to his son, and his zeal for self-education,¹⁹ it is virtually certain that Yu was strongly influenced by the ‘Enlightenment and Civilization’ and self-reconstruction

¹³ Hyun-hee Lee, *Yu Il-han ūi tongnip undong yŏngu: A study on NEW Il Han's Independent Movement in U.S.A.*, (Seoul: Orient, 1995), 24; *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, p. 68.

¹⁴ Cho, *Yu Il-Han p'yŏngjŏn* [A critical biography of Yu Il-Han], 34.

¹⁵ Sŏ, “Yu Il-Han, Yuhan yanghaeng ch'angŏpcha” [Ilhan New, Founder of Yuhan], 27.

¹⁶ Cho, *Yu Il-Han p'yŏngjŏn* [A critical biography of Yu Il-Han], 27; *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, 66.

¹⁷ *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, 67.

¹⁸ Lee, 25; *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, 66; Sŏ, “Yu Il-Han, Yuhan yanghaeng ch'angŏpcha” [Ilhan New, Founder of Yuhan], 27.

¹⁹ *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, 68.

discourses of the first modern Korean nationalists Sŏ Chae-p'il and Park Yong-man that was swirling amongst the younger generation of elite urban Koreans throughout the 1890s.²⁰ In this context New's later personal mentorship by Park and Sŏ comes as no surprise. As for Yu himself, there is no record that he ever met or heard first-hand any of these nationalist leaders, but he did have a direct connection with an even closer conduit to the West, namely American Presbyterian missionary Samuel A. Moffett.

Yu Ki-yŏn and Samuel A. Moffett

Samuel A. Moffett is one of the towering missionary figures of Korean Protestant history. He was born and raised in a Midwest Presbyterian family. His father ran a dry goods business. After graduating from McCormick Seminary in Illinois he first arrived in Korea in 1890. He was able to preach effectively in Korean by 1892. Tasked with bringing Presbyterianism to north-west Korea, he chose Pyongyang as his base of operations in 1893 and remained active in Korea until 1936. Amongst his accomplishments he helped start the second oldest Protestant university in Korea, Soongsil (1904), and the Korean Presbyterian Church in 1907, serving as its first Moderator.²¹ He oversaw the first rapid growth of Presbyterianism in Korea from his Pyongyang church over the 1890s, setting the foundation for Presbyterianism to be the most popular Protestant, and Christian, denomination in Korea.

²⁰ *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, 67.

²¹ Jong Hyeong Lee, *Samuel Austin Moffett: His Life and Work in the Development of the Presbyterian Church of Korea 1890-1936* (PhD dissertation, Union Theological Seminary in Virginia, 1983) 16, 24, 31, 64, 75, 148, 285; L. George Paik, *The History of Protestant Missions in Korea, 1832-1910* (Seoul: Yonsei, 1987), 181-182; Hanguk Kidokkyo Yŏksa Yŏnguso, *Pukhan kyohyesa* [History of the North Korean church] (Seoul: Hanguk Kidokkyo Yŏksa Yŏnguso, 1999), 61.

Yu was baptized by Moffett himself. When he was actually baptized is not exactly known but it was likely well before the turn of the century, or at the latest when New was not yet old enough for formal education. As a careful, theologically and methodologically conservative Presbyterian, Moffett did not grant baptism, with its implication of formal membership in the church, automatically or swiftly after a profession of belief or start of attendance at Moffett's church. Instead, the aspirant for baptism entered a rigorous catechesis course that at minimum took two months, but usually six months, could take much longer, and was by no means automatically passable.²² Yu's baptism therefore implied a certain degree of commitment to his new found creed and to attendance at church.

As part of his baptism Yu would most likely have verbally assented to the then seven 'Rules of the Church in Korea.' The rules forbade the 'worship' of ancestors, drinking, and gambling, and enjoined the baptized to strictly observe the Sabbath, revere their parents, practice monogamy within marriage, and ensure their own household was united in faith. In addition, rule number six specifically encouraged a 'Protestant work ethic' stating that

Since God has ordered that we shall live by working, let no one eat and be clothed in idleness. Be not lazy...but by all means follow an upright livelihood, and using strength, feed yourselves and your families.²³

Yu was part of the very first stages of a phenomenally fast growing church, one of the fastest growing mission fields in the world at the time.²⁴ From the first eight men baptized in January 1894, by 1901 (or the time around which New would have enduring childhood memories as a six year old) Moffett's Pyongyang church had a congregation of over 1100.²⁵ This growth in

²² Hanguk Kidokkyo Yöksa Yönguso, *Pukhan kwohyesa* [History of the North Korean church], 64; Paik, *The History of Protestant Missions in Korea*, 225.

²³ Paik, *The History of Protestant Missions in Korea*, 226.

²⁴ Paik, *The History of Protestant Missions in Korea*, 273.

²⁵ Lee, *Samuel Austin Moffett*, 78, 134.

Pyongyang was reflected in the overall Korean growth of the Presbyterian church, which numbered 90,000 by 1907.²⁶ Witnessing such growth, and the growth of his business, Yu may have felt justified that he was on the wave of the future for Korea.

What influence did Moffett and his church have had on Yu, and by extension, New's outlook on capitalism and commerce? As indicated in 'Rule no. 6' the church promulgated the Divine stamp of approval on hard work within an 'upright livelihood.' Almost none of Moffett's large corpus of private and public writings reveals explicit political or economic viewpoints but considering his own father's occupational background and his upbringing in a recently settled frontier area, his views probably leaned towards an unspoken bias for classical liberalism.²⁷ A calling as an honest businessman was obviously acceptable and even commendable.

Revealing an implicit belief in private property is Moffett's astonishment when in 1893 his church encountered brief opposition from the senior Pyongyang government official to its efforts to secure land for a church building. For a short time property they had bought in the name of Korean believers was summarily expropriated by the official. As Moffett wrote:

...[as] I represented to the official that these men had violated no Korean law, I soon found that the official's will is law, so far as Koreans are concerned, and that a native has no rights which the official is bound to respect – not even the right to buy or sell property.²⁸

Speculating as to the motives for the official's disregard for private property, Moffett ascribed it to his being a "rabid Confucianist."²⁹

²⁶ Paik, *The History of Protestant Missions in Korea*, 389.

²⁷ Sidney Fine, *Laissez Faire and the General Welfare State: A Study of Conflicts in American Thought 1869-1951* (Ann Arbor: Univ. of Michigan, 1956), 96-125 (Chapter entitled "Laissez Faire and the American Businessman."); Eric J. Morser, *Hinterland Dreams: The Political Economy of a Midwestern City* (Philadelphia: Univ. of Pennsylvania, 2011), ix-xi, 185-190

²⁸ Quoted in Paik, *The History of Protestant Missions in Korea*, 211.

²⁹ Paik, *The History of Protestant Missions in Korea*, 211.

Moffett, James Scarth Gale, and New's Protestant Schooling

Despite his disdain for 'rabid Confucianists', Moffett did share with them a special interest in the importance of educating youth, though obviously on Christian rather than Confucian grounds. One of his first major assignments in Korea from 1890 to 1893 was to oversee the start of a small school for boys in Seoul called the 'Jesus Doctrine School.'³⁰ Through this effort and other shared tasks, Moffett and his fellow Presbyterian missionary James Scarth Gale became each other's closest life-long friends.³¹ In 1894 Moffett established a school for the boys of church members in Pyongyang.³²

In 1928 Ilhan New wrote in English *When I Was a Boy in Korea*, published in the U.S. for an American audience. As will be explained, despite its title the book is actually an extremely inaccurate source on New's childhood. In one of the few more credible paragraphs, New sums up his father's education and his own in Korea.

Being the eldest son in an average Korean home, where much importance was attached to the perpetuation of the family name, my future was naturally slated to be that of a scholar. Much to my satisfaction, my father, being forced by circumstances at an early age, was a merchant trading with buyers from China. He had always felt that he could have reached his zenith in the literary line, and so was determined that the first son should have all the advantages he was denied... My interest in mercantile life was discouraged, and, from earliest childhood, I was surrounded with classical books and tutors and carefully protected from the necessity of doing any manual work.³³

This passage confirms that in line with Korean culture of the time New as the eldest son received the most consideration from his father regarding his education. He was given as much education

³⁰ Paik, *The History of Protestant Missions in Korea*, 181-182.

³¹ Richard Rutt, *James Scarth Gale and His History of the Korean People* (Seoul: Royal Asiatic Society Korea Branch, 1983), 19, 26, 30, 44, 60.

³² Paik, *The History of Protestant Missions in Korea*, 239.

³³ Ilhan New, *When I Was a Boy in Korea* (Boston: Lothrop, Lee & Shepard, 1928), 24-25.

and access to books as possible, even ‘from earliest childhood.’ It also shows, in a roundabout way, that New was happy that his father was a merchant and that from childhood he was interested in also becoming a merchant when he grew up. What is certain is that New did receive some sort of extensive education while still living in Korea.

Even in this more plausible passage however, what is more vague and problematic is the phrase “surrounded with classical books and tutors” where it seems that New is deliberately putting forth an Orientalist vision of his childhood. Clearly Yu was not actually intending for his son to prepare for the *kwago* examinations and join the ranks of the Chosen Dynasty Confucian scholar-officials as the exams had permanently ended a year before New was born, in 1894. Considering Yu’s membership in Moffett’s church, it seems highly likely that, contrary to what New wrote, Yu had New receive a Protestant education,³⁴ which would have had to be at one of Moffett’s schools as there was practically no other alternative.

Moffett had contemplated creating an ‘industrial education school’ for boys in Pyongyang but instead created a school whose goal was to educate male youth for eventual entry into the ministry.³⁵ Started two years earlier, by 1896 Moffett judged the Pyongyang school to be “well established with a Christian atmosphere, a Christian curriculum, and Christian teachers.”³⁶ What its curriculum was is not certain but it likely followed closely on the curriculum that Moffett had set up for the Jesus Doctrine School, as Moffett stated that he saw that school as a model for what he wanted for Christian primary education for Koreans. In the Jesus Doctrine School for the first three years of schooling Moffett instituted a curriculum that was half

³⁴ This is also the conclusion of *Nara sarangŭi ch’am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, 66, 68.

³⁵ Lee, *Samuel Austin Moffett*, 48; Paik, *The History of Protestant Missions in Korea*, 213-214.

³⁶ Lee, *Samuel Austin Moffett*, 106.

Confucian Sino-Korean classics and half ‘Christian’. The Christian ‘half’ of the curriculum consisted of portions of the Bible, the Ten Commandments, Chinese Christian tracts translated into Korean, and textbooks derived from Western textbooks.³⁷ Again, what of the latter material New read is not exactly known, but it is very likely that they were general textbooks James Scarth Gale was developing at the turn of the century, the last of four being published in 1904, or the year that New left for the U.S.³⁸

Even amongst a Western missionary corps that generally had a strong command of Korean, Gale had already developed a reputation as the most linguistically talented and tasks such as writing primary textbooks for Christian schools naturally fell to him. Considering their close personal ties, the fact that Gale had personally helped Moffett in his first attempt to set up a school,³⁹ and the fact that there seems to have been no alternatives, it would seem perverse if Moffett did not use these brand-new textbooks written by his life-long best friend and fellow Presbyterian for a church school system that by 1904 numbered 46 boy’s primary schools in Pyongyang alone.⁴⁰ The native Torontonians Gale produced a series of four “Korean Readers” that were heavily indebted to contemporary Ontario public school books. Written in mixed *hanja* and *hangul* script they contained a *mélange* of science, world history, health and modernization, and moralistic selections from English and American literature. All of the textbooks contained a mix of modernity with Protestant ethics.

³⁷ Lee, *Samuel Austin Moffett*, 44-48; Paik, *The History of Protestant Missions in Korea*, 239.

³⁸ Rutt, *James Scarth Gale*, 36-37.

³⁹ Rutt, *James Scarth Gale*, 36.

⁴⁰ Wells, *New God, New Nation*, 31.

The first completed textbook, representative of the ethos of Protestant schooling at that time, advocated students adopt capitalism, trust paper money, and to be punctual by using modern timepieces.⁴¹ In the lesson on trading the following is asserted:

No human occupation is superior to trading... Trade is a peaceful warfare. As supplies have to be prepared for the battlefield, capital is needed for trading; as weapons are needed on the battlefield, a good reputation is needed in trading; as strategy is needed in battle, so it is necessary to know the qualities and prices of goods. The unprepared will be defeated in trade as they are in battle. Truth and honesty create goodwill and fairness. Honesty means more than not stealing another man's goods, it means behaving conscientiously in all matters... Koreans who intend to go into business should attend a commercial school to study goods, prices, and book-keeping.⁴²

The first sentence could not be more explicit or unequivocal in its endorsement of a commercial vocation. Next, commercial activities in an implicitly *laissez-faire* market are to be pursued almost as ruthlessly as war, so truth and honesty are first advocated solely for their utilitarian value in creating the 'weapons' of goodwill and fairness. But then the definition of honesty is widened to mean that Christian businessmen have to watch and make certain every aspect of their behaviour meets the standards of their Christian conscience – a definition that evokes the zealous self-monitoring and 'worldly ascetic' Calvinists of Weber's thesis. After the endorsement for the 'honest' commercial vocation is made, the passage ends with practical steps that a young New could keep in mind in pursuing the 'best' occupation given to humanity. The assumption is that just going out and learning a trade through experience is not going to suffice for the modernization of Korea; study of presumably Western capitalist practices at a Western influenced commercial school will first be necessary.

The lessons on history and literature in the Readers are focused on purportedly 'heroic' Western males, real and fictional, each of whose life stories imparts a lesson or model:

⁴¹ Rutt, *James Scarth Gale*, 36-37.

⁴² Rutt, *James Scarth Gale*, 37.

Christopher Columbus – bravely proving the world is round, Leonidas and the three hundred Spartans – the value of patriotism, the death of Pliny at the eruption of Vesuvius – the laudable thirst for scientific knowledge, and the death of little Paul (from Charles Dicken’s *Domby and Sons*) – the hope given by the knowledge of an after-life.⁴³

How much exactly New was influenced by textbooks such as the above is difficult to determine. If any other records still exist they are most likely in inaccessible North Korea. New’s own autobiography is suspect. However, the above overview of the “Korean Readers” does provide a thumbnail outline of the life that New did, in fact, follow. While still a child New chose to pursue commerce, the purportedly greatest of vocations. He then was educated in Western institutions in Western business practices, and throughout his business career he created a reputation for impeccable honesty for himself and Yuhan. He stated that such integrity was essential to Yuhan’s success. Finally and fittingly, New won a temporal ‘after-life’ where he, himself, has become the hero whose life is read about by Korean elementary school students in their textbooks.

Park Yong-man and New’s Schooling in the U.S.

Yu had much greater educational ambitions for his sons than the local Presbyterian primary school. Of his nine children, he sent New to the U.S., his second son to Russia, his third to China, and his fifth to Japan to further their education.⁴⁴ The timing of New’s departure to the U.S. was related to the outbreak in 1904 of the Russo-Japanese War. Many leading nationalist figures correctly foresaw that whoever won the war, the result would likely be greater

⁴³ Rutt, *James Scarth Gale*, 38.

⁴⁴ Sō, “Yu Il-Han, Yuhan yanghaeng ch’angöпча” [Ilhan New, Founder of Yuhan], 28.

restrictions on Koreans leaving the peninsula. One of those leaders was Park Yong-man, who brought New to the U.S. and became a key figure in his U.S. educational career. Park was one of the so-called ‘three famous “mans,”’ the other two being the early nationalist activist Chŏng Sŭn-man, and Syngman Rhee (Yi Sŭng-man), who started out as close colleagues in the nationalist struggle during their brief common imprisonment by the Korean government in 1904.⁴⁵

Park was born in Ch'ŏrwŏn, Kangwŏn province sometime between 1877 and 1881. From a family of officials, amongst his relations was one of the first Koreans sent to the U.S. to learn English to interpret for the government. Park was sent to Keio University in Japan, (the college founded by the Japanese popularizer of modernity Fukuzawa Yukichi) there forged ties with American Presbyterians, and upon his return involved himself with various nationalist reform groups culminating in his 1904 imprisonment.⁴⁶ In 1905 Park left Korea to pursue further studies in the U.S. and with his missionary contacts put into effect a plan to take with him a number of other Korean males. Park chose the Midwest and particularly Nebraska as the best place for Koreans to get an education because that region and state had the highest density of Presbyterian churches in the U.S. relative to the population.⁴⁷

Partly through his personal connection with Samuel Moffett,⁴⁸ Yu was able to have New included amongst the roughly dozen young Korean males that Park brought to study in the U.S.⁴⁹

⁴⁵ *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Hyŏng-sŏk Kim, Yonsei Univ., 79; Henry Cu Kim, *The Writings of Henry Cu Kim: Autobiography with Commentaries on Syngman Rhee, Pak Yong-man, and Chong Sun-man* (Honolulu: Univ. of Hawaii, 1987), 255, 279, 280, 284; Chong Sik Lee, *Syngman Rhee: The Prison Years of a Young Radical* (Seoul: Yonsei Univ., 2001), 169, 174.

⁴⁶ In-Cheol Oh, *A Study on Korean Immigration and Independence Movements in Hawaii: Relating to Korean Churches and Picture-Bride, 1903-2003* (Seoul: Sung Moon Dang, 2005), 102-104.

⁴⁷ Oh, *A Study on Korean Immigration*, 107.

⁴⁸ *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyŏng-nam Yi, journalist, Yŏng-kwŏn Cho, reporter, 463.

Settling the students in various towns in Nebraska, Park placed three including New in the small farming town of Kearney, Nebraska. At the time Kearney was populated primarily by whites of German and Swedish background.⁵⁰ One of the two others in Kearney was Chŏng Yang-p'il, the eldest son of Chŏng Sŭn-man.⁵¹

Through a local Baptist minister New was boarded with a pair of 30ish 'spinster' sisters and devout Baptists named Isabel and Elizabeth to attend the local primary school.⁵² It is not known what was the last name of the 'spinsters', or why the Presbyterians behind New's schooling were in this case willing to have New looked after by Baptists. The sisters treated New 'like a son' and New kept in touch with them for the rest of their lives, last seeing them in 1934.⁵³ In the opinion of New's daughter, Janet New, no-one had a greater influence on New's formative years than these two sisters, who reinforced in New habits of personal frugality and hard work and provided another formative example of devout Protestant faith.⁵⁴ Their Baptist identification may have imparted to New his disinterest in denominational differences between Protestants in later life.

As part of fitting into his new environment, during this time of his childhood he adopted the name of 'Ilhan New.' His given name at birth had been 'Il-hyŏng,' but he found this name was difficult for Americans to pronounce particularly when he later took up delivering the newspaper as a part-time job. He retained the first syllable but instead of 'hyong' chose 'Han' to stand for *hanguk*, or 'Korea.' When he told his father of his wish to change his name, not only

⁴⁹ Oh, *A Study on Korean Immigration*, 110.

⁵⁰ *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Hyŏng-sŏk Kim, Yonsei Univ., 80.

⁵¹ Oh, *A Study on Korean Immigration*, 110; Kim, *The Writings of Henry Cu Kim*, 284-285.

⁵² Sŏ, "Yu Il-Han, Yuhan yanghaeng ch'angŏpcha" [Ilhan New, Founder of Yuhan], 29.

⁵³ Lee, *Yu Il-han ŭi tongnip undong yŏngu*, 51.

⁵⁴ *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Hyŏng-sŏk Kim, Yonsei Univ., 98, 105-106.

did his father approve, but Yu had all of New's brother's generational names also changed to 'Han' as a token of nationalist commitment. This was strikingly contrary with Korean Confucian mores that a child is not to change a name bequeathed to him. It speaks strongly as to how much New's father had completely rejected Confucianism and had adapted Korean nationalism.⁵⁵ Sent to the U.S. by a nationalist father, through the aid of a leading nationalist figure of the time, presumably keeping in frequent contact in Kearney with the son of another leading nationalist, and having his father approve changing his name after the Korean nation, the overall message for New was, as summed up by one Korean scholar, "Go to America, study hard, become a hero, and then come back and work for Korea."⁵⁶

In 1910 New moved roughly 65 kilometers from Kearney to the somewhat larger center of Hastings, Nebraska to enter high school. There New started to live up to the admonition above, getting good grades in his studies, participating in the debate club, and gaining recognition for his athletic achievements, particularly in football. New was in fact such a talented athlete that many in his high school expected he could have won college athletic scholarships if he had so chosen.⁵⁷ He also came directly within the influence of Korean Protestant nationalism once again through Park Yong-man. From 1908 to 1912 Park studied political science at the University of Nebraska, and during the same time operated a military summer school for Korean youth for one year at Kearney and subsequently in Hastings. Starting in June 1909 for several years New was part of the first class of 13 'cadets' of the Military School for Korean Youth.⁵⁸

⁵⁵ *Nara sarangŭi ch'am kiöpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyöng-nam Yi, journalist, Yöng-kwön Cho, reporter, 465.

⁵⁶ *Nara sarangŭi ch'am kiöpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Hyöng-sök Kim, Yonsei Univ., 81.

⁵⁷ *Nara sarangŭi ch'am kiöpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Hyöng-sök Kim, Yonsei Univ., 87-88.

⁵⁸ Oh, *A Study on Korean Immigration*, 128; *Nara sarangŭi ch'am kiöpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Hyön-hui Yi, Sungshin Women's Univ., 132-133.

The School attracted hundreds of Korean youth from across the U.S. and beyond. Based partly on West Point's curriculum, students lived in a dormitory and spent long days starting at 6 a.m. with time divided between academic and military studies, work on a farm to earn their way, and military drills. On Sundays students attended a Presbyterian service.⁵⁹ After graduating from the University of Nebraska, Park let the Hastings school close, and moved to Hawaii. There he ran a 300-strong Korean military training school and militia from 1914 to 1917. The closure of the Hawaiian militia was related to a physically violent and litigious falling out between Park and Syngman Rhee that involved dozens of each other's supporters and split the local Korean community.⁶⁰ Park was later briefly the de jure Minister of Foreign Affairs for the Shanghai based Korean Provisional Government in 1919, and remained in China trying to create a Korean military force until his death in 1928.⁶¹

What values would New have absorbed from his summers in Park's military school? Park Chung-Shin identifies Park along with Yi Tong-hwi, Kim Ku, and Kim San as Protestant nationalists favouring "armed resistance and direct action"⁶² which was part of the reason for his rupture with Rhee, who favored diplomacy and eschewed violence to win Korean independence.⁶³ While New had probably already determined that his contribution to Korea and God would be in business, his participation in Park's school helps explain New's eagerness to participate as a soldier in American plans to use Korean-Americans as a guerilla force against the Japanese late in WWII.

⁵⁹ *Nara sarangŭi ch'am kiöpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Hyön-hui Yi, Sungshin Women's Univ., 136; Lee, *Yu Il-han ŭi tongnip undong yöngu*, 59.

⁶⁰ Yong-ho Ch'oe, "Syngman Rhee in Hawai'i: His Activities in the Early Years, 1913-1915" in *From the Land of Hibiscus: Koreans in Hawaii, 1903-1905*, ed. Yong-ho Ch'oe (Honolulu: Univ. of Hawaii, 2007); Oh, *A Study on Korean Immigration*, 169.

⁶¹ Chong Sik Lee, *The Politics of Korean Nationalism* (Berkeley: Univ. of California, 1963), 132, 175; Kim, *The Writings of Henry Cu Kim*, 274 – 278.

⁶² Park, *Protestantism and Politics*, 142.

⁶³ Lee, *The Politics of Korean Nationalism*, 175.

While most of his life was devoted to military pursuits, Park himself stated that he wanted to be the ‘Liang Qichao’ of Korea. This ambition expressed itself more readily in his parallel career of article writing and newspaper editorship.⁶⁴ A more detailed sense of Park’s worldview, beyond championing military struggle, and values he may have imparted to New comes through in these writings. Park was most active in the fourth estate as a contributor of editorial pieces to the *ShinHan minbo* while he was in Nebraska.⁶⁵ The *ShinHan minbo* was by far the most influential of Korean-American newspapers in the period from 1905 to the 1920s and was widely read in Korea itself. Andre Schmid has identified the *ShinHan minbo* as the chief purveyor of a strain of Korean nationalism that saw overseas Koreans, and in particular Koreans resident in America, as the ‘true custodians’ of the nation, as the homeland had been lost. This loss had been partly due to the ‘irresponsibility’ of the compatriots still living in Korea whereas Koreans living in the U.S. had, in the words of a *ShinHan minbo* editorial “developed a new way of thinking, discarding more than five thousand years of corrupt thinking.”⁶⁶ This viewpoint naturally enough was most popular amongst the Korean diaspora in the U.S. but even gained some following in Korea itself. Park, in an 1911 *ShinHan minbo* article, stated that the U.S. was the glorious staging ground for Koreans to create a new Korea, and from whence the new ‘fathers’ of the Korean constitution would come.⁶⁷

In other articles Park saw modern education as necessary for the salvation of the nation, as it had been the ‘secret’ of the “revival” of Japan and Germany, and that ‘knowledge and

⁶⁴ Oh, *A Study on Korean Immigration*, 160. Liang Qichao was a major pioneer Chinese popularizer of modern nationalism whose works were widely translated and popular with turn of the century educated and reform-minded Koreans. See Schmid, *Korea Between Empires*, 112-113.

⁶⁵ Schmid, *Korea Between Empires*, 265.

⁶⁶ Schmid, *Korea Between Empires*, 247-252; quote from a 1908 editorial reproduced in Schmid, *Korea Between Empires*, 249.

⁶⁷ Oh, *A Study on Korean Immigration*, 287-288.

property' must be united to achieve world power, as exemplified by American industry.⁶⁸ In as much as the *ShinHan minbo* and Park's ideas reached New, who was in a unique position to hear and be influenced by them, they reinforced his calling to devote his life for Korea, and made sense of his being all the more ardent a patriot and having a special leadership role for Korea *because* he was in America, not in spite of the thousands of miles he was from his homeland. The advantage of being part of the Korean diaspora would have been reinforced for New by his father moving his household to the 'Korean' province of Kando in Manchuria in protest of Japanese annexation of Korea in 1910.⁶⁹

In 1913 New's legal status vis-à-vis the U.S. government was settled. As part of a successful petition for permanent residency, U.S. immigration officials ruled that since New had entered the country as a subject of independent Chosen Korea he was not to be classified as a Japanese subject, even though Korea had been forcibly made part of the Japanese Empire in 1910. After graduating from high school in 1915, New entered the University of Michigan in Ann Arbor in 1916, graduating with a bachelor degree majoring in commerce in 1919. His choice of commerce was unusual compared to most Koreans studying in the U.S. at the time who majored in politics or law, but not surprising considering New's own background. To meet his tuition and living expenses New engaged in low-level peddling in the Detroit area.⁷⁰

New's Leading Role in the First Korean Congress, 1919

⁶⁸ Oh, *A Study on Korean Immigration*, 318-322.

⁶⁹ *Nara sarangŭi ch'am kiöpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyöng-nam Yi, journalist, Yöng-kwön Cho, reporter, 580.

⁷⁰ *Nara sarangŭi ch'am kiöpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Hyön-hui Yi, Sungshin Women's Univ., 138.

On March 1, 1919 nationwide mass peaceful demonstrations against Japanese rule, accompanied with a Declaration of Independence, erupted throughout Korea to the complete surprise of the Japanese, who reacted to the demonstrations in a brutal fashion that gained world attention. Of the 33 signatories to the Declaration sixteen were Christian, fifteen Ch'öndogyo,⁷¹ and two Buddhist.⁷² The first major nationalist activity by Korean-American leaders in response to the March 1st events was the First Korean Congress held in Philadelphia over April 14-16, 1919. The meeting chair was the famed Korean nationalist leader and Protestant Sö Chae-p'il. Invitations were sent to Koreans in the U.S., and overseas. About seventy attended, the vast majority from the U.S. and Hawaii, including Syngman Rhee and new graduate Ilhan New.

Much of the setting and conduct of the Congress was intended to appeal to Americans, with the Declaration of Independence read by Rhee in Independence Hall and participants ending their deliberations with a touching of the Liberty Bell. The large majority of the proceedings was held and recorded in English and many prominent Americans, particularly clergymen, were invited to speak and lead several moments of prayer. Following the Congress a Korean Information Bureau, several magazines, and a League of the Friends of Korea were established. Membership in the League reached 10,000 by 1920. For a few years into the 1920s members of the League would give speeches informing Americans of the Korean situation in churches and Rotary clubs. Most of these activities petered out by the mid-1920s.⁷³

⁷¹ Followed at present by a small number of South Koreans, Ch'öndogyo is a religion incorporating elements of Christianity and varied Korean religious and spiritual traditions. It originated in the Tonghak peasant uprisings of the 19th century partly in response to Catholicism. See Don Baker, *Korean Spirituality* (Honolulu: Univ. of Hawaii, 2008), 71-73, 82-85, 90, 116-117, 131, 137, 145-146.

⁷² Wells, *New God, New Nation*, 100.

⁷³ Lee, *The Politics of Korean Nationalism*, 142-146, 308 n. 52; Korean Congress, *First Korean Congress, Held in the Little Theatre, 17th and Delancey Streets, April 14, 15, 16* (Philadelphia: Korean Congress, 1919), 18.

In the official minutes of the three day Congress Sō dominated every topic and his comments comprise about half of the recorded text. Sō started off the Congress by stating that its goals were to achieve “independence and Christian democracy” for Korea.⁷⁴ The next prominent speakers were the invited Americans who together seem to have been speaking one-third of the time. Rhee was the next most prominent Korean, but spoke far less than Sō. The least recorded were all other Koreans. Only about a dozen Korean participants are named, with the few other contributions by Koreans ascribed to ‘A Delegate’. New was one of those named, and prominently moved one of Rhee’s resolutions.⁷⁵ Another sign that New was positioned as a future leader was his role as the “Toastmaster” for a lavish ‘Korean Delegates Reception’ held following the Congress in a top Philadelphia restaurant. Of the eight delegates besides Sō listed in the program for the meal as speakers (all with the name of their alma mater besides them), New was top-billed, even above Rhee in fourth place.⁷⁶

New’s Constitutional Vision: an ‘Enlightened’, ‘Healthy’, ‘Free Commerce’ Korea

Much more importantly however, New was the prime author of one of the keynote statements adopted by the Congress. The Congress brought forth four new major statements: an appeal to the people of America from the people of Korea (which states that “our hope is universal Christianity”),⁷⁷ a statement on the ‘Aims and Aspirations’ of the Koreans, (likely

⁷⁴ Korean Congress, *First Korean Congress*, 9.

⁷⁵ Korean Congress, *First Korean Congress*, 32.

⁷⁶ “Korean Delegates Reception to Dr. and Mrs. Philip Jaisohn, Kugler’s Restaurant, Philadelphia, April 17, 1919,” Menu and programme order card; Lynn M. Homan and Thomas Reilly, *Visiting Turn-of-the-Century Philadelphia* (Charleston, SC: Arcadia, 1999), 93. Kugler’s Restaurant may have been chosen because it was run by one of Sō’s fellow Rotarians. See “Guy Gundaker – Second V.P.,” *The Rotarian*, Sept. 1916, 221 and “Philip Jaisohn, B.S., M.D. (1869-1951),” *The Medical Annals of the District of Columbia* 21, no. 6, (June, 1952), 353.

⁷⁷ Korean Congress, *First Korean Congress*, 30.

written by New with guidance from Sō), a ‘Message to the Provisional Government of the Republic of Korea’, and a resolution to be presented to ‘rational thinking’ Japanese people.⁷⁸

On the morning of the first day New moved the motion that an ‘Aims and Aspirations of the Korean people’ statement be composed by a committee of three, which was then appointed by Sō who selected New to head it.⁷⁹ The statement in full reads as follows:

- (1) We believe in government which derives its just power from the governed, therefore the government must be conducted for the interest of the people it governs.
- (2) We propose to have a government modeled after that of America, as far as possible, consistent with the education of the masses. For the next decade it may be necessary to have more centralized power in the government; but as education of the people improves and as they have more experience in the art of self-governing, they will be allowed to participate more universally in the governmental affairs.
- (3) However, we propose to give universal franchise to elect local and provincial legislators, and the provincial legislators elect the representatives to the National Legislature. The National Legislators will have co-ordinate power with the Executive Branch of the government, and they have sole power to make laws of the nation and are solely responsible to the people whom they represent,
- (4) The executive branch consists of President, Vice-President and Cabinet officers, who carry out all the laws made by the National Legislature. The President shall be elected by the members of the National Legislature, and the President has the power to appoint the Cabinet Ministers, Governors of Provinces and other such important executive officials of the government, including envoys to foreign countries. He has the power to make treaties with foreign powers, subject to the approval of the upper house of the National Legislature. The President and his cabinet are responsible to the National Legislature.
- (5) We believe in freedom of religion. Any religion or doctrine shall be freely taught and preached within the country, provided such teaching does not conflict with the laws or the interest of the nation.
- (6) We believe in free commerce with all nations of the world, affording the citizens and subjects of all treaty powers equal opportunity and protection for promoting commerce and industry between them and the Korean people.
- (7) We believe in education of the people, which is more important than any other governmental activities.

⁷⁸ Korean Congress, *First Korean Congress*, 12.

⁷⁹ Korean Congress, *First Korean Congress*. The minutes specifically show Sō appointing the three members to the committee, in this order: “Mr. Ilhan New,” “Mr. Henry Kim,” and “Miss Joan Woo.” For all four statements a three member committee was appointed. For three of the four committees including the one New was appointed to, the ordering of names is by alphabetical order, except for the first named person, who in every case is the person who officially moves that the statement be composed, and then after it is composed, reads the statement into the record. This would seem to indicate the first named person to each committee is to be thought of as the leader of that committee and as the leader probably wrote most of the statement and had the final say in wording of the statement.

(8) We believe in modern sanitary improvements under scientific supervision, as the health of the people is one of the primary considerations of those who govern.

(9) We believe in free speech and free press. In fact, we are in thorough accord with the principle of democracy, equal opportunity, sound economic policies, free intercourse with the nations of the world, making conditions of life of the entire people most favourable for unlimited development.

(10) We believe in liberty of action in all matters, provided such actions or utterances do not interfere with the rights of other people or conflict with the laws and interests of the nation.⁸⁰

The first point to be made regarding this statement is that rather than a vague list of ‘aims and aspirations’ it is instead a very first rough draft of a constitution. Sō is aware of this and right after the ‘Aims’ are presented states the following:

I know that a good many of you here present at this Congress will someday play a leading part in the reconstruction of Korea. I would like to have you go over this resolution paragraph by paragraph very carefully to understand what its significance is and what effect it will have on the life of the Korean people not only today or tomorrow, but to generations to come. What we do here will not be an official by-law or constitution, but it has a great deal of significance, in my mind, if you believe in these principles which you are enunciating and will likely be incorporated in the final text of the Korean Constitution.⁸¹

Sō and the Congress were aware that elsewhere other groups were meeting to set up a provisional Korean government, and they were anxious not to intrude on this nascent government’s prerogatives. However, Sō recognized the ‘Aims’ as a possible founding document from which a Korean constitution could be drawn, and the statement was accepted as New’s committee had written it with almost no debate. For New, at the relatively youthful age of 24, to realize that he was playing the part of a ‘Korean Thomas Jefferson’ must have been heady stuff, and was certainly a confirmation of the 1911 *ShinHan minbo* article by Park Yong-man noted above, where Park suggested the new ‘fathers’ of the Korean constitution would come from the U.S. The new graduate New could have seen himself as one of those ‘fathers’ less than a decade after he had first heard of the idea while a 16 year old boy in khaki being drilled by Park.

⁸⁰ Korean Congress, *First Korean Congress*, 33-34.

⁸¹ Korean Congress, *First Korean Congress*, 35.

In most respects, as clause (2) states, New's idea for the Korean constitution is to 'just copy the American Constitution'. The major acknowledged caveat in clauses (2) and (4) is that due to the Korean 'masses' not being sufficiently educated power 'temporarily' would have to be centralized, expressed concretely by the idea of the President being elected by the Legislature, not by direct universal vote.⁸²

New's views on this point appear to have remained consistent through his adult life, In 1943 at the invitation of the U.S. government Office of Strategic Service (the predecessor to the Central Intelligence Agency) New, as Chairman of the Planning and Research Board of the United Korean Committee in America, was the anonymous author of a book-long report on the present and future prospects of Korea entitled *Korea and the Pacific War*. In it, New repeats his idea that Presidential elections for a newly liberated Korea would have to be indirect until a proper constitution is drawn up, a process that might take five years.⁸³

New's belief that the masses of Koreans were still not fully educated enough to live under a model democratic constitution like the American one is another feature of self-reconstruction nationalism. Placing the moral improvement, mostly through education, of the Korean nation, as a higher priority than constructing a fully independent and modern state, is a hallmark of it.⁸⁴ As Sō was a self-reconstruction nationalist this is also an example of Sō's influence on New. There is a certain elitism in New's clause (2) that echoes an elitism that Sō

⁸² The juxtaposition of a call for an American style constitution that has a President voted on by citizens (even if through the indirect means of an electoral college) with a recommendation that 'temporarily' this model would have to be modified with indirectly elected Presidents chosen by the legislature indicates that New is not in fact advocating anything like a Westminster style Parliamentary system where the Prime Minister sustains their position from the support of a majority of members of parliament (or any other system).

⁸³ [New, Ilhan], *Korea and the Pacific War* (U.S.: United Korean Committee in America Planning and Research Board, 1943), 33 – 34. The book's authorship by New is verified by "Letter from Lieut. Colonel Carroll T. Harris to Colonel M. Preston Goodfellow, Oct. 14, 1942," copy from Yuhan Corp.

⁸⁴ Wells, *New God, New Nation*, 109-111.

demonstrated early in his career,⁸⁵ when he asserted that the Korean people would for some time need the guidance of privileged (by being Protestant and American educated, perhaps) but duty-conscious ‘elites’ until enlightenment had sufficiently spread.

Clauses (7), (6), and (8) reveal further significant clues as to New’s worldview, influences, and future career. Clause (7) states the most important function of a government is to provide for the education of the people, yet another iteration of the Korean Protestant and self-reconstruction nationalist emphasis on education. Clause (6) is practically the only time economics is mentioned during the Congress. As a newly graduated business student it is not a surprise that New would be the only one to bring up at least a passing reference to Korea’s future economic growth within an international regime of free trade. Finally, clause (8), placing the health of the population as an important responsibility of the government is probably an indicator of the influence of Sō (who was a physician and early crusader for modern standards of public sanitation) on New. This is the earliest indication that New may have already been thinking of applying his business abilities to the health industry. It also reinforces a famous later quote of New’s: “Only a healthy, disease-free people have the strength to maintain their independence.”⁸⁶

New: a ‘Father’ of the First South Korean Constitution

In his 1943 book mentioned New shied away from more specific constitutional recommendations in favour of referring readers to the 1919 Constitution that the actual Korean Provisional Government in Shanghai adopted.⁸⁷ New did not provide a copy of this Constitution in his book, perhaps because its ten clauses were even shorter and vaguer than what New and his

⁸⁵ Vipin Chandra, *Imperialism, Resistance, and Reform in Late Nineteenth Century Korea: Enlightenment and the Independence Club* (Berkeley: Univ. of California, 1988), 185.

⁸⁶ Ilhan New as quoted in *Nara sarangŭi ch’am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], 538.

⁸⁷ [New], *Korea and Pacific War*, 34.

committee wrote for ‘Aims’. Nothing was stated regarding the Presidency in the Constitution.⁸⁸ Instead, when the Shanghai Government selected Rhee as its first leader in 1919, it preferred the title ‘Premier’ as conveying a leader with less definite powers than a ‘President’, though regardless Rhee just gave himself the title of President.⁸⁹

How much, then, was New actually a ‘father’ of a constitution of a Korean state?

Through the agency of Rhee (and possibly Sō), New probably did have some influence on the first South Korean Constitution. Certainly Rhee, no doubt already seeing himself as President, must have paid careful attention to what New wrote in clause (4). While formally the first 1948 version of the South Korea Constitution was drafted by a body of legal experts, who did not actually favour a strong Presidency, the overwhelming informal influence of Rhee prevailed and the 1948 Constitution was largely written at Rhee’s dictates, under the watchful eye of the U.S. military government. (Sō’s daughter claims that Sō aided the U.S. military government,

⁸⁸ Constitution of the Provisional Government of Korea (April 11th 1919)

By the will of God, the people of Korea, both from Seoul and the provinces, have united in a peaceful declaration of their independence in the Korean capital, and for over a month have carried on their demonstrations in over three hundred districts. A provisional government, organized in complete accord with popular faith, proclaims a provisional constitution that the provisional council of state has adopted in order to pass on to our posterity the blessings of sovereign independence.

1. The Korean Republic shall be a democratic Republic.
2. A provisional government shall govern the Korean Republic in accordance with the decision of a provisional legislative council.
3. There shall be no class distinctions among the citizens of the Korea Republic, and men and women, noble and common, rich and poor, shall have complete equality.
4. The citizens of the Korean Republic shall have personal and property rights including the freedoms of faith, speech, writing, publishing, association, assembly, and dwelling.
5. A citizen of the Korean Republic, unless disfranchised, shall have the right to vote or to be elected.
6. The citizens of the Korean Republic shall be subject to compulsory education, taxation, and military conscription.
7. The Korean Republic shall join the League of Nations in order to demonstrate to the world that its creation has been accord with the will of God and also to make a contribution to world civilization and peace.
8. The Korean Republic shall extend favorable treatment to the former imperial family.
9. The death penalty, corporal punishment, and open prostitution shall be abolished.
10. Within one year following the recovery of the national land, the provisional government shall convene a national assembly.

– from Yong-ho Ch’oe, Peter H. Lee, and Wm. Theodore de Bary, eds, *Sources of Korean Tradition: Volume II: From the Sixteenth to the Twentieth Centuries* (NY: Columbia Univ., 2000), 339-340.

⁸⁹ Lee, *The Politics of Korean Nationalism*, 130, 132-133.

particularly its commander, General Hodge, in writing the Constitution.)⁹⁰ The 1948 Constitution had the President selected by the National Assembly, not by direct universal vote, essentially what New wrote in clause (4) of the 1919 ‘Aims and Aspirations of the Korean people.’ This set-up allowed Rhee, at least in 1948, the quickest route possible into office. When facing re-election in 1952 and realizing by then that he had alienated most of the Assembly and would almost certainly lose a vote, Rhee strong-armed a revision to the Constitution that dropped the indirect election of the President in favour of a national direct vote for the Presidency, which Rhee then illegally manipulated to win.⁹¹ It is not known what New thought about Rhee’s *realpolitik* manipulation of New’s constitutional work to further Rhee’s own political career, but one speculates that he could not have been impressed.

Economic and Business Viewpoint

Sŏ Chae-p’il (Philip Jaisohn): Lifelong Mentor and Business Partner

It is from around the time of the 1919 Congress that Sŏ Chae-p’il (American name: Philip Jaisohn) became a mentor of New. Sŏ was born in 1864 from an aristocratic family in Chŏlla Province. After winning top marks in the traditional examinations and then studying at a military school in Japan, he was amongst Korea’s first advocates of Enlightenment thought and converts to Protestantism. He took a minor part in the abortive Kapsin coup of 1884, a first, coercive and failed attempt to force the Chosŏn Dynasty to modernize as Meiji Japan was. He then went to the U.S. and became the first Korean to gain a Western medical degree and American citizenship. Returning to Korea he set up and led for most of its duration the Independence Club from 1896

⁹⁰ “Philip Jaisohn, B.S., M.D. (1869-1951),” 352.

⁹¹ John Kie-Chiang Oh, *Korean Politics: The Quest for Democratization and Economic Development* (U.S.: Cornell Univ., 1999), 43.

to 1898, whereupon he was again driven into exile in the U.S. and became one of the first movers of the Korean nationalist movement in the U.S. The Club was the first modern nationalist organization in Korean history. With branches across the country and open to anyone, the Club published Korea's first modern vernacular newspaper, the *Tongnip shinmun* (*The Independent*) and undertook activities to advance Korea's independence and modernization.⁹² In terms of tracing the start of nationalism and modernity in general in Korea, Sŏ stands as near to the 'absolute' beginning as anyone, and is roughly comparable to similar contemporary figures in Japanese and Chinese history such as Fukuzawa Yukichi and Liang Qichao.

Sŏ and New's friendship continued until Sŏ's death in 1951. In 1925 Sŏ and New founded New-Ilhan & Co., an importer of rugs and luxury items. This was the only collaborative business Sŏ ever attempted and the last before giving up business and going back to full-time medicine. (Previously Sŏ had run a moderately successful publishing company.) Sŏ was named the President and New the Vice-President. Though, as will be discussed below, the partners had ambitious plans for the company as a joint expression of their nationalist goals, it did not seem to last long. By the end of 1926 New was setting up Yuhan in Korea and Sŏ had returned to medical practice for the rest of his life.⁹³

Its failure however did not represent any sort of rupture between the two. Signaling his approval of New's venture, Sŏ suggested the 'willow tree' trademark of Yuhan, the logo retained by the company from its inception. The symbolism was that even a tiny willow tree seed can eventually grow into a large tree. Similarly small efforts such as Yuhan would help Korea

⁹² Carter J. Eckert et al., *Korea Old and New: A History* (Seoul: Harvard Univ., 1990), 210, 232-236.

⁹³ Reproduced in *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], 519-520; Chong Sik Lee, *Sŏ Chae-p'il: miguk mangmyŏng sijŏl* [Philip Jaihson in the United States], (Seoul: Chongumsa, 1984), 150; New did retain the name and legal entity of New-Ilhan & Co. as a minor U.S. subsidiary of Yuhan, at least into the late 1940s: "Letter from Ilhan New to Mr. John Hahn" (on 'New Ilhan and Company' letterhead), Feb. 13, 1946, box09/Item003, Sinhan Minbo. Correspondence, pre-1965, Documents of the KNA Building, East Asian Library, Archival Research Center, University of Southern California.

become independent and a mighty country. In addition, the Chinese character for ‘New’ meant willow tree.⁹⁴ New himself placed Sŏ amongst the top five of the first generation of “far-sighted and progressive men”⁹⁵ who had tried to reform a “weak and decadent”⁹⁶ Chosŏn dynasty. Four out of these top five were Protestant self-reconstruction nationalists.⁹⁷ New was effectively placing Sŏ as the leading Korean nationalist in terms of seniority, as by the time New wrote this in 1943 Sŏ was the only prominent leader of the five still alive and not alleged to have collaborated with the Japanese.

Sŏ profusely reciprocated this praise. Throughout his life Sŏ was a prolific communicator in Korean and English from writing many of the editorials for the *Tongnip sinmun* in the late 1890s to a series of radio broadcasts in Korea he gave in 1947 to 1948. It is clear from these writings that entrepreneurs and businessmen such as Henry Ford and the Duponts are heroes to Sŏ;⁹⁸ the “greatness of the United States... [lies] largely upon the ingenuity, intelligence and aggressiveness of its industrial and commercial leaders.”⁹⁹ Similarly Sŏ mentions New glowingly; in one article for the *ShinHan minbo* in 1939 Sŏ enjoins Korean-Americans to contribute to American prosperity by starting successful businesses, and pointing to New’s success with La Choy, describes this as an “outstanding example” that was all too rare.¹⁰⁰ In a

⁹⁴ *Nara sarangŭi ch’am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyong-Nam Yi, journalist, Cho Y’ong K’won, reporter, 467; Lee, *Yu Il-han ŭi tongnip undong yŏngu*, 105; New, *When I Was a Boy*, 171.

⁹⁵ [New], *Korea and the Pacific War*, 21.

⁹⁶ [New], *Korea and the Pacific War*, 20.

⁹⁷ [New], *Korea and the Pacific War*, 21. Three of the other four named by New were also self-reconstruction nationalists, namely An Ch’ang-ho and Yun Chi-ho. The third self-reconstruction nationalist is Sang-Jai Lee, an obscure Protestant ‘modernizer’ of the turn of the century. According to James Scarth Gale, Lee was a faithful Protestant and reformer jailed by the Chosŏn Dynasty, becoming a prominent leader of the YMCA by 1909. (See James Scarth Gale quote in David Chung, *Syncretism: The Religious Context of Christian Beginnings in Korea* (Albany: State Univ. of NY, 2001), 49-50.) The only non-Protestant named is Kim Ok-kyun, the leader of the Kapsin coup.

⁹⁸ Philip Jaisohn, M.D., [Sŏ Chaep’il], *My Days in Korea and Other Essays* (Seoul: Yonsei Univ., 1999), 355-357.

⁹⁹ Jaisohn, [Sŏ Chaep’il], *My Days in Korea*, 81.

¹⁰⁰ Jaisohn, [Sŏ Chaep’il], *My Days in Korea*, 82.

1924 article in the major Korean daily the *Tong-a Ilbo*, Sŏ does not name New but is clearly referring to him as a model success in the food industry in the U.S. to be emulated by Koreans in Korea. New's success is framed in the context that Christianity amongst Koreans is giving them 'lofty' goals and that Koreans can do anything if they put their mind to it.¹⁰¹ Finally, Sŏ praises New for his work with Yuhan at the end of another front-page article in the *Tong-a Ilbo* published January 3rd and 4th, 1934. In it he lauds New as blazing a path that will ensure Koreans do not fall behind the times in medical scholarship and technology.¹⁰² What is perhaps most revealing is that practically no other major Korean business founder ever receives any praise or even mention in Sŏ's writings.¹⁰³

Sŏ: Intertwining of Nationalism, Business, Christianity, and U.S. as Model Nation

Throughout his life, Sŏ's writings reveal some consistent themes and ideas regarding nationalism, business, and Christianity that would have even more strongly re-enforced what New had already been hearing his entire life. Sŏ's most powerful validation of New's vocation was Sŏ's consistent lauding of commerce as a noble calling of manifold benefits to a nation, often stated as unambiguously as the James Scarth Gale's textbooks that New probably read as a child. While leading the Independence Club Sŏ wrote that "commerce is the most democratic thing in the world" as merchants will sell their goods to anyone and happily in a market economy (echoing neoclassical Say's Law) "supply adapts itself to the demand."¹⁰⁴ In 1940 in the *ShinHan minbo* Sŏ wrote that there was "no enterprise nobler or more patriotic than creation of

¹⁰¹ Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 241-242.

¹⁰² Sŏ Chae-p'il, "Chaemi 50-nyŏn," ["50 Years in America"] as reproduced in Lee, *Sŏ Chae-p'il: miguk mangmyŏng sijŏl [Philip Jaihson in the United States]*, 208.

¹⁰³ Kim, *A Korean Nationalist Entrepreneur*, 164. In 1947 Sŏ praised Kim Sŏng-su once for his patriotism. However, it is clear that he is praising Kim for his charitable and educational activities, not as a businessman.

¹⁰⁴ Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 39.

new wealth....Korea needs good statesmen, scientists, [long list of occupations follow], but she needs some wealth producers more than any other genius.”¹⁰⁵ In an article in the same newspaper a year earlier Sŏ made a detailed argument why “trade is the lifeblood of the nation” and that “the nation’s prosperity depends on business.”¹⁰⁶

The greatness of commerce for Sŏ is almost inextricable from the greatness of Christianity and democracy. Democracy (which encompasses nations being free of imperialist control) and commerce spring from Christianity but all are mutually reinforcing. In Sŏ’s mind, there is no better proof of this in the world than the U.S. To Sŏ Christianity is the well-spring of wealth and freedom especially when fervently believed by as many individuals in a nation as possible but even if just a lingering national civic culture. In 1919 Sŏ told American readers that the Koreans marching in the March 1st demonstrations are “nearly 100% Christians...with faith in Christianity, in democracy... [and in] unquenchable national spirit...when a Korean becomes a Christian he receives with the religion a desire for freedom.”¹⁰⁷ In a radio broadcast in 1947 Sŏ told Koreans that “through the teachings of Jesus we are able to recognize the beauty...of love of humanity. If we love humanity, we love our own countrymen...”¹⁰⁸ In another radio broadcast around the same time Sŏ states “the religion of Jesus... [is the] basis...of the civilized world...the teaching of the...brotherhood of man developed the basic concept of [democracy]...For that reason, the peoples of the Christian nations enjoy more freedom and more privileges, and better living conditions than anywhere else.”¹⁰⁹

For Sŏ no country so ideally demonstrated the truth of Christianity as the U.S., and therefore it was the best ally Korea could ever have. In 1919 Sŏ told an American readership that

¹⁰⁵ Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 357.

¹⁰⁶ Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 80-81.

¹⁰⁷ Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 180, 182.

¹⁰⁸ Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 377.

¹⁰⁹ Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 390.

“America has sent [Korea] the Christian Bible, which contains the seeds of the principles of democracy and the germ of liberty and justice.”¹¹⁰ In a radio broadcast to Koreans in 1947-1948 Sŏ describes the U.S. as Korea’s best friend as it liberated the country, gave it political freedom, and through the education and Christianity brought by missionaries created the greatest number of Korean leaders.¹¹¹ Writing to Koreans in 1937 Sŏ states that even when the U.S. is being a ‘nominally’ Christian country in its foreign policy, its foreign policy is still better than that of a nation with no Christian background.¹¹² Addressing a crowd of both Koreans and Americans at a YMCA event in 1947, Sŏ stated:

It is true that not every American is a good Christian, but even the most ignorant upholds in heart the cardinal principles of Christian ideals and principles...American foreign policy at the present time is in perfect harmony with...Christian idealism. While it is true that no official American representative will admit that America is helping other nations for the sake of Christianity, the fact remains that American policy towards liberated countries...is based upon Christian ideals.¹¹³

If Koreans in Korea were receiving the benefits of the U.S.’s Christian nature, this was even more so for Koreans living in the U.S., who Sŏ cites repeatedly as a special, leading part of the Korean race, having been brought up in ‘freedom.’¹¹⁴

Sŏ: Jesus as Classical Economic Liberal and ‘Rugged Individualist’; New as ‘Hansu’

In other statements Sŏ makes clear that the patriotism, ‘civilization,’ and ‘democracy’ created by Christianity that in turn creates better living conditions is based on classical economic liberalism. In an article for the *ShinHan minbo* in 1937 Sŏ states that “Jesus was an individualist...rugged individualism has been severely assailed by [communism and fascism] but

¹¹⁰ Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 184.

¹¹¹ Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 375-376.

¹¹² Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 269.

¹¹³ Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 410.

¹¹⁴ See, for example, Jaisohn, [Sŏ Chaep'il], *My Days in Korea*, 98.

I am still a believer of individual initiatives...without which the world cannot progress.”¹¹⁵ In an 1947-1948 radio broadcast to Koreans, Sō asserts that Korea’s ascension to an ‘industrialized civilization’ and high living standards, without which political independence is impossible, is dependent on “economic freedom” which means “the individuals living in that nation are economically independent, that is, every citizen must have the right and opportunity to make a living by his or her own labor and the fruits of such effort must be protected by law...”¹¹⁶ As society was understood to be ultimately composed of individuals, it was Sō’s assertion that the key to Korean development lay in more ‘morally minded’ individuals, none being more so than Christians. As Christians were natural leaders in this regard Sō urged the Shanghai Provisional Government in 1920 to show preferential treatment to Korean churches and Christian evangelists working in Korea.¹¹⁷

Sō believed it was especially the duty of a Korean Christian to dedicate their lives to Korean independence and development. In 1922 Sō, under a pseudonym, wrote what is considered the earliest piece of fiction by a Korean-American called *Hansu’s Journey: A Korean Story*.¹¹⁸ In it the young, exceptionally handsome and intelligent Hansu from northern Korea is caught up in the nationalist struggle of the March 1st movement, becomes a Christian, and ends up happily studying in an American university. He proposes marriage to an ardent female patriot, who lost her hand from the sword swipe of an evil Japanese soldier as she carried the nation’s flag and refused to let it go. The day Hansu becomes a believer he goes to “Pastor Kimm,” who has been presented as an exemplary Presbyterian minister, and has the following conversation:

“What are the duties of believers of Christianity?” asked Hansu.

¹¹⁵ Jaisohn, [Sō Chaep'il], *My Days in Korea*, 279.

¹¹⁶ Jaisohn, [Sō Chaep'il], *My Days in Korea*, 367.

¹¹⁷ Jaisohn, [Sō Chaep'il], *My Days in Korea*, 206-207.

¹¹⁸ “Philip Jaisohn, B.S., M.D. (1869-1951),” 353; Seiwoong Oh, “Hansu’s Journey by Philip Jaisohn: The First Fiction in English from Korean America,” *Amerasia Journal* 29, no. 3, (2003-2004): 43-55.

“The duties of followers of Jesus are to imitate Him in heart and deed,” answered the pastor.

“Is it right for a Christian to work and die for the cause of his country?” pursued the boy.

“If any one does not work or die for the cause of his country he is not a Christian. If one betrays his country he will betray his family, his friends and his God. God will never have mercy upon such a creature.”

“Then it is right for a Christian to fight for a good cause?”

“Some of the greatest Christians of the world were the greatest fighter for righteousness. God commands peace among men, but He never countenances peace at the sacrifice of His principles,” said Pastor Kimm. . . . “Your plan [to devote your life to the cause of our country] does not conflict with Christian duties in the least; on the contrary, it is a Christian ideal.”¹¹⁹

Later in the novel on March 1, 1919 Hansu wanders to Pagoda Park in Seoul and listens to a tall, deep-voiced speaker with “the clean-shaven, rugged face of the [northern] Korean type” declaim:

“Liberty is the most precious blessing to a human being, therefore, every self-respecting and God-fearing person must strive for it. Like all good things, we must work for it and die for it if necessary. . . . Jesus of Nazareth gave his life to save the souls of men, so must we give our lives to save our nation.”¹²⁰

Already Sō’s protégé and as business partners three years later it is highly probable that New read *Hansu’s Journey*. New could hardly have failed to see the similarities between Hansu and himself as a northern Korean who ends up a graduate of an American university – or the Protestant nationalist admonitions aimed at him and his peers.

New Ilhan & Co. – New and Sō Partners and Advocates for ‘National Capital’

As mentioned in 1925 New and Sō partnered in a new business named ‘New Ilhan & Co.’ Two notices were published by them in the *ShinHan minbo* in 1926 asking for investment from Korean readers for the ultimately short-lived venture. These notices provide evidence regarding their shared worldview, which echoes the description of Sō’s thought given above. The notice of March 8, 1926 states in part:

¹¹⁹ N.H. Osia [Sō Chae-p’il], *Hansu’s Journey: A Korean Story* (Philadelphia: Philip Jaisohn & Co., 1922), 16-17.

¹²⁰ Osia [Sō Chae-p’il], *Hansu’s Journey*, 34-35.

Commerce is necessary for both the development of the nation and for the livelihood of the individual. A nationality with an underdeveloped concept of commerce is an uncivilized nation. An individual ignorant of business is a poverty-stricken person. In light of this we must find our way of living by above all focusing and working hard in business. With the formation of New Ilhan and Co. we are mustering together all of our talents in hopes of creating a company that reflect the aspirations of Koreans.¹²¹

The following notice of March 11, 1926 stated that the company was seeking to be 90% owned by many small shareholders. The stated purpose of this was to tap enough capital to become an even larger company but also for the betterment of Koreans. The statement argues that such a shareholder structure would make the company ‘truly’ owned by the Korean community, teach Koreans how a joint-stock company operates, and would provide an example of Koreans rallying together to create what could become a giant commercial concern in the same way “whites” were ‘constantly’ doing.¹²²

With his mentor and partner, New is emphasizing the importance of private business as key to national development and indeed, being ‘civilized’. The ‘enemy’ was ‘ignorance’. The solution, predictably, was education, with the shareholding structure being favored as much for its educational value as for meeting business goals. The call for Koreans in America to pool their capital as much as the ‘whites’ did is a rare acknowledgement regarding racial divides in the U.S. for Sō, but may have been a dash of realism from New. New, at least for one of two articles that he wrote for Pearl Buck’s journal *Asia and the Americas* in 1944, was willing to note and condemn in no uncertain terms some of the everyday discrimination East Asians and East Asian-Americans faced in the U.S.¹²³

It was likely that New really did not need the contributions of many small Korean investors for the initial capital of the company, or even the capital, financial or reputational

¹²¹ Reproduced in *Nara sarangŭi ch’am kiöpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], 518.

¹²² *Nara sarangŭi ch’am kiöpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyöng-nam Yi, journalist, Yöng-kwön Cho, reporter, 519-520.

¹²³ See Ilhan New, “For White Trade Only,” *Asia and the Americas* 44, no. 1, (Jan. 1944), 30.

contribution of Sō himself, as New entered into the enterprise as a very wealthy man. By 1925 New was already flush with funds from selling his share of La Choy in that year, and if anything it was Sō who had difficulty raising capital for his business ambitions.¹²⁴ When New started his own entrepreneurial career with La Choy it seems that significant financial backing did not materialize until after he partnered with La Choy's white co-founder Wally Smith.¹²⁵ As their notice in the *ShinHan minbo* stated Sō and New were trying to encourage Koreans in America (and considering the extent of *ShinHan minbo*'s readership, Koreans under Japanese rule in Korea) to work together to raise business capital in ways that transcended familial or regional ties, and circumvented racial and/or imperialist barriers.

Sō and New's nationalist appeal for Korean capital accumulation in their business is of a piece with numerous calls for Korean capitalist economic nationalism that found their first mass, widespread expression within Korea and amongst the diaspora throughout the 1920s. Calls for 'national capital' and to 'buy Korean' were a central element of Robinson's 'cultural nationalist' and Wells' reconstruction nationalist discourses. Particularly in reconstruction nationalist thinking, 'self-reconstruction' translated in the economic sphere into economic nationalism. Economic nationalism was a means towards the spiritual goal of 'self-reliance', a corrective to the moral laxity of "toadyism among the elite and indifference among the commoners."¹²⁶ The nation-wide Korean Products Promotion Society of Presbyterian elder Cho Man-sik was the most prominent example of this type of nationalist effort.¹²⁷

The contemporary leftist critique of appeals for 'national capital' in Korea was that it was a self-serving attempt to enlist the help of the working class for the struggle of a newly risen

¹²⁴ Lee, *Sō Chae-p'il: miguk mangmyōng sijōl [Philip Jaihson in the United States]*, 150.

¹²⁵ Le Roy Barnett, "A Wok Down Memory Lane with la Choy," *Michigan History* 92, no. 5, (September/October 2008), 16; Jeanine Dean, daughter of Wally Smith, e-mail message to author, Sept. 12, 2009.

¹²⁶ Wells, *New God, New Nation*, 142.

¹²⁷ Wells, *New God, New Nation*, 142-148.

Korean capitalist class in their competition with Japanese capitalists, two versions of capitalists that in the larger frame were inevitably going to collaborate. New-Ilhan & Co.’s appeal for ‘national capital’ in the U.S. somewhat sidestepped this critique as their identified competition was white American capitalists, a group that had connection with Japanese imperialism. In addition a novelty that New (and Sō) introduced to the larger Korean discourse on capitalism, even if probably very few at the time were paying attention, was in seeking to have such a wide distribution of stock-holding (up to 90%) of New-Ilhan & Co., a goal that foreshadows the later and now much celebrated distribution of stock in Yuhan to employees starting in 1936. To seek by design that so much of a company would be owned by ‘the masses’ (and in Yuhan, by employees of all ranks) rather than the founder was New’s first definite step in living up to the conviction that he later expressed in what is by far his most publicized quote, that “A company is owned by society. An individual merely manages it.”¹²⁸

Read out of context of other ‘canonical’ quotes by New recorded and publicized by Yuhan¹²⁹ this statement in and of itself seems to argue against any private ownership of a company whatsoever, and could be easily agreed to by a Stalinist economic planner. However, as the preceding makes clear, New meant this statement assuming a *laissez-faire* economic system where private property rights ethically exercised were blessed by God. This is summed up by another later quote of New that “The number one task of a company is to make a profit. However, it must be obtained through honest activities.”¹³⁰ Like the quotation from Gale’s primary school text above, there is an acknowledgement of the self-interested and competitive

¹²⁸ Ilhan New quote in *Nara sarangŭi ch’am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], 540.

¹²⁹ The most extensive listing of Ilhan New quotes are in *Nara sarangŭi ch’am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], 537 – 541.

¹³⁰ Ilhan New quotes in *Nara sarangŭi ch’am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], 540.

nature of capitalism conjoined with a Christian moral imperative that must be obeyed to ensure that the system is of benefit to the community.

An Informal Primer in Orientalist Branding and Consumer Market Research: “When I Was a Boy in Korea”

In 1928 at the request of an American publisher, New wrote his first and only autobiographical work, entitled *When I Was a Boy in Korea*.¹³¹ Aimed at American children New wrote it as an impartial descriptive voice that tries to represent an almost platonically ideal traditional Korea much more than the personality and life of the author. It is widely recognized as one of the earliest literary pieces in English by a Korean American.¹³² New’s emphasis on taking on a relentlessly objective rather than personal voice is cited as typical of that Korean literary era where there is more of an emphasis on the ‘collective voice’ than the individual.¹³³ Such scholarly analysis of the work has generally looked at it as a singular example of Korean and Korean-American literature instead of looking at it in terms of New’s career and character or in terms of the dozens of other works in the *When I was a...* series. The work is one of a series of over twenty books aimed at children called *When I Was a [Child] in...* published by the Boston publisher Lothrop, Lee & Shepard, between the late 19th century and the 1930s and as such was meant to provide an ‘average’ but by present day standards exoticized portrait of every foreign country profiled.¹³⁴ Even compared to a sampling of other books in the series written on

¹³¹ Ilhan New quotes in *Nara sarangŭi ch’am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], 540.

¹³² Seiwoong Oh, “Ilhan New (1895-1971),” in *Asian American Autobiographers: A Bio-Bibliographical Sourcebook* ed. Guiyou Huang (Westport, CT: Greenwood, 2001), 282.

¹³³ Oh, “Ilhan New (1895-1971),” 284.

¹³⁴ Ivan Grimshaw, *When I Was a Boy in England* (Boston: Lothrop, Lee & Shepard, 1931.) For example, the author of *When I Was a Boy in England* relates in a matter of fact way a middle class Yorkshire boyhood and schooling. In contrast the front cover shows two boys outside in morning suit and top hat glancing at a cricket match being

‘Oriental’ countries New’s is the most thoroughly Orientalist. This approach combined with New’s life-long avoidance of a personal voice in all of his writings makes its two hundred short pages and 35 photographs almost completely useless as an actual source on New’s early life or even of the complexities of a Korea facing considerable foreign intrusion in the late 19th century to 1920s.

The authors of *When I was a Boy in...China/Japan/Persia* provide mostly picaresque tales of exotic boyhood. However, even in these works the West, modern technology, and social complexity are described. For example the author of *...China*, the first to be published in 1861, talks about his life as one of the first Chinese youth sent over to the U.S. to study at Yale University, seeing Western technology and people in Hong Kong, and defends the status of Chinese women from what he sees as Western misunderstanding.¹³⁵ The author of *...Japan*, published in 1906, provides as a background the Meiji transformation of Japan and notes aspects of modernity such as trains, ‘modern’ schooling, and Western science, and is another Yale graduate.¹³⁶ The author of *...Persia* places all of his remembered childhood family dynamics in the context of being part of a tiny, newly converted Protestant minority in a predominantly Muslim nation.¹³⁷

In comparison *When I Was a Boy in Korea* is unfailingly Orientalist and ‘exotic’. While New scatters a very few personal pronouns amongst the narrative to make it seem autobiographical, there are almost no references to any aspect of Korean life that would put

played in front of a castle. The Norway of John Oscar Hall’s *When I Was a Boy in Norway* (Boston: Lothrop, Lee & Shepard, 1921) seems for the first chapters to be mostly populated by Norse gods.

¹³⁵ Yan Phou Lee [Lee Yen Fu], *When I Was a Boy in China* (Boston: Lothrop, Lee & Shepard, 1861). Lee was part of a group of young Chinese sent to board and study in the U.S. by Yung Wing, the first Chinese graduate of a U.S. university. Lee may have originated the series while an employee of Lothrop, Lee & Shepard.

¹³⁶ Sakae Shioya, *When I Was a Boy in Japan* (Boston: Lothrop, Lee & Shepard, 1906).

¹³⁷ Youel B. Mirza, *When I Was a Boy in Persia* (Boston: Lothrop, Lee & Shepard, 1920).

New's boyhood after the Industrial Revolution. In some lengthy descriptions of Korean religions, New makes absolutely no reference to Christianity, but only 'Eastern religions' that presumably American readers would expect like Buddhism and shamanism. Not a single modern technology lurks in even the backgrounds of the photos.¹³⁸ New and his wife in the Frontispiece are shown in traditional Korean dress standing amongst one of the Seoul palaces. In short, the vast bulk of the information conveyed about Korea in the book could, without any exaggeration, be describing Korea in 1783, the year before the first Korean converts to Catholicism.

When I Was a Boy has two chapters dedicated to schooling, ostensibly descriptions of New's education.¹³⁹ The first describes him from before the age of seven attending a traditional local Confucian school in the countryside. This might have happened briefly as New relates quite specific descriptions. Also, as New states, during the Sino-Japanese War his father did temporarily take the family into the countryside to escape the depredations of the war,¹⁴⁰ though New would have seemed too young for school at that time. The second describes him as still being in the countryside from age seven to nine at a sericulture school. This is implausible. In all other accounts and evidence including New's own, Yu and his family were based in Pyongyang, not in the countryside, and New states half of his education was in the city. In *When I Was a Boy*, the only thing New writes of what he learned at the sericulture school or what it looked like is "I

¹³⁸ There are eight fleeting references to a post-Industrial Revolution world and Korea after 1783 in *When I Was a Boy*: p. 17 'the Sino-Japanese War', p. 30 'street-car', p. 35 'rubber shoes', p. 37 'newspapers', p. 110 'railroad', p. 125 'Emperor now gone', p. 141 photo – in distant background is what may be called a semi-Western pavilion, p. 174 'steam ship'. New is always choosing language in these references that make the description as brief and vague as possible. For example on p. 37 he writes "Newspapers and fast means of travel and communication have not yet penetrated all parts of the land [in Korea in 1928] ..." instead of what he could have written, which is "Newspapers, telegraph lines, postal services, railways, modern roads, coach lines, and steamer ships have not yet penetrated all parts of the land..." It is not known how much control New had in selecting the photos used. However, the editors, as much as they controlled which photos were used, did not always choose to show only pre-modern scenes for books on non-Western childhoods. For example, in *When I Was a Boy in Japan* there is a photo of an up-to-date Tokyo street (of 1906) and 'A Japanese School of the Present Day'.

¹³⁹ New, *When I Was a Boy*, 43 – 56.

¹⁴⁰ New, *When I Was a Boy*, 17.

do not remember much” supposedly because he was of the tender age of seven to nine (whereas he remembers quite a lot at a younger age of his supposed rural Confucian academy). After this terse non-description of the sericulture school the overwhelming bulk of a chapter supposedly on his schooling goes into great detail on traditional sericulture.¹⁴¹ Summing up, it seems as if New is hiding what his actual education was like. It seems quite likely that having to describe the interior and curriculum of one of Mr. Moffett’s school (some of which did not look very different from a Western school of the same period)¹⁴² would have completely destroyed the Orientalist image of Korea that New was trying to convey.¹⁴³

When I Was a Boy is similar to all of his writings in that New tends to be self-effacing and academic in tone, a mark of New’s truly modest character. However, the absolutely relentless exoticism of his text, even beyond any other book in the *When I Was a [Child] ...* series suggests New was very likely being consciously ‘Orientalist’. As a Korean who created ‘La Choy’, the first successful American brand of Chinese food with a white American partner, New knew like few others exactly how an ‘East Asian product’ had to be marketed in an Orientalist way that would be able to convince 1920s white Americans of its ‘authenticity’. Much La Choy marketing material of the first few decades can easily be classified as Orientalist, as white housewives were invited to eat of exotic and authentic ‘Oriental’ food whose packaging and supporting marketing materials were festooned with Chinoiserie.¹⁴⁴ With this book, New was simply again marketing another East Asian image, this time the ‘Korea brand’ to Americans in

¹⁴¹ New, *When I Was a Boy*, 51, 52-56.

¹⁴² See for example the desks, blackboard, radiator, and Western dress of the teacher in a photo dated 1900 of a ‘bible class’ in Pyongyang in *Sachinŭro ponŭn chosŏn sidae (II)* [Yi Dynasty through Pictures (II)] (Seoul: Somundang, 2005), 190.

¹⁴³ The most accurate biographical information on New is conveyed in the ‘Editor’s Preface’ by Lee A. White, who describes New as writing “with characteristically Oriental [sic] modesty” and highlights New’s ‘uncommon’ Protestant background. See Lee A. White in New, *When I Was a Boy*, 5, 7.

¹⁴⁴ Le Roy Barnett, “A Wok Down Memory Lane with la Choy,” 19. See examples of free La Choy recipe booklets from the 1920s, 1930s, and 1940s.

the way he knew would be most effective in gaining their interest.¹⁴⁵ It reveals, better than any marketing tome that New could have written, his instinctive mastery, decades before most other figures in Korean business history, of branding and marketing.

The vast majority of the text is extremely detailed, meandering, almost anthropological descriptions of Korean ‘traditional’ daily life in terms of, for example, boiled chestnuts, Korean candies (which merits one chapter), vendors and five-day markets, clothing items and care, sericulture, kite-flying, holidays, sports, games, food, food preparation, funerals, weddings, shamanistic rites (and food use in), and where and how Koreans eat. Chapters ostensibly on broader topics such as on the city of Seoul keep turning into further descriptions of Korean consumption patterns. Despite its limitations, *When I Was a Boy*, perhaps unintentionally, reveals a person fascinated by the details of how people eat, consume, and keep themselves healthy on a daily basis, as would befit the creator of a major food brand in the U.S. and a purveyor of pharmaceutical products in Korea.

A Korea Ready to Be Independent – Due to Korean-American Leadership

In 1943 New was based in the U.S. and was the Chairman of the Planning and Research Board of the United Korean Community Association (UKCA). In that role he authored and published *Korea and the Pacific War*, mentioned above as having its genesis as a report requested by the OSS in 1942. The slim 76 page report provides an encyclopedic overview of the Korean ‘race’, history, present political and military situation, economy, culture, and future economic prospects. Its primary purpose was to explain the Korean situation to an American

¹⁴⁵ B.M., “Review [of New’s *When I Was a Boy in Korea*],” *Pacific Affairs* 2, no. 2, (Feb. 1929), 90. It appears New succeeded. A contemporary review of *When I Was a Boy* said it “leaves you interested in Korea....it is simply and entertainingly told. It describes the Korean home, the schools, customs, etc.”

audience in the most sympathetic light possible to gain support for Korean independence. Much emphasis is placed on the unity of Koreans, their unique role in the anti-Japanese struggle, their preparedness for self-government, and the bright future economic prospects of Korea. The latter point is also the focus of the other short article New wrote for Pearl Buck's *Asia and the Americas* in November 1944 called, fittingly enough, "Do Business with Korea," which lists possible Korean products that Americans might wish to import after the war.¹⁴⁶ In *Korea and the Pacific War* American readers are reassured about the religious basis upon which an independent Korea would be built. New emphasizes that Confucianism has prepared the way for the widespread acceptance of Christianity in Korea, an assessment of Confucianism common to other Protestant self-reconstruction nationalists.¹⁴⁷ Furthermore Korea had "more Bible sales per capita than in any Oriental country" and that the effect of Christianity on Korea has been entirely salutary.¹⁴⁸

New published these works with the American policy of trusteeship, fully unveiled in the December 1943 Cairo Conference, in mind. The Conference declared that Korea would gain independence "in due course" at the war's end. There was much suspicion regarding what "in due course" might mean amongst Korean-Americans and Koreans aware of the policy. (In private conversation with Soviet leader Stalin, President Roosevelt, thinking of the 'tutelage' the Filipinos had received from America, envisaged that it might take Koreans up to forty years to be ready for full independence.)¹⁴⁹ Debate over the appropriate response to this ambiguity split the recently unified Korean-American community. More leftist groups argued (without much

¹⁴⁶ Ilhan New, "Do Business with Korea," *Asia and the Americas* 44, no. 1, (Jan., 1944), 517-518.

¹⁴⁷ Wells, *New God, New Nation*, 172.

¹⁴⁸ [New], *Korea and the Pacific War*, 69.

¹⁴⁹ Bruce Cumings, *The Origins of the Korean War: Liberation and the Emergence of Separate Regimes, 1945-1947* (Princeton: Princeton Univ., 1989), 105-109; Anne Soon Choi, "'Unity for What, Unity for Whom?': The United Korean Committee of North America, 1941-1945" in *From the Land of Hibiscus: Koreans in Hawaii, 1903-1905*, ed., Yong-ho Ch'oe (Honolulu: Univ. of Hawaii, 2007), 236-237.

realism) for a build-up of Korean military capacity within East Asia to ensure *de facto* Korean independence immediately after the war ended. The UKCA including New and moderate nationalists took a more pragmatic approach of accepting the *realpolitik* of having to convince the Americans that Koreans were, in fact, united, self-reliant and ready for self-rule.¹⁵⁰

For New, that meant setting up in the same month as the Cairo Conference the Korea Economic Society. The Society published a monthly publication called the *Korea Economic Digest*, reprints of *Korea and the Pacific War*, various leaflets about Korea, and sent New and others to various conferences of the Institute of Pacific Relations. In an internal memo New outlined the goals for the Society. It was

necessary that the Korean people show—through practical demonstration and future planning—their capacity to administer...independence....the new Korean nation will be launched with very little preparation; hence it devolves upon the shoulders of the Korean people abroad who are fortunate enough to have the facilities for surveys, research, and studies, to outline various plans, submit proposals, and enter discussions and attend conferences as much as possible...for the greatest benefit of the Korean people...¹⁵¹

The Society was to avoid politics and leadership struggles in favour of “practical economics,” showing Americans that Koreans were focused on the immense positive potential of Korea and had the planning, data, and competence to rule their own country.

In *Korea and the Pacific War*, this memo, and articles edited by New in the *Digest* the tone is not in any way that Koreans are not yet moral or competent enough to rule themselves, but only a matter of convincing Americans of this.¹⁵² While many of the self-reconstructionist nationalists that Wells describes put enlightenment of the nation as the first task to be realized

¹⁵⁰ Choi, “‘Unity for What, Unity for Whom?’,” 236-248.

¹⁵¹ Ilhan New, “Ilhan New to the members of the Korean Economic Society 1st anniversary and request for contribution,” internal Korea Economic Society memorandum, Dec. 1944, box12/Item002, Korea Economic Society. Correspondence, Documents of the KNA Building, East Asian Library, Archival Research Center, University of Southern California.

¹⁵² New, “Ilhan New to the members of the Korean Economic Society”; Cumings, *The Origins of the Korean War: Liberation and the Emergence of Separate Regimes*, 106, 485 n. 19.

before independence could be sustained, in the mid-1940s New had no such concerns that Korea was not ready. New asserts that overseas Koreans such as himself, along with some still surviving leadership in the peninsula¹⁵³ were “the only ones who could tell the outside world as to what was transpiring” through “years of toil...[overseas Korean] men who would die for an ideal if need be, have come to the rescue of a worthy race.”¹⁵⁴ While its broad masses may have needed to have full democracy delayed temporarily pending further education, Korea did have Christian Korean-American leaders such as himself ready to help ensure Korea’s post-war self-reliance.

New’s ‘Korea and the Pacific War’: an ‘Objective’ Overview of a ‘Civilized’ Independent Korea

New’s *Korea and the Pacific War* was written primarily to convince Americans that the soon to be liberated Korea and Koreans were ready to be an independent, sovereign nation and would be a staunch political and economic ally of the U.S. The tone is impersonal, non-partisan, (hence the reason for New’s anonymity as the author)¹⁵⁵ and academic, as befits its subtitle as a “Condensed Reference.”¹⁵⁶ Much like *When I Was a Boy in Korea* however it is written as coming from the ‘authentic’ voice of a Korean, as indicated by the description of the author in the Foreword and by the prominent identification of the publisher on the title page as the United Korean Committee in America, with five leaders of the UCKA listed by name, “New Ilhan, Chairman,” being listed first.¹⁵⁷

¹⁵³ [New], *Korea and the Pacific War*, 22.

¹⁵⁴ [New], *Korea and the Pacific War*, 21.

¹⁵⁵ As the author of the Foreword explains, “It is the author’s wish that anonymity be preserved. It is his conviction that each step taken in behalf of Korea be a Korean objective rather than an individual opportunity, and should therefore, be divorced from personalities involved. For this reason he wishes no personal credit.” From [New], *Korea and the Pacific War*, v.

¹⁵⁶ [New], *Korea and the Pacific War*, Cover and iii.

¹⁵⁷ [New], *Korea and the Pacific War*, iii.

Though written for an American audience, the document also provides an insight into what New's 'ideal' post-war Korean society and economy would look like. In his mind the country was well upon the path of development along a universal scale of civilization that would preclude any attempt to delay its independence just as much as there was "no reason for denying [independence for] Americans in 1776..."¹⁵⁸ Though references to religion in general are fleeting, there is a definite championing of Christianity (and Confucianism historically) as an indicator of Korea's progress along the path of civilization. When New summarizes the March 1st uprising against the Japanese in 1919 he characterizes its leadership as being "in great part" Christian and wildly exaggerates by saying the Koreans taking part were "fifty percent" Christian¹⁵⁹ (which is a more non-sectarian acknowledgement of non-Christian participation than Sō's previous '100% Christian' estimate.) Later he states that though both Buddhism and Confucianism were moribund the influence of both, particularly the latter over the centuries "prepared the Korean people to receive Christianity with open mind."¹⁶⁰ Christian schools and hospitals in Korea were "recognized influences for good."¹⁶¹ Furthermore, "Just how anxious the Koreans are for learning, both in science and religion, is shown by the statistics on Bible sales in Korea, which record more Bible sales per capita than in any Oriental country."¹⁶²

New suggests that Korea is better morally prepared for independence than Japan, and provides an explanation for present Japanese rapacity in the traditional absence of strict moral codes. Very near the start of the text New wants Americans to know that "Confucian moral codes" made sure that "even in the most profligate periods of their history, [Koreans] never sank

¹⁵⁸ [New], *Korea and the Pacific War*, 71.

¹⁵⁹ [New], *Korea and the Pacific War*, 11.

¹⁶⁰ [New], *Korea and the Pacific War*, 69.

¹⁶¹ [New], *Korea and the Pacific War*, 69.

¹⁶² [New], *Korea and the Pacific War*, 69.

to the level of moral degeneracy of their island neighbors, the Japanese.”¹⁶³ The moral superiority of the Korean ‘race’ and ‘character’ over the Japanese is then underlined by a quote from “Dr. James S. Gale, missionary in Korea for over thirty years” on the morally superior Korean custom of segregated public bathing versus the Japanese custom of mixed public bathing.¹⁶⁴

New’s Economic Vision in Context: a Self-Sufficient, Laissez-Faire Korea but Not ‘Libertarian’

Roughly one-third of *Korea and the Pacific War* is devoted to the ‘Post-War National Economy’ including an appendix that lists by industrial sector statistics quantifying the post-war market potential of Korea for American business (much like his article on “Doing Business with Korea”). Most of all, “Korea’s Economy Would Be Sufficient”¹⁶⁵ - this is the title New uses to overview his entire section on the post-war economy. New has two underlying objectives in highlighting the self-sufficiency of the post-war Korean economy. First, he is assuring his American readers that Korea will not have to become a recipient of American aid. There is “Sufficient Food” as he entitles the first subsection.¹⁶⁶ Unlike Europe with ‘Lend-Lease’ or expected post-war food-aid from the U.S. “Korea will not need food, and she will need very little lend-lease.” Japanese industrial equipment, along with economic experts, technicians, and engineers will be replaced with American goods and Americans but “the United States will be paid for these things that she sends to Korea in cash. The men she sends over to help set up industry will be paid their salaries.”¹⁶⁷ Second, such sufficiency corresponds with self-reconstruction thinking where one of Korea’s goals was to attain economic ‘self-sufficiency’

¹⁶³ [New], *Korea and the Pacific War*, 3.

¹⁶⁴ [New], *Korea and the Pacific War*, 4.

¹⁶⁵ [New], *Korea and the Pacific War*, 38.

¹⁶⁶ [New], *Korea and the Pacific War*, 38.

¹⁶⁷ [New], *Korea and the Pacific War*, 53.

within a capitalist world order. Independent Korea would pay its own way when, with the removal of Japanese-enacted tariffs and barriers, “normal trade” would allow Korea to benefit from its comparative advantages amongst nations.¹⁶⁸ This self-sufficiency would extend to the government budget, which would ideally be balanced.¹⁶⁹

In the last sentence of the Foreword, written by a self-identified “one-time professor and long-time friend”¹⁷⁰ of New, Clayton D. Carus, a Professor of Foreign Trade at the University of Southern California, Carus calls for “libertarians, Korean or Americans, at home or abroad, [to] commit themselves to the cause for which this book was written.”¹⁷¹ What Carus meant by identifying New’s book as ‘libertarian’ can be gleaned partly from his own work as a specialist on Japanese industry. Writing while the Pacific War was underway, Carus saw the elimination of every conceivable government subsidy or regulation enabling ‘favored industries’ as one of the most important tasks for post-war Japan. Those industries had, in Carus’ analysis, no chance of creating a competitive industry, created excess taxation of ‘competitive’ industries, and encouraged large Japanese companies to actively collaborate in the rise of militarists in the government.¹⁷² To use post-war concepts, Carus was calling for the end of the Japanese developmental state. In 1940s America the term ‘libertarian’ was still relatively new and rare and was coined and used almost exclusively by opponents of the New Deal, usually signifying a

¹⁶⁸ [New], *Korea and the Pacific War*, 53.

¹⁶⁹ [New], *Korea and the Pacific War*, 39. New’s insistence on the economic autonomy of independent Korea is another example of a pervasive theme throughout modern Korean economic thinking that calls for unlimited national agency in economic affairs, unhindered by foreigners. Though the economic system underlying this goal is the complete opposite, it brings to mind the North Korean policy of *juche*, or ‘self-reliance from foreign power’, which includes the economic sphere and was to be achieved through an autarkic Stalinist economy.

¹⁷⁰ [New], *Korea and the Pacific War*, v.

¹⁷¹ [New], *Korea and the Pacific War*, vi; See Steger and Roy, *Neoliberalism: A Very Short Introduction*, 17.

Libertarianism also should not be confused with neoliberalism, though the two schools of thought do overlap in many areas. In many cases though their intellectual development followed different paths and involved different sets of thinkers.

¹⁷² Clayton D. Carus and Charles L. McNichols, *Japan: Its Resources and Industries* (NY: Harper & Brothers, 1944), 2, 33, 231.

belief in limited government (meaning a roll-back of all or some of the social safety-net introduced by the New Deal) and a classical liberal economy that predates neoliberalism.¹⁷³

Most of the elements of what Carus probably meant by ‘libertarian,’ specifically an opponent of government ‘favored industries’ supported by subsidies, in line with a belief in limited government and market-led economies, applies to what New outlines for economic policy for post-war Korea in *Korea and the Pacific War*. To call New a ‘libertarian’ at this moment in Korean history carries with it a concern with American party politics, specifically opposition to the New Deal, that New simply does not ever demonstrate in his writings, and a possible hostility to any sort of social safety net that is the opposite of what New wrote. All of the beliefs listed that New does share in common with Carus can instead be most easily traced to the self-reconstruction framework he imbibed throughout his upbringing, education, and mentorship by Sō. New’s vision for the post-war Korean economy is *laissez-faire* in a classical liberal sense mixed with a few ‘progressive’ and Protestant socially conscious elements. Though his one-time professor, probably while New was earning his MBA at USC in the early 1940s, Carus’ ideas would have been a re-affirmation of what New already believed rather than any new formative influence. What Carus does represent, however, is the first time an American free-market opponent of the New Deal links in religious unity with a Korean self-reconstruction capitalist, a linkage that will find its full flowering in the Korean version of the American born Christian Businessmen’s Committee (the KCBMC) in post-war South Korea.

New states that Koreans are “particularly fitted” for a U.S. style society due to the “individualistic nature of the people”¹⁷⁴ and also as geographically the country is in the right part

¹⁷³ Jennifer Burns, *Goddess of the Market: Ayn Rand and the American Right* (NY: Oxford Univ., 2009), 48.

¹⁷⁴ [New], *Korea and the Pacific War*, 32.

of the “northern latitudes” to be in “the accepted zone of civilization.”¹⁷⁵ Being particularly athletic and of soldierly calibre,¹⁷⁶ “[t]he mountaineer population of Korea has always been individualist...they have always maintained the freedom of action of an individual who must eke out a living from the harsh mountain-side.”¹⁷⁷ From this society of rugged free small-scale agriculturalist individuals has come a self-reliance coupled with a love of learning that has motivated Koreans to create, as much as it is not blocked by the Japanese, a parallel education and library system for children and adults, often with the leadership of Christians.¹⁷⁸ Though the education and library systems could almost be left in private hands, there is presumably a role for government in ensuring what “all Koreans are agreed” on, that there must be universal compulsory education.¹⁷⁹

The pattern of how the Korean economy will develop will follow, in New’s mind, a universal pattern of market-led, ‘civilized’ industrialization. First of all, there will not be any government led fostering of ‘key’ industries, particularly heavy industries; instead, Korea’s Ricardian comparative advantage in free international trade will be followed:

The Korean leaders, therefore, do not have in mind any large development of heavy industries, except for defense and partial domestic needs. They feel that much of the products of such industries should be obtained from other countries more favorably situated to produce them better and cheaper¹⁸⁰....Nonetheless...there are many other industrial pursuits in which the Korean patience and skill should be able to turn out much-needed articles for domestic demand and some for the markets of the world in competition with other peoples.¹⁸¹

There will certainly not be any tariff protection for any industry:

¹⁷⁵ [New], *Korea and the Pacific War*, 1.

¹⁷⁶ [New], *Korea and the Pacific War*, 67-68.

¹⁷⁷ [New], *Korea and the Pacific War*, 32.

¹⁷⁸ [New], *Korea and the Pacific War*, 63-64.

¹⁷⁹ [New], *Korea and the Pacific War*, 60.

¹⁸⁰ “better and cheaper” echoes James Scarth Gale’s quote in the Introduction of “cheaper and easier.”

¹⁸¹ [New], *Korea and the Pacific War*, 47.

Since it is realized that in many lines the advantages are with the present highly industrialized nation, there is no inclination on the part of the Korean to impose a high tariff on imports *per se* in order to protect a home industry based on uneconomic production.¹⁸²

It will be consumer demand, not the government, bringing (light) industries into inevitable existence: “industry will be developed, for it is through the production of consumer goods and later purchases of capital goods that a nation can raise its standard of living....”¹⁸³ The first manufacturing that develops is always a light industry, usually textiles: “As in all civilized countries, textiles occupy an important place in domestic economy. In Korea it is the third largest industry.”¹⁸⁴

What is the role of government, then? Mainly to have its present regulations and intrusions in the economy repealed, as the entire apparatus of colonial government interference in the Korean economy in New’s telling is designed to give Japanese participants an unfair and exploitative advantage. In sector after sector, New outlines the same pattern. Traditionally, the sector worked well without government regulations before the Japanese came. Then, the Japanese colonial government introduced regulations, standards, and sometimes government agencies, monopolies, and uneconomic projects, often tied to military demand. This gave Japanese industry a colossally unfair competitive advantage which destroyed Korean competition, directed Korean products to Japanese end-users and allowed them to reap unfairly gained high profits. The only role of the soon-to-be independent Korean government is to repeal all of these regulations, confiscate all Japanese property, and distribute it fairly and widely to many private, small-scale owners, particularly in agriculture where the family farm would be the

¹⁸² [New], *Korea and the Pacific War*, 61.

¹⁸³ [New], *Korea and the Pacific War*, 52.

¹⁸⁴ [New], *Korea and the Pacific War*, 49.

basis of most Koreans' livelihood. New repeats this description and prescription for the agriculture, sericulture, fisheries, animal husbandry, forestry, mining, and financial sectors.¹⁸⁵

New points to Japanese military needs, red tape, and neglect as the causes for underdeveloped railways, roads, and telephone and telegraph systems. He explicitly proposes an independent Korean government take a role in running railways and implies a government role for roads, telephone and telegraph systems.¹⁸⁶ He sees the government developing air transport as this is a cost efficient aid to developing an independent Korea's military security.¹⁸⁷ This will not represent too much of a threat of extensive government involvement in the economy as a peace-time Korea will only require a small self-defense force in anticipation of a liquidated Japanese armed forces and friendly relations with Nationalist controlled China.¹⁸⁸ There is no need for government sponsorship of culture or the media; with government restrictions lifted the number of radio sets will increase greatly and the Korean audience will increase "with better programs sponsored by private interests."¹⁸⁹

In terms of manufacturing New's analysis is more nuanced. As mentioned, there were many advanced and heavy manufacturing sectors where New did not believe contemporary Korea had a comparative advantage in a global, capitalist free trade regime. New calls such industries including munitions, shipbuilding, dynamite, steel, and motor vehicles and engines "forced industries." Such facilities as were built by the Japanese military in Korea in these areas would simply be confiscated and given to the private sector to make a go of them if they could.¹⁹⁰ (Ironically this list of 'forced industries' that New thought the government had no role

¹⁸⁵ [New], *Korea and the Pacific War*, 41-47, 59.

¹⁸⁶ [New], *Korea and the Pacific War*, 54-56.

¹⁸⁷ [New], *Korea and the Pacific War*, 56.

¹⁸⁸ [New], *Korea and the Pacific War*, 18-19.

¹⁸⁹ [New], *Korea and the Pacific War*, 57.

¹⁹⁰ [New], *Korea and the Pacific War*, 47.

in fostering includes most of those industries that the developmental Park Chung Hee government fostered in the 1970s by providing extensive resources and subsidies, trade protection, and government guidance, some given by Park personally.)

New saw textiles and chemicals as relatively new manufacturing industries based on ‘natural’ Korean competitive advantages in geography and talent, and being on the less capital-intensive side of industrial scale, as part of the ‘natural’ first steps of a ‘civilizing’ *laissez-faire* economy. Again all Japanese-owned facilities were to be confiscated. The major point of reform needed for the textile industry was to stop the artificial repression of workers’ wages by the Japanese who had kept them at half of similarly skilled and equipped Japanese workers. New implicitly believes that an independent Korea’s textile industry with wages as high as the Japanese could still be as competitive.¹⁹¹ Practically the only major colonial government project investment that New approves of was the development of several major hydro-electric dams.¹⁹² With the required energy in proximity, the Japanese had built several large chemical plants producing products such as fertilizers and sulphate of ammonia. The result was that “The chemical industry of Korea has made the most rapid progress of all industries and now stands at the head.”¹⁹³ In this appraisal of the competitiveness of the chemical industry New cannot help but note (boast?) that “drug and medicine manufacture...is the only field in which the Korean investment is greater than the Japanese and their products are of greater commercial value.”¹⁹⁴ With further government development of hydro-power, the textile and chemical industries could continue to compete under private ownership without any further direct help.

¹⁹¹ [New], *Korea and the Pacific War*, 49.

¹⁹² [New], *Korea and the Pacific War*, 46.

¹⁹³ [New], *Korea and the Pacific War*, 50.

¹⁹⁴ [New], *Korea and the Pacific War*, 50.

In terms of overall social welfare, New bitterly condemns the “totalitarian government” of the Japanese colonial administration and the consequent mistreatment of Koreans, particularly workers. New agrees that the government will need to pass and enforce “international labor conventions” regarding work conditions, ensure universal education in some manner, allow women legal equal opportunity, and augment with subsidies old age security and unemployment schemes. New justifies this government intervention in vague phrases such as “in light of modern ideas of enlightened people” and to allow “free play to the generous nature of the Korean people.”¹⁹⁵ This is where New most clearly expresses the orientation of a self-reconstruction nationalist willing to champion the rudiments of a welfare state for the sake of ‘progress’, national harmony, the natural ‘generosity’ of his race, and the tenets of his religion. This concession alone places New in a different and more ‘progressive’ category of ‘free-market’ thought than most American opponents of the New Deal. It should not be overstated, however; New’s overall disinterest in this aspect of the economy is signaled by his devoting only one page on the topic out of a total of twenty-two on the economy.

Where New and nascent American libertarians are much more in agreement, however, was on the issue of the existence of trade unions. New bitterly condemns all Japanese efforts to thwart “any attempt at organized effort on the part of the people” and while “Labor will have its legitimate voice,” nowhere does he come close to advocating anything like legal trade unions and/or the right of unions to strike, or to even use these words.¹⁹⁶ This is partially because trade unions were a potential threat to national harmony and/or because it could impede the workings of the free market in labor. On the latter point New demonstrates a consistency in his economic approach; as noted above he vehemently condemned Japanese colonial government intervention

¹⁹⁵ [New], *Korea and the Pacific War*, 60.

¹⁹⁶ [New], *Korea and the Pacific War*, 60.

in ‘exploitatively’ suppressing the wages of Korean textile workers. However as will be described with New’s championing of employee stock ownership and similar schemes, New’s primary objection to trade unions was probably that he believed such ownership schemes, introduced by benevolent owners such as himself, were the best way to bridge the gap between classes by making everyone an ‘owner’, not by unions entrenching the status of workers as only employees. Partial employee ownership implied that morally ethical capitalists, ideally inspired by Protestant ethics as New was, would give up some of their monopoly of ownership control and in ceding power become more like the workers – and harmony would reign.

A self-reconstruction sense that Protestant capitalists had a moral duty to consciously look for the general welfare, seek harmony, and engage in their own personal struggle against evil and selfishness, as any believer did, or capitalism would not ‘work’ is not far below the surface of New’s vision. While New did not explicitly express this viewpoint, his mentor Sō Chae-p’il did, in Sō’s writings on American society. Writing to Koreans in 1938 Sō asserts that Republican Party free enterprise made America great, but explains the New Deal ultimately became inevitable by the personal greed and lack of social conscience of some American capitalists, (which was certainly not the viewpoint of Americans opposed to the New Deal).

The Republican Party...has been the majority party in this country since 1861...[Because of the Republican Party] the United States...is considered by all the land of opportunity and the land of the free...[However] in about fifty years of Republican dominance an unexpected condition developed in the economic life of the nation. Under the system of free competition and free individual enterprise, some talented, wise, intelligent, and ambitious persons have accumulated, not always through fair methods, large fortunes. ... [they] became the so-called big business or monopolies...Powerful as they were they did not or could not abolish poverty...and this has created envy, ill will, and hatred among the under-privileged....¹⁹⁷

Sō goes on to state that this situation was exacerbated by the world-wide Depression and in desperation Americans had practically no choice but to vote in the Democrats and their massive

¹⁹⁷ Jaisohn, [Sō Chaep'il], *My Days in Korea*, 350-351.

government expenditures which did help for a time. However its beneficial effects were petering out and both business and government were now, as Sō writes, blaming each other. Who is at fault is not important to Sō, for the problem is solvable if, and only if, both sides compromise, and give up “prejudice, personal feeling, and political consideration” and “work together like equal partners.”¹⁹⁸ As usual, the economic solution lay in social harmony and all elements of the nation working together. While written by his mentor and not New, Sō’s points regarding the importance of individual capitalist probity and the need for social harmony are well reflected in New’s economic vision for Korea, and in self-reconstruction capitalist thought in general. For Sō the extraordinary phenomenon of the world-wide Depression was an irresistible outside calamity that coupled with the moral failure of American capitalists made some sort of ‘New Deal’ for America inevitable, and did not allow the U.S. to ever go back completely to its previously pristine Republican paradise of free enterprise. Similarly for New, the disaster of Japanese colonialism and its warped ‘capitalism’ run by evil, non-Protestant Japanese capitalists had done the same to Korea, and ‘in light of modern ideas’ independent Korea would also require some sort of welfare state.

New’s essential belief in the justness and progressive nature of *laissez-faire* capitalism unencumbered by a ‘totalitarian’ government sinisterly skewing it is summed up in his sweeping one page section entitled the “Korean Left Wing Explained.” New paints a psychological picture of the “typical” Korean “so-called communist” as an “independent thinking man” with no family tie, and who has barely ever read or comprehended “real” communist doctrine, even if a leader in communist forces. He is instead a “well built and hardy...man of physical action...His sympathy and compassion lies with the simple folk...He is a sort of Robin Hood...” But, New asks, what is this man of more brawn than brains rebelling against? What has “frustrated his ambitions,

¹⁹⁸ Jaisohn, [Sō Chaep'il], *My Days in Korea*, 351.

stifled his voice, and robbed him of his share of material goods”)? Essentially, New replies, the ‘communists’ are simply confused about the true nature of capitalism, having never lived in a ‘real’ *laissez-faire* market economy.

He thinks he is a communist. He honestly thinks that the economic system as we have it now is all wrong. What the Korean, red, pink, or communist doesn’t understand is that he is what he is because he had been inhibited in his homeland. What he believes to be the oppression of the capitalistic system is nothing more than the Japanese rule that limits Korean participation in business and government.¹⁹⁹

In other words, the communist has simply confused what the Japanese have called capitalism, but is actually an imperialist, state-directed perversion of capitalism, or developmentalism from ‘true’ market-led capitalism where there is (growing) opportunity for all, enjoyed in all of the most advanced countries of the world, most notably the U.S.²⁰⁰ The ‘red’ has confused capitalism with imperialism. It is not clear if New was at all familiar with the Leninist thesis of imperialism as part and parcel of global capitalism, but if he was, he evidently must have thought it incorrect. Typically for a self-reconstruction nationalist, for New the optimistic solution to the honest ignorance of the Korean ‘pink’ was simply educating him, mixed with some consideration for his spiritual condition.

Once we can get [the Korean ‘communist’] into army school, explain to him the reasons and events that led to [Japanese colonial exploitation of Koreans], have him analyze his own feelings, emotions, and outlook on life...then he will become an intelligent leader, while any communistic tendencies he may have had will automatically disappear.²⁰¹

New’s Private Religiosity: a This-Worldly Prayer for Social Harmony

To the end of his life New demonstrated a mostly private and quiet Christian religiosity. New never made Yuhan an overtly Christian company or instituted workplace worship as it will

¹⁹⁹ [New], *Korea and the Pacific War*, 15.

²⁰⁰ As mentioned, New was acutely aware of irrational racial division in the U.S. creating less than optimal market behaviour. See Ilhan New, “For White Trade Only.”

²⁰¹ [New], *Korea and the Pacific War*, 15.

be seen Soo Keun Kim of Daesung did. Its internal culture and hiring remained secular. New donated to many Protestant institutions such as Yonsei University and the YMCA, but at the same time also helped non-Protestant ones. New in his later years was generally disinterested in church life or denominations but never missed Billy Graham sermons in English from U.S. military broadcasts in Korea. Friends, and his daughter, Janet New, in particular attested to his private faith. He read the Bible often. He maintained a life-long habit of relative frugality in material possessions for himself and his family. Janet New recalled her father frequently reading her the Bible and praying together. The object of prayer was often his business and the Korean nation. ²⁰²As Kim Hyöng-sök of Yonsei University sums up, “to New a Christian spirit is a patriotic one and being patriotic is a way of demonstrating one’s faith,”²⁰³ much like the fictional Minister Kimm of Sö Chae-p’il’s “Hansu’s Journey.”

Janet New recounts a prayer that New composed and taught her to pray daily, the only known prayer of his:

With modest hearts we give thanks to You Lord, Creator of all things, all powerful, for the grace You give us even this day, and for new hope.

While we live on this earth we ask Your help to be able to grow through the mistakes of the past, and that all sadness and regret be lifted from our hearts. Please place in our hearts through Your Holy Spirit the courage and conviction to walk a path of righteousness throughout our lives without looking backwards to yesterday and with no fear of tomorrow. We ask for the strength to overcome all temptation, to be cleansed from greed, jealousy, and envy, and to be restored from disappointments, hatred, and hardships.

Dear Lord, carry us over the pit of anger, despair, and adversity, and let us not give in to defeat, failure, and hopelessness. Give us the ability to have understanding and empathy for the viewpoint of others rather than always simply expressing our own. Rather than focusing on criticizing the shortcomings of others let us recognize and appreciate their good points.

Let us recognize the most important things in life. Let us fully enjoy the pleasures of today that You have granted us. Grant us the ability to be joyful, patient, kind, and

²⁰² *Nara sarangüi ch’am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Hyöng-sök Kim, Yonsei Univ., 118-120.

²⁰³ *Nara sarangüi ch’am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Hyöng-sök Kim, Yonsei Univ., 120.

friendly. Above all let us work to the betterment of all humanity. Let us live in this world with a peaceful mind and grant our heart humility towards others, loving and cherishing our neighbours. Amen.²⁰⁴

In essence, New's prayer is asking God to help him overcome any personal faults in order to 'work to the betterment of all humanity.' As both a means to this end and an end in itself, the supplicant of this prayer is seeking to create harmony: harmony by empathizing with others, always seeing the best in others, having a peaceful mind and loving others, and having an attitude of humility towards others. In line with New's phrase asking God 'above all let us work,' New did have a 'Weberian' focus on the importance of a strong work ethic. The 'rule number six' admonishing all believers to hard work that his father had pledged to keep when becoming a member of Moffett's church resonated with New his entire life. 'Laziness' was one of the most difficult 'shortcomings in others' that New had trouble being patient with and that he prayed for help with.²⁰⁵

New and his wife had two children, daughter Janet (1926-1991), and a son Ilsun (1935-?).²⁰⁶ For both his children New wrote an affectionate, one-page letter on their entering adulthood. In both letters New stresses, with no Christian references, that most of all his children continue to foster their personal qualities that support harmony. In his letter to Janet, New tells her that a "successful life" is dependent on "service to fellowmen" and "endearing friends."²⁰⁷ New praises Ilsun for "getting along with people on all levels" and states that "the roll [sic] of a mediator or a friend, who can get parties to discuss matters for mutual benefit, is...an asset of the

²⁰⁴ New Ilhan quoted in *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], 450-451.

²⁰⁵ See *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Hyŏng-sŏk Kim, Yonsei Univ., 100, on New's dislike of 'idleness' in other people.

²⁰⁶ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Pyŏng-ha Kim, Keimyung University, 449; *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyŏng-nam Yi, journalist, Yŏng-kwŏn Cho, reporter, 583.

²⁰⁷ "Letter from Ilhan New to Janet New, Oct. 19, 1950." Copy from Yuhan Corp.

highest value.”²⁰⁸ Interestingly, while harmony amongst all is to be sought, New betrays a hierarchical concept of society as people are on different ‘levels’.

According to Kenneth Wells, the most influential doctrine on the Korean Protestant self-reconstruction theological understanding of the individual from the late 19th century and throughout the colonial period was the concept of the ‘priesthood of all believers’ as gleaned from what he calls the “main [Korean] Presbyterian textbook,” the Calvinist *Westminster Confession of Faith*. In the understanding of the Korean church this doctrine enjoined believers like New to make their own choices in life, especially of vocation, but it “implied responsibility on the part of the individual for the total life of the community.”²⁰⁹ In his prayer as an individual New is asking for God’s help in taking on his responsibilities for the greater community. New’s orientation, to use Max Weber’s terms, is definitely ‘this-worldly.’ He frames his request for virtues twice within the context of ‘while we live on this earth.’

Career

Early Success: ‘La Choy’, the First Major American Brand of ‘Chinese’ Food

After graduating from the University of Michigan in 1919 with a Bachelor’s degree in Railway Administration, New worked for Michigan Central Railroad and General Electric in New York before he co-founded a Chinese food distribution company, La Choy Food Products, in Detroit in 1922. La Choy was the first major American brand of ‘Chinese’ food in U.S. business history. La Choy was founded by New and his partner Wally Smith. By the 1910s in what was dubbed the ‘chop suey craze,’ white Americans were increasingly interested in Chinese food both to eat out and to make at home. Several food companies had tried and failed to meet

²⁰⁸ “Letter from Ilhan New to ‘Dear Son’, June 1, 1956.” Copy from Yuhan Corp.

²⁰⁹ Wells, *New God, New Nation*, 86.

this unmet demand. The La Choy range of canned ‘Chinese’ ingredients including soy foodstuffs could seemingly make any American housewife a ‘sophisticated’ chef of ‘authentic’ Chinese food such as chop suey (which ironically itself was primarily a Chinese-American invention). New was a nimble marketer of his company, relating one anecdote of its early days when he was driving a truck filled Chinese food ingredients, crashed into a brick wall, spilled the truck’s contents, and then used the opportunity to deliver a lecture to the assembled crowd on the ease of preparation of La Choy and sold all of the truck’s contents.²¹⁰ The company was a national success and as of the first decade of the 21st century was still the leading brand of Chinese food sold in the U.S. It is presently owned by food giant ConAgra.²¹¹

Return to Korea and Founding Yuhan

Despite the success of La Choy, New sold his share of the company to Smith in 1925. That year he also married Mary Woo, the American born daughter of a wealthy Chinese-American family that he had met at the University of Michigan. In 1926 New and his new bride moved back to Korea. As the eldest son, one compelling personal reason for the move would have been to help his aging father, who moved back to Pyongyang the year before and where he lived until his death in 1934.²¹² Several personal and church related factors led him into the chemical and pharmaceutical import business for which he set up ‘Yuhan’, the first Korean-owned pharmaceutical company. Its name came from a combination of New’s last name, pronounced in Korean as ‘yu’, and ‘han’ for Korea. Sŏ Chae-p’il gave his approval for Yuhan,

²¹⁰ As quoted in James Wade, *West Meets East: An Encounter with Korea* (Seoul: Pomso, 1975), 35.

²¹¹ Andrew Coe, *Chop Suey: A Cultural History of Chinese Food in the United States* (Oxford: Oxford Univ., 2009), 192-194; Samantha Barbas, “‘I’ll Take Chop Suey’: Restaurants as Agents of Culinary and Cultural Change,” *The Journal of Popular Culture* 36, no. 4, (May 2003), 675-678.

²¹² New, *When I Was a Boy*, 10; *Nara sarangŭi ch’am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, 75.

bringing New the willow tree logo mentioned above five days before New left for Korea.²¹³ With his medical and reformer background, Sō may have suggested New enter pharmaceuticals. In a 1937 editorial Sō lauded “chemistry,” which for him encompassed pharmaceuticals, as a “field which is still virgin and most promising for young people to enter.”²¹⁴ New was familiar with the medical world from his family as his youngest sister was a nurse,²¹⁵ and his wife was the first East Asian woman to ever get an American medical degree specializing in pediatric care.²¹⁶ Before setting up Yuhan, New consulted with Dr. O.R. Avison, a veteran medical missionary who had served King Kojong and founded Severance Hospital, Korea’s first Western hospital. Avison told New of the unfilled need for higher quality Western pharmaceuticals in Korea and offered New’s wife a job providing pediatric care at Severance.²¹⁷

Church and American connections continued to be invaluable to New in the inevitably unstable first few years of a business. Yuhan’s headquarters during its first growth spurt was located across from and then in the Seoul Y.M.C.A. Building. The market that New had entered was dominated by Japanese pharmaceuticals. To circumvent this, most of his first ongoing customers were missionary hospitals run by Westerners. His advantage was importing top quality Western products not previously available in Korea, an example being the early antibiotic sulfonamidochrysoidine, and Aspirin.²¹⁸ By the 1930s he had made exclusive importing deals with a number of prominent American pharmaceutical companies such as Abbot, Jamieson,

²¹³ *Nara sarangŭi ch’am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Hyŏn-hui Yi, Sungshin Women’s Univ., 151.

²¹⁴ Jaisohn, [Sō Chaep’il], *My Days in Korea*, 280.

²¹⁵ *Nara sarangŭi ch’am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyŏng-nam Yi, journalist, Yŏng-kwŏn Cho, reporter, 463.

²¹⁶ *Nara sarangŭi ch’am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Hyŏng-sŏk Kim, Yonsei Univ., 110.

²¹⁷ *Nara sarangŭi ch’am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myŏng-su Hwang, Dankook Univ., 181-182; Paik, *The History of Protestant Missions in Korea*, 334.

²¹⁸ *Nara sarangŭi ch’am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myŏng-su Hwang, Dankook Univ., 188-189.

Johnson & Johnson, Parke Davis, Seamless Rubber, and Squibb.²¹⁹ While strictly an import business, New did not run afoul of the Korean Products Promotion Society, which had specifically excepted modern drugs from its list of ‘buy Korean’ daily necessities. In any case he set up his first factory in Korea in 1936.²²⁰

His description of traditional ginseng-seekers in *When I Was a Boy* where New cast his new calling as a pharmaceutical entrepreneur in a reflected romantic light, is revealing of New’s self-image of his chosen vocation. New described the Korean and East Asian faith in the great healing powers of ginseng and gave a romantic description of Korean men of old who decided to spend their lives searching the wild mountainsides for “‘genuine’ ginseng’ of the most miraculous power.²²¹ New described the search for wild ginseng as “almost a religion” that was pursued with “fanatical zeal” as many seekers never returned from the mountains where tigers and other hazards awaited.²²² The search is so arduous that seekers must renounce all that is worldly and cleanse themselves thoroughly in mind, body, and dress.²²³ Whether over the decades they ever find the ginseng or not “These men become very often the sages of their communities, they have so learned the tolerance of living.”²²⁴ Alas sometimes, in New’s telling, these ginseng seekers will find their treasure after a lifetime of hermetic search, bring it to the market, only to be duped and swindled by those more sophisticated in the ways of the market.²²⁵ It is difficult to not feel that New was casting his own chosen role of ascetic finder of powerful medicines in the far shores of the wild and exotic West in similar heroic terms. Unlike the

²¹⁹ *Nara sarangŭi ch’am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myŏng-su Hwang, Dankook Univ., 189-190.

²²⁰ Robinson, *Cultural Nationalism in Colonial Korea*, 96.

²²¹ New, *When I Was a Boy*, 120.

²²² New, *When I Was a Boy*, 120.

²²³ New, *When I Was a Boy*, 121.

²²⁴ New, *When I Was a Boy*, 122.

²²⁵ New, *When I Was a Boy*, 123-124.

hapless ginseng-seekers however New had the benefit of a ‘modern’ Protestant American education and undergraduate degree in commerce, and certainly would never be duped.

New’s Colonial Era Yuhan Compared to the Kyongsong Spinning and Weaving Company

New’s business grew to be one of the largest Korean enterprises during the colonial period. By the late 1930s Yuhan was manufacturing pharmaceuticals and starting to sell its products throughout the yen bloc, including Japan. By 1938 it was the largest Korean pharma out of a total of thirty-three companies in the sector and capitalized 2.2 times larger than the next competing Korean pharmaceutical.²²⁶ Due to scarcity of data, comparisons are difficult but it is instructive to measure Yuhan against the by far largest Korean company of the colonial period, Kim Söngsu’s Kyongsong Spinning and Weaving Company.²²⁷ In 1938 Yuhan’s capital stock (*chabongum*) totaled 750,000 yen,²²⁸ one-third that of Kyongsong at approximately 2.5 million yen.²²⁹ While not close to equaling Kyongsong for first place, to be one-third of its size indicated that Yuhan was one of colonial era’s largest Korean companies.

As various historians have noted, Kyongsong was the ‘archetypical’ Korean company of the colonial era and of Korean capitalism under the constraints of Japanese imperialism.²³⁰ As

²²⁶ *Nara sarangŭi ch’am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myöng-su Hwang, Dankook Univ., 199.

²²⁷ McNamara, *The Colonial Origins of Korean Enterprise*, 103.

²²⁸ *Nara sarangŭi ch’am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myöng-su Hwang, Dankook Univ., 199.

²²⁹ Carter J. Eckert, *Offspring of Empire*, 77. Myöng-su Hwang in *Nara sarangŭi ch’am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], states that Kyongsong’s capital stock was 1 million yen (p. 200). Eckert’s more detailed and referenced account states that that amount was Kyongsong’s capital stock in 1935 and that throughout the late 1930s Kyongsong’s capital stock multiplied rapidly, achieving the estimated 2.5 million yen by approximately 1938. In his text Hwang is trying to argue for Yuhan being almost as significant in business size as Kyongsong but he is likely greatly overstating Yuhan’s relative size by comparing Yuhan in 1938 with Kyongsong in 1935.

²³⁰ See Eckert, *Offspring of Empire* and McNamara, *The Colonial Origins of Korean Enterprise*.

such, like almost all other major Korean companies of the time, its business strategy was set to not be overly competitive with Japanese companies in its sector, and it was crucially dependent in every part of its operations e.g. financing, technology, raw materials, labor force stability, and marketing on Japanese companies and colonial government support.²³¹ Kim Sŏng-su himself was part of the small Korean capitalist elite whose members were bound to each other by mutual shareholding, interlocking directorships, and official positions within the Japanese Empire.²³²

In contrast, Yuhan was directly competitive with Japanese pharmaceuticals and those key operations, such as technology and marketing which depended on non-Korean sources, were supported by Western suppliers accessed by New himself. Its unique independence within the Japanese Imperial business environment is best exemplified by its technological leadership in antibiotics. Yuhan introduced sulfonamidochrysoidine to East Asia, including Japan, and it became the most important contributor to the company's success during the colonial period. Sulfonamidochrysoidine was invented by German scientist Gerhard Domagke who won the Nobel Prize for medicine in 1939. Until the advent of penicillin in the 1940s it was the most widely used antibiotic in the world. In the early 1930s on an extended trip in Europe New read about it in a medical journal and in 1934 secured an exclusive import contract for East Asia. For a few years at least, Yuhan beat Japanese competitors in securing its import into the region. Japanese pharmaceuticals later invented their own 'copy-cat' products.²³³ Besides superior Western technology, New was also a pioneer in making Yuhan one of the first prominent brands

²³¹ Eckert, *Offspring of Empire*, 133, 144-153, 164-165, 191-223.

²³² McNamara, *The Colonial Origins of Korean Enterprise*, 111-113, 120, 160.

²³³ Sŏ, "Yu Il-Han, Yuhan yanghaeng ch'angŏpcha" [Ilhan New, Founder of Yuhan], 45.

aimed at the Korean consumer. The amount of newspaper advertising extolling the brand and the relative sophistication of Yuhan's ads were already apparent by the early 1930s.²³⁴

New was never part of the 'inner circle' of the colonial era Korean capitalist elite described above. While companies such as Kyongsong were owned by their founding families, others in the 'inner circle,' and Japanese interests, New started giving away ownership in Yuhan to its employees in the late 1930s. Both Yuhan and Kyongsong were manufacturing concerns, but Yuhan was in the relatively genteel high value-added sector of pharmaceuticals whereas Kyongsong was in the brutally price-dependent sector of textiles. As a result Kyongsong constantly utilized violent Japanese colonial government repression to keep its approximately 1,400 manufacturing workers in line²³⁵ while Yuhan's roughly 150 managers and factory workers during the same period of the late 1930s and early 1940s worked peacefully despite New's later absence for years. While their Kyongsong employee compatriots were facing strike-breaking violence Yuhan employees were receiving stock dividends.²³⁶

New's Protestant 'Third Way' Capitalism: Employee Stock Ownership in La Choy and Yuhan

Wells argues that Protestant Koreans involved in economic movements during Japanese colonial rule were seeking what he terms a "third way" between a right-wing 'national capital' and a left-wing 'capitalism equals imperialism' split amongst Korean nationalists.²³⁷ By diffusing ownership of Korean capital to 'society' or through his employees New was trying to obliterate the alienating divide between worker and capital and creating his own 'third way'. In

²³⁴ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myŏng-su Hwang, Dankook Univ., 187, 212.

²³⁵ Eckert, *Offspring of Empire*, 191-223.

²³⁶ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myŏng-su Hwang, Dankook Univ., 197.

²³⁷ Wells, *New God, New Nation*, 141.

this New coincidentally anticipated the importance of employee stock distribution in the global ‘Third Way’ discourse associated with figures such as Louis O. Kelso (e.g. *The Capitalist Manifesto*, 1958) and Anthony Giddens (e.g. *The Third Way*, 1998), who argued for a path between socialism and capitalism.²³⁸ While undertaking his reforms as President in the late 1990s Kim Dae-Jung introduced Third Way rhetoric to South Korea, often quoting Giddens and then U.K. Prime Minister Tony Blair in his public speeches. President Kim’s use of Third Way ideas and policies is categorized by some scholars as part of the imposition of neoliberalism in South Korea.²³⁹ (If so, it represents another ‘overlap’ between self-reconstruction thought and South Korean neoliberalism, the other being the Presidential economic policies of Lee Myung-bak. However it is not as clear an overlap as the latter.)

No clear evidence shows where New got the idea of distributing ownership widely but all of the most likely or suggested possible sources have a Protestant origin to them. While the plan for wide distribution of ownership of New-Ilhan & Co. in 1925 came to naught, in 1936 New did distribute at almost no net cost to every employee in Yuhan a total of over 52% of ownership stock. This stock paid a guaranteed dividend of 8% per annum through to 1945.²⁴⁰ The most direct possible source for New’s idea is that he was following the lead of his first business partner, Wally Smith of La Choy. Like New, Smith graduated with a business degree from the University of Michigan in 1919, where the two first met. While they graduated at the same time, Smith was six years New’s senior, having taken longer to get his degree on a somewhat part-time basis. As a result Smith was more established in business when they started La Choy officially in 1922 and was probably in somewhat of a mentor role to New. They stayed

²³⁸ See Anthony Giddens, *The Third Way: The Renewal of Social Democracy* (Malden, MA: Blackwell, 2000), 75, 107. Giddens highlights the importance of ESOPs, or employee stock ownership plans to the ‘Third Way’.

²³⁹ Kevin Gray, *Korean Workers and Neoliberal Globalization* (Abingdon, Oxon: Routledge, 2008), 140; Song, *South Koreans in the Debt Crisis*, 17.

²⁴⁰ Hwang, “Yu ilhanüi saengaewa kyöngje inyö” [Ilhan New’s legacy and management philosophy], 41.

on friendly terms throughout Smith's life until his accidental death in 1937. According to Smith's daughter, Jeanine Dean, Smith shared a significant portion of La Choy's stocks with many employees. New was therefore simply copying Smith's innovation. In turn Smith may have been motivated largely by a devout Methodist faith.²⁴¹

There is no direct evidence linking Smith's Methodism to employee stock distribution. The link may be as suggested by a completely unrelated speculation of Suncheonhyang University economist Pak Kwang-so, that New was motivated towards employee stock distribution somewhere in his American Protestant background, through the wide influence of the Social Gospel in North America early in the 20th century.²⁴² Smith's Methodism may actually have been the critical part of the 'American Protestant background' that brought the Social Gospel to New. Most major American Protestant denominations in the first decade of the 20th century showed concern regarding the social inequities arising from the American capitalist economy. Amongst these denominations the U.S. Methodist denominations were the clear leaders amongst Protestant denominations for their early, formal adoption of Social Gospel principles as exemplified in the 1908 Methodist "The Social Creed of the Churches," which was later enormously influential amongst American Protestants as a whole. The 1914 edition of the Creed saw the role of the Methodists as supporting any social initiative that promoted 'distributive justice.'²⁴³ Smith may have distributed stocks in an effort to live up to the Creed of his church.

²⁴¹ Jeanine Dean, daughter of Wally Smith; Le Roy Barnett, "A Wok Down Memory Lane with la Choy," 15-17.

²⁴² Kwang-so Pak, "Yu Il-han ūi kyōngje sasang kwa hyesajōk chaegim" [Ilhan New's economic thought and corporate responsibility] in *Kyōngyōngsa hakhwe, (T'ŭkchip) Yu ilhan yōngu, {Kyōngyōng sahak che 9-chip}*, [(Special) Report on Ilhan New, {Management History 9th Special Report}], (Seoul: Kyōngyōngsa Hakhwe, 1994), 316.

²⁴³ See Donald K. Gorrell, "The Social Creed and Methodism through Eighty Years," in *Perspectives on American Methodism: Interpretive Essays*, ed. Russell E. Richey, Kenneth E. Rowe, Jean Miller Schmidt (Nashville, TN: Abingdon, 1992); also Donald K. Gorrell, *The Age of Social Responsibility: The Social Gospel in the Progressive Era 1900-1920* (Macon, GA: Mercer Univ., 1988), 89, 99-105.

Considering the close ties between Korean Protestants and the extensive colonial era Korean cooperative movement, this movement must be briefly mentioned as a possible inspiration for New, though its likely importance was probably minimal. The idea of cooperatives entered Korea through Protestant channels and organizations in the early 1920s and Protestants were overwhelmingly the most important element in the subsequent development of the movement throughout the 1930s. The first emphasis was on industrial cooperatives, which initially may have interested New. Ultimately no industrial cooperative made it into operation and the movement only took off in the agricultural sector.²⁴⁴ On the only occasion New mentions the Korean agricultural cooperative movement in his writings his tone is dismissive in terms of their usefulness as a model for the future Korean economy.²⁴⁵ New's entire life in Korea was lived in the larger urban centres and his connections and sympathies with the rural church or sector were likely minimal.

Surviving in Colonial Korea until Liberation' without Collaboration'

New's Protestantism, along with his high profile in 'Protestant' nationalist activities such as the First Korean Congress, which was almost certainly known to the Japanese, automatically made him suspect to the colonial authorities.²⁴⁶ New's religion and American background, coupled with no indication that he ever spoke any Japanese, made it impossible for him to fit comfortably into the ubiquitously Japanese-dominated business network of colonial Korea, both from his own perspective and from that of the Japanese elite he would need to work with. By the

²⁴⁴ See Park, *Visions of the Nation*; Wells, *New God, New Nation*, 143, 147-148; Daniel S. Juhn, "Korean Industrial Entrepreneurship, 1924-1940," in *Korea's Response to the West*, ed., Yung-Hwan Jo (Kalamazoo, MI: Korea Research and Publications, 1971), 226.

²⁴⁵ See Ilhan New, "Modern Korea by Andrew J. Grajdanzev" [Review], *Far Eastern Survey* 14, no. 5, (Mar. 14, 1945), 63-64.

²⁴⁶ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Hyŏn-hui Yi, Sungshin Women's Univ., 150; Park, *Protestantism and Politics*, 133-135.

same token, there is no other example of a colonial-era Korean-led company of the stature and size of Yuhan that existed and thrived in colonial Korea outside of this nexus. How did New succeed in not only surviving but even competing against Japanese companies without falling into ties that have been labeled as ‘collaboration,’ such as in the case of Kyongsong Spinning?²⁴⁷

Put more accurately, the question is not so much what New did, but why the Japanese colonial government refrained from simply expropriating Yuhan’s assets (and expelling New from Korea), which they certainly could have done to any non-Japanese-managed business.²⁴⁸ The answer is two-fold. Partly it was because Yuhan’s main business line, the manufacture and sale of pharmaceuticals to Koreans and Western missionary hospitals, was in no way a direct impediment to the primary economic interest that Japan had in Korea, which was to first exploit it as a source of agricultural products through the 1920s, and then in developing large-scale heavy industry, mining, and hydro-power in the 1930s.²⁴⁹ However New’s relationship with Western missionary hospitals, his legal status as an American resident and therefore recourse to American diplomatic protection, and his role as the exclusive agent for several huge American pharmaceutical companies were probably much more important. Undue interference with New and Yuhan risked adding complications to Japan’s diplomatic and economic relationship with numerous Western countries from whence missionaries hailed and particularly with the U.S.

One of New’s biographers asserts that up to and through 1936 New and Yuhan did not have a single significant business relationship with any Japanese economic entity, thus making him the peerless ‘model’ Korean nationalist entrepreneur of the colonial era. This is attributed,

²⁴⁷ See Ch. 8 entitled “Class over Nation” in Eckert, *Offspring of Empire*, 224-252.

²⁴⁸ Eckert, *Offspring of Empire*, 51.

²⁴⁹ Bruce Cumings, “The Origins and Development of the Northeast Asian Political Economy: Industrial Sectors, Product Cycles, and Political Consequences,” in *The Political Economy of the New Asian Industrialism*, ed. Frederick C. Deyo (Ithaca, NY: Cornell Univ., 1987), 46.

“it goes without saying” to New’s “spirit of patriotism and love of race.”²⁵⁰ Considering Yuhan’s unique business positioning and New’s American background and business ties, it is actually quite probable, as argued above, that New was the only major Korean business owner in colonial Korea to avoid for that long any major ties with Japanese business. But if he did, it was certainly due to his status as a representative of Western missionary and American business interests, not because of New’s patriotism or moral will-power. Quite simply, the Japanese colonial authorities probably viewed Yuhan and New as part of the Western missionary network in Korea that they found in vigorous existence when Korea was colonized in 1910 and which they had to tolerate until Japan started all-out war with Western countries in 1941.

After initial harassment in the 1910s, throughout the 1920s and up until the late 1930s the Japanese colonial government approach to Western missionaries was one of trying to encourage friendly relations, even if underlying mutual suspicion remained. One example of many that could be chosen to illustrate this ‘friendlier’ phase was a gold medal Samuel Moffett received as late as 1937 from the Imperial Educational Association for services in education to the Empire.²⁵¹ However, from the mid-1930s onwards, and particularly by 1938, one year after the start of the Japanese invasion of China, hostility between many Korean Protestants and Western missionaries towards the Japanese colonial government reached a peak as the latter started to vigorously enforce compulsory Shinto shrine-worship on all Koreans and Western missionary educational institutions.²⁵² This was the first sign that the unique conditions that had allowed New to pursue his extraordinarily independent and ‘non-collaborative’ business pursuits in

²⁵⁰ *Nara sarangŭi ch’am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myŏng-su Hwang, Dankook Univ., 201.

²⁵¹ Wi Jo Kang, “Relations between the Japanese Colonial Government and the American Missionary Community in Korea, 1905–1945,” in *Korean-American Relations, 1866-1997*, ed. Yur-Bok Lee and Wayne Patterson (Albany, NY: State Univ. of New York, 1999), 62-66.

²⁵² Park, *Protestantism and Politics*, 38, 68.

colonial Korea were coming apart. In 1938 with his right of American passage New was able to sidestep the entire shrine-worship issue by simply making the U.S. his home base and not returning to Korea until 1953, except for a seven-month sojourn in 1946.²⁵³ By leaving Korea at this point New completely avoided the climax of Japanese pressure on his Korean business peers to publicly support the Japanese Imperial war effort that occurred throughout the late 1930s up until Japanese defeat in 1945.

Yuhan's Pre- 'Pearl Harbor' Yen Bloc Expansion: Sō's vs. New's Self-Reconstruction Ethics Tested

From 1938 until the outbreak of the Pacific War with the U.S., Yuhan experienced a significant expansion overseas with several distributions points set up in Manchuria (including the Korean enclave of Kando), Beijing, Dalian, Tianjin, and Jinan in China, Taiwan, Vietnam, and in Tokyo. None of these outlets were set up until they were within the Japanese Empire. Much of this expansion was spearheaded by trips taken by New.²⁵⁴ (It was probably during this period during a trip to Kando that New first met and befriended for life Chonusa founder Chŏn Taek-Bo.) As New could no longer directly develop Yuhan's business within Korea, he took advantage of his de facto exile and American travel documents to develop Yuhan's business within the then expanding Japanese Empire.

In pursuing these business opportunities New probably faced the same restrictions, opportunities, and had the same legal status as any other 'typical' American businessman.

²⁵³ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Hyŏn-hui Yi, Sungshin Women's Univ., 153; *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-hyŏn Kim, Seoul National Univ., 234; *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Sŭng-che Ko, National Academy of Sciences, Republic of Korea, 326.

²⁵⁴ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myŏng-su Hwang, Dankook Univ., 195-196, 199-201.

Generally American business in the late 1930s and early 1940s was aware of and very interested in the high rates of economic growth within the Japanese Empire. They were largely indifferent to it being achieved under a militarist imperialist regime. As tariffs around the Yen Bloc grew there was an incentive to invest inside it, as New did, but at the same time there were increasing restrictions on stand-alone Western company investment, placing the attractive lures of the Japanese Empire frustratingly out of reach. American companies or American-based entrepreneurs such as New who already had extensive investments within the Yen Bloc, either in Japan or in the colonies did have some advantage in further expanding their business within it. However, even with this advantage, the Japanese military control over the entire Imperial economy was such that at this point, on the cusp of the Pacific War, it was practically impossible, in the words of one expert, to expand in the Yen Bloc without Americans (which for all practical purposes New was) being “in concert with powerful Japanese business interests.”²⁵⁵

It is a central assertion of this chapter that due to his unique formative influences and Korean(-American) self-reconstructionist nationalism New at all times in his career strove and mostly succeeded in maintaining independence in his business dealings from ‘unsavory’ political and business ties. Clearly to New, ‘beating’ the Japanese competition in the pharmaceutical industry within Korea was an example and vindication of this independence. However, the question of developing business within the Japanese Empire outside of Korea posed a more difficult ethical challenge to the self-reconstructionist framework.

New directly oversaw the growth of Yuhan in lockstep with the expanding conquests of the Japanese military. This overseas expansion was not insignificant in terms of Yuhan’s total revenues. In 1945 Yuhan lost access to its Chinese network which apparently dealt what is

²⁵⁵ Mark Mason, *American Multinationals and Japan: The Political Economy of Japanese Capital Controls, 1899-1980* (Cambridge, MA: Harvard Univ., 1992), 48-50, quote on 50.

described as a ‘life-threatening’ blow to its business.²⁵⁶ While the available sources are quiet on this point, and may not exist, it seems that at least in this business expansion, more so than in any other part of New’s career, he had to be involved to some degree in partnership with the Japanese ‘military-industrial complex’.

In debunking claims made by some Korean historians due to nationalist bias that Kyongsong and other major Korean colonial era businesses had somehow operated and thrived throughout the colonial period without any significant business ties with the Japanese, Carter Eckert writes:

The question of how this extraordinary feat was accomplished, i.e., how [Kyongsong] was able to obtain the necessary financing, secure required raw materials and technology, establish a market network that encompassed not only Korea but stretched into Manchuria and China as well, all in total isolation or even in defiance of the colonial power structure and the capitalist system in Japan, clearly presents a challenge for even the most imaginative of scholars.²⁵⁷

Eckert’s skepticism focuses on three factors – financing, securing raw materials and technology, and building a network extending across the Japanese Empire. New’s personal fortune from La Choy, his potential access to American sources of financing, his freedom to institute an employee stock distribution program, his emphasis on profitability, and the relatively smaller scale of capital needed all support the likelihood that Yuhan was largely self- or other nationality financed without significant Japanese shareholding or lending. In terms of technology, Yuhan was in the position of explicitly *not* relying on Japanese sources. It was in fact Yuhan’s use of the world’s leading edge inputs and products, that were always Western and often American, that was the entire foundation of its competitive advantage over a Japanese pharmaceutical industry that historically had never caught up to the West, and even until very recently lagged behind

²⁵⁶ *Nara sarangŭi ch’am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myŏng-su Hwang, Dankook Univ., 200.

²⁵⁷ Eckert, *Offspring of Empire*, 67.

Western companies.²⁵⁸ Just as the Japanese authorities viewed New as part of the Western missionary network and treated him accordingly, Yuhan was to all intents and purposes an extension of the Western pharmaceutical industry and its sales and production within Korea was no more necessarily a case of reliance on the ‘imperialist Japanese power structure’ than it would be to argue, for example, that the assembly of GM cars in Japan from 1926 onwards made GM Chairman Alfred P. Sloan Jr. a traitorous ‘collaborator’ with the Japanese Empire.²⁵⁹ (Or at least, a ‘collaborator’ in a different sense than the term has usually been used in Korean historiography or that Eckert is discussing.)

However, on the final point, building a market network stretching across the Empire, it is indeed ‘challenging’ to try to imagine how Yuhan could do this from 1938 to 1941 without cooperation with the Imperial ‘power structure’ in the sense that Eckert is describing it. Taking up the ‘challenge,’ available sources simply do not show how much of Yuhan’s overseas sales within the Japanese Empire from this point until 1945 were dominated by sales to Koreans living in Manchuria, (or even to Western missionary hospitals in China or Vietnam, in as much as the latter’s operations were not disturbed by Japanese military activities.) Without any other evidence an ‘imaginative’ historian could, as a reasonable initial hypothesis posit that in fact most of Yuhan’s expansion during this period would have been to serve the same markets, that is, Koreans (and Western missionary hospitals), that Yuhan had had so much success in serving within Korea and was obviously the easiest to penetrate. If this was the case, the degree to which Yuhan would have had to work closely with Japanese economic and political entities to reach

²⁵⁸ Maki Umemura, *The Japanese Pharmaceutical Industry: Its Evolution and Current Challenges* (Abingdon, Oxon: Routledge, 2011). See especially Ch. 1 “Why Didn’t Japan Become a Global Leader in Pharmaceuticals?” and Ch. 4 “What Went Wrong? The Anticancer Drug Sector.”

²⁵⁹ Mason, *American Multinationals and Japan*, 71.

these markets may have been relatively low – but even in this ‘best-case scenario’ that they were as minimal as they seem to have been within colonial Korea up until 1938 is hard to imagine.

As far back as 1919 Sō Chae-p’il, in a New York newspaper article aimed at American readers, had described and decried how the Japanese within their Asian empire and in zones in China where they claimed ‘special rights’ were making it impossible for American businesses to invest and/or trade in such regions without taking on Japanese partners. He warns vaguely that if an American businessman actually did decide to partner with the Japanese they would “find out someday that he has made the greatest mistake of his business career.”²⁶⁰ In *Korea and the Pacific War* New himself strongly denounced the ‘exploitative’ stranglehold Japanese entities had over trade between the peninsula and any other part of the Japanese Empire, including Manchuria;²⁶¹ a statement he could have been making based on his own experience. In both writings however it is not clear what makes the Japanese control over access to economic activity within its Empire or ‘spheres of influence’ (outside of Korea itself) so outrageous – the prospect of partnering with an Imperial power that wields ‘illegitimate’ control through violence or the violation of the principle of *laissez-faire* global free trade. In his 1919 article Sō argues only for the latter. He states the issue in terms of violated neo-classical trade rights: “America has the right to share the benefits of legitimate commercial enterprise in any part of the Asiatic continent, just as much as Japan has in the American continent.”²⁶² In a 1939 article aimed at Korean(-American) students, speaking to compatriots, Sō describes how “Japan wants American capital with which to develop the natural resources of ‘Manchukuo’ and North China....No American capitalist will invest his money in the territory in partnership with the Japanese who do

²⁶⁰ Jaisohn, [Sō Chaep'il], *My Days in Korea*, 186.

²⁶¹ [New], *Korea and the Pacific War*, 50-51.

²⁶² Jaisohn, [Sō Chaep'il], *My Days in Korea*, 187.

not legally own it.”²⁶³ This statement comes much closer to the argument that for a capitalist to partner with the Japanese is wrong because the Japanese are thieves who have illegitimately stolen “it,” that is, territories and populations that are not theirs.

As Kenneth Wells has described it, the Protestant element of self-reconstructionist Korean nationalism made it a relatively more universal, non-racial, and trans-national form of nationalism in outlook than other forms of early Korean nationalism. This gave Sō and New a set of universalized Christian ethics, exemplified in New’s mind by his dictum that “compromise with immorality is immorality.”²⁶⁴ Many self-reconstruction nationalists did apply their universalized ethics to moral quandaries beyond what was in the interest of Korea and Koreans²⁶⁵ and in this issue Sō is also thinking along universal terms to inveigh against American business dealings with newly conquered territories of the Japanese.

However, in direct contrast to Sō, in the case of Yuhan’s expansion across Asia, beyond a *laissez-faire* economics that saw the optimal and most moral international trading order one of universal free trade, it would seem, simply judging from his actions that New did not think he was violating his own dictum of no compromise with immorality. As will be described he would apply this standard later in his business career to flatly refuse to participate in bribery and corruption with the dictatorial South Korean regimes of Rhee and Park. Whereas to New bribery was straightforward ‘immorality,’ providing good quality pharmaceuticals to colonized Chinese in an honest capitalist exchange, even under the auspices of having to make business partnerships with Japanese entities, probably appeared as still being part of capitalism that was

²⁶³ Jaisohn, [Sō Chaep'il], *My Days in Korea*, 256.

²⁶⁴ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyŏng-nam Yi, journalist, Yŏng-kwŏn Cho, reporter, 477.

²⁶⁵ Wells, *New God, New Nation*, 134.

benign ‘civic ethics applied to the economic sphere.’²⁶⁶ As long as New saw himself as competing against Japanese competitors for the favor of Chinese and Vietnamese consumers he perhaps could recognize or rationalize to himself that by providing those consumers a broader choice he was not ‘co-opted’ by the system but instead brought a corrupt system closer to ‘true’ *laissez-faire* capitalism.

It is not known what New thought of Sō’s position on American investment in Manchuria and China. It should be mentioned that there is an element of probably unintended ambiguity in the quote given by Sō regarding what exactly did he mean by “it.” If, as is most likely, he was referring to the Japanese not ‘legally’ owning the ‘territories’ of Manchuria and China, then any business dealings within them would be immoral. If instead by “it” he was only referring to the natural resources, then despite the overall sense of what Sō wrote, he or New or both of them may have thought it did not apply to New, as Yuhan sold pharmaceuticals and did not commercially develop Chinese natural resources.

Yuhan and New During WWII: Managerial Autonomy, Education, Soldiering, and Lobbying

By early 1941 even before war broke out between the U.S. and Japan, New must have realized that it was time to firmly make the U.S. his home base for the upcoming storm as in March of that year he applied for and received American citizenship.²⁶⁷ Since 1938, and

²⁶⁶ Wells, *New God, New Nation*, 63.

²⁶⁷ Cho, *Yu Il-Han p’yŏngjŏn* [A critical biography of Yu Il-Han], 253. New’s U.S. resident status while living in colonial Korea at first glance seems similar to An Ch’ang-ho, who was a resident of the U.S. from 1902 to 1926. An’s eventual arrest and then death due to Japanese mistreatment would seem to indicate that U.S. resident status was not respected by the Japanese government, at least in the case of An. However, due to a lengthy residence in China in support of Korean independence activities, after agreements signed by Chinese ‘warlord’ authorities and the Japanese government in 1925 An was vulnerable to arrest in China by Japanese consular police as a deemed naturalized resident of China conducting ‘radical’ activities. An was in fact declared a resident of China, arrested in China in 1932, and died shortly after being released from prison in Korea in 1937. See Erik Esselstrom, *Crossing Empire’s Edge: Foreign Ministry Police and Japanese Expansionism in Northeast Asia* (Honolulu: Univ. of Hawaii, 2009), 65-91; and, Won Tai Shon, *Kim Il Sung and Korea’s Struggle: an Unconventional*

particularly from 1941 until 1945, the management and staff New left behind in Yuhan were on their own. Due to circumstances beyond anyone's control, the Yuhan management team he had left behind gained a degree of autonomy to make decisions absolutely unequalled in the history of Korean business until after the Asian crisis of 1997. Until the 1990s major Korean businesses had been infamous for their degree of mind-boggling micromanagement from the founder or heir to the founder, even when overseeing globe-spanning enterprises.²⁶⁸ By the time Korea was liberated on August 15, 1945, Yuhan still survived, and was still the largest Korean pharmaceutical company in existence.²⁶⁹ Having employees motivated and able to manage and keep the company alive without the founder's personal presence and in the face of an increasingly repressive and then faltering Imperial order was probably due in no small part to the employee stock sharing scheme that New had implemented.

With enforced absence from Yuhan within and without Korea during the Pacific War New could devote himself to three activities reflecting his diverse Protestant mentorships: education, volunteering to help fight militarily for Korean independence, and lobbying for Korean independence and development. Reflecting the emphasis on education of self-reconstruction nationalism New earned a MBA from the University of Southern California in 1941 and a graduate degree in international law from Stanford in 1948.²⁷⁰ Beyond these three

Firsthand History (Jefferson, NC: McFarland & Co., 2003), especially chapter "7 A Campaign to get An Chang Ho Released from Detention," 71-80.

²⁶⁸ Roger L. Janelli and Dawnhee Yim, *Making Capitalism: The Social and Cultural Construction of a South Korean Conglomerate* (Stanford: Stanford Univ., 1993), 234.

²⁶⁹ *Nara sarangŭi ch'am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myöng-su Hwang, Dankook Univ., 200.

²⁷⁰ New Ilhan, Univ. of Southern California MBA degree diploma certificate, 1941, copy from Yuhan Corp.; *Nara sarangŭi ch'am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], 587.

activities, one source states that New's entrepreneurial skills stayed sharp during the War as he "nearly cornered the non-Axis world market in the gin-flavoring juniper berry..."²⁷¹

Reflecting his Protestant-nationalist military training and orientation under Park Yong-Man in his youth, New was an enthusiastic volunteer and leader in a top-secret military mission organized by the OSS, the predecessor to the CIA. Called NAPKO, the project recruited up to fifty-five Korean-Americans and Korean POWs from the Japanese military. Their ultimate mission was to use specially made submersibles to secretly land in Japan (originally the plan was to land in Korea) to collect intelligence and conduct sabotage in advance of the planned U.S. invasion of the Japanese home islands in late 1945. As described at the age of fifty New trained as a squad leader for six months in preparation for being deployed. The OSS intelligence briefing and records on him describe his high level of Korean patriotism and commitment, but does note his physical limitations due to his age, and that one white officer with a training role for the corps was put off by New's air of leadership. The NAPKO Korean forces often successfully infiltrated southern Californian harbors, including Los Angeles, during training. The abrupt end of the war with Japan on August 15 cancelled the project.²⁷²

Starting in 1941 New held formal roles involved in uniting the various organizations of Korean-Americans in the U.S. In 1942 he was a prominent founder and sponsor of the California Korean Reserves, a military corps of Korean-Americans attached to the California National Guard and recognized as part of its nominal armed forces by the Korean Provisional Government. It was organized under the auspices of the unified Korean-American body that New amongst many others had helped to bring into being, the United Korean Committee in America

²⁷¹ Wade, *West Meets East*, 34. Unlike many Korean Protestants, New did not apparently have any compunction against the consumption of alcohol.

²⁷² Lee, *Yu Il-han ūi tongnip undong yǒngu*, 153-170; Hayashi, "Loyalty's Janus Face," 19-20.

(UKCA). The UKCA supported the Korean Provisional Government.²⁷³ New's numerous activities in writing and publishing materials aimed at Americans for the promotion of Korean independence after the end of Japanese colonization have been noted already.

New After Liberation: Maintaining Independence from Syngman Rhee while Yuhan Thrived

Both the U.S. military government and then Syngman Rhee invited New to join their administrations of South Korea.²⁷⁴ Rhee wanted New to be the first Industry Minister of the Republic of Korea but New refused, citing his vocation as a businessperson. After the end of the Korean War New returned permanently to Korea and resumed rebuilding Yuhan. New had many reasons for not joining Rhee's 'Protestant government' mostly because of his distrust of Rhee.²⁷⁵ The first documented contact between New and Rhee is two letters Rhee sent New in 1918. It seems from the letters that they first met in Hastings, and that New and Rhee were working together quite amicably to garner scholarships for Korean female students at the University of Michigan. There are further communications between them in 1920 indicating they are working on nationalist pursuits together.²⁷⁶ In addition, New knew some of the same Koreans and Americans that were a key part of Rhee's personal coterie during his administration, including

²⁷³ *Nara sarangŭi ch'am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Hyöŋ-hui Yi, Sungshin Women's Univ., 156-167.

²⁷⁴ *Nara sarangŭi ch'am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-hyöŋ Kim, Seoul National Univ., 232.

²⁷⁵ Sö, "Yu Il-Han, Yuhan yanghaeng ch'angöпча" [Ilhan New, Founder of Yuhan], 49; *Nara sarangŭi ch'am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyöŋ-nam Yi, journalist, Yöŋ-kwöŋ Cho, reporter, 467.

²⁷⁶ "Syngman Rhee letter to New H. Haw (Il Han New), 1918.4.23" in *The Syngman Rhee Correspondence in English, 1904-1948, Vol. 1*, ed. Young Ick Lew (Seoul: Yonsei Univ., 2009), 24; "Syngman Rhee letter to New H. Haw (Il Han New), 1918.6.20," in *The Syngman Rhee Correspondence*, 32; "I.H. New telegram to Syngman Rhee, Feb. 7, 1920" in *The Syngman Rhee Telegrams, Vol. II*, ed. The Institute for Modern Korean Studies (Seoul: Yonsei Univ., 2000), 494; "Syngman Rhee telegram to I.H. New, April 2, 1920," in *The Syngman Rhee Telegrams*, 114.

Preston Goodfellow in the OSS who invited New to write *Korea and the Pacific War* at the request of Rhee.²⁷⁷

Nonetheless Rhee would have known that New was mentored by Sŏ Chae-p'il, and the relationship between Sŏ and Rhee was difficult. During the First Korean Congress in 1919 Rhee and Sŏ had disagreements on how to proceed, coupled with personality clashes.²⁷⁸ In 1947 General Hodge, the head of the U.S. military government in Korea, invited Sŏ to come back to Korea as a possible replacement for Rhee as the presumptive first President of the Republic as Hodge had grown to detest Rhee.²⁷⁹ Rhee of course was not pleased, but Sŏ was already ill with the cancer that would kill him and he left Korea after a few months.²⁸⁰

Rhee had an acrimonious split with the UKCA during WWII. During that split New had been a signatory to a memorandum that gave Rhee an ultimatum to cease some of his objectionable actions.²⁸¹ President Rhee was probably suspicious of New turning down the Ministerial position he had offered him. Like Sŏ with Rhee, the relationship between New and Rhee ended on a hostile note. During the late 1950s the Rhee administration started putting great pressure on most large business owners to provide donations to Rhee's Liberal Party. Over 1959-1960 the Party raised 6.3 billion hwan from 56 companies. In 1959 the Party demanded 300 million hwan from Yuhan. When New refused to pay, Yuhan faced allegations of tax evasion to the amount of 60 million hwan. After intense personal threats of harm and imprisonment to the

²⁷⁷ "Letter from Lieut. Colonel Carroll T. Harris to Colonel M. Preston Goodfellow, Oct. 14, 1942," copy from Yuhan Corp.

²⁷⁸ Lee, *Sŏ Chae-p'il: miguk mangmyŏng sijŏl* [*Philip Jaihson in the United States*], 173.

²⁷⁹ Lee, *Sŏ Chae-p'il: miguk mangmyŏng sijŏl* [*Philip Jaihson in the United States*], 163-171.

²⁸⁰ Cumings, *The Origins of the Korean War: The Roaring of the Cataract*, 222, 815 n. 77.

²⁸¹ Choi, "'Unity for What, Unity for Whom?'," 252 n. 40.

entire Yuhan management the company was forced to pay 50 million hwan on evidence that was thought to be completely fabricated.²⁸²

Despite his in-country absence until the end of the Korean War, New and Yuhan carried on and grew at a rapid pace through the rest of the 1950s and into the early 1960s. Various estimates of its size based on the number of employees rank Yuhan amongst the largest companies in South Korea during this time period. The definition of ‘largest’ is for companies with more than three hundred employees, an enormous number for the relatively miniscule 1950s economy. Yuhan is included in the ranking for 1956, 1958, and 1962, when in the latest year it employed approximately 500 employees.²⁸³

New and the Park Chung Hee Regime: Reputation for Integrity in Accounting, Taxes, and Avoiding Corruption

New’s persecution by Rhee ultimately served him well in dealing with the military regime of Park Chung Hee that followed fairly closely on the departure of Rhee. The very next day after Park took power through a military coup on May 16, 1961 his regime arrested many major business leaders, other than New, and launched a probe into companies that had made donations to the Liberal Party.²⁸⁴ While most of these business leaders in the end recovered their positions, it helped New’s standing with the new regime that he had so publicly refused Rhee’s corrupt ties.

It was under the Park regime that New and Yuhan became famous for their extraordinary, for the business culture of the time, transparency and accuracy in accounting and in paying taxes,

²⁸² *Nara sarangŭi ch’am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-hyŏn Kim, Seoul National Univ., 258.

²⁸³ Kong, *1950-nyŏndae hanguk ūi chabŏnga yŏngu* [Study of 1950s Korean capitalists], 282.

²⁸⁴ Kim and Park, “The Chaebol,” 273.

and for keeping company accounts separate from New's personal accounts. As part of the public transparency of the company in 1961 Yuhan became only the second Korean company to go public, which was also tied in with Yuhan's continuing schemes of employee stock ownership.²⁸⁵ Park made New and Yuhan a model of the exemplary corporate and personal taxpayer, and overall corporate citizen, awarding New successively more prestigious Presidential honors for his achievements, particularly related to transparent accounting practices and full payment of taxes in 1963, 1968, and 1970. Yuhan's internal policy was to take away an executive's bonus if they were even one day late in paying taxes.²⁸⁶ New publicly equated paying taxes in full with patriotism; a favorite historical observation of his was that the reason 'little' Japan could dominate 'mighty' China since the Meiji Restoration was because the Japanese paid their taxes.²⁸⁷

While New had no illusions as to the dictatorial nature of the Park regime, he died in 1971 before he could have seen it regress into its final, more repressive stage with the implementation of the Yushin Constitution in 1972. Compared to Rhee, New somewhat liked Park Chung Hee but only had limited contact with him. New's fear when Park took power was that Park was going to be, as New said privately, "some sort of gangster," but New could see and approve of the economic take-off that was happening under Park.²⁸⁸ Not all was complete harmony however between New and the Park regime; at one point Yuhan wanted to enter into the cosmetics business but was not allowed as New refused to pay into a government political

²⁸⁵ Sö, "Yu Il-Han, Yuhan yanghaeng ch'angöпча" [Ilhan New, Founder of Yuhan], 51.

²⁸⁶ Sö, "Yu Il-Han, Yuhan yanghaeng ch'angöпча" [Ilhan New, Founder of Yuhan], 53.

²⁸⁷ *Nara sarangüi ch'am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyöng-nam Yi, journalist, Yöng-kwön Cho, reporter, 468.

²⁸⁸ *Nara sarangüi ch'am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyöng-nam Yi, journalist, Yöng-kwön Cho, reporter, 501.

fund.²⁸⁹ New's refusal to pay any sort of bribe whether under the Rhee or the Park administration came directly from his Christian convictions. In his words, the Bible had taught him that, as mentioned before, "compromise with immorality is immorality."²⁹⁰ To New a bribe was unambiguously immorality.

Yuhan Avoidance of Government Control and Exporting: Self-Financing and Staying Focused

Contrary to South Korean developmentalism and private sector culture Yuhan focused on profitability rather than revenue growth, domestic consumers instead of export markets, separation of ownership and management instead of fusing the two, and avoided diversification. The two most important controls on the conglomerates used by the developmental state created by Park were access to preferential loans directed by the state as the 'carrot,' and audit by the Office of National Tax Administration as 'stick'. The wielding of the 'carrot' was tied to export performance.²⁹¹ New and Yuhan were remarkably independent of this system, which allowed him to run Yuhan as he saw fit. As noted, New was one of the few and perhaps only large business owner who had nothing to fear from a tax audit. An example of this is that as part of Yuhan's reward for being the best corporate taxpayer of 1968 the company in fact got the right to be 'free' of any government audit for one year.

As his corporate focus was always on profits rather than market share, Yuhan was much less dependent on government loans than other companies, and the company by the sixties was largely self-financed. Despite its relatively small size in terms of sales by the late 1960s, taking it

²⁸⁹ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyŏng-nam Yi, journalist, Yŏng-kwŏn Cho, reporter, 501–502.

²⁹⁰ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-han Yi, writer, Kyŏng-nam Yi, journalist, Yŏng-kwŏn Cho, reporter, 477.

²⁹¹ Carter J. Eckert, "The South Korean Bourgeoisie: A Class in Search of Hegemony," in *State and Society in Contemporary Korea*, ed. Hagen Koo (Ithaca: Cornell Univ., 1993), 103; Kim and Park, "The Chaebol," 271, 279.

out of the ranks of top Korean businesses, Yuhan was one of the top ten largest earners of net profits in South Korea. Yuhan's moment when it had most needed 'soft loans' to recover from the Korean War had been during the 1950s when it received \$250,000 (a huge amount for the economy at the time) from the U.S. aid body International Cooperative Agency.²⁹² During the 1960s Yuhan received some pressure from the government to diversify and to look at export markets but primarily New kept the focus on pharmaceuticals, particularly high quality imported American drugs, aimed at the domestic market. Its high profile and successful joint venture with the U.S. company Kimberly-Clark in 1968, which resulted in Yuhan Kimberly, helped to maintain Yuhan's independence.²⁹³ The Park regime, like the Japanese colonial government in the 1930s, was less likely to interfere politically with companies with extensive American interests.

Giving All Wealth Back to Society: New's Will

Throughout the post-war period New was noted as a business leader, particularly for his philanthropy. In 1955 New served as first Chairman of the Korean and Seoul Chambers of Commerce. One of his major works of charity was his founding and fully financing in 1964 the Korea Engineering High School, offering full scholarships to all students.²⁹⁴

On March 11th, 1971, New died after a short illness. While in later years New infrequently attended church his regularly read Bible came with him to his deathbed.²⁹⁵

²⁹² *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-hyŏn Kim, Seoul National Univ., 244.

²⁹³ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chong-hyŏn Kim, Seoul National Univ., 267, 269-270.

²⁹⁴ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], 589, 592.

²⁹⁵ *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Hyŏng-sŏk Kim, Yonsei Univ., 120.

Headlines of his death were dominated by the news that he had given practically all of his fortune to charitable causes. This final and unprecedented act of charity on New's part was a practical demonstration of his philosophy as a self-reconstruction capitalist. Before his death, besides his own role as Chairman, New had already given management control of Yuhan to professional managers outside his family.

One of the 'canonical quotes' recorded by Yuhan has New stating that:

Nation-Education-Company-Family – it is an extremely difficult life to live these principles in this exact order of priority. But for me this is the proper order: Nation-Education-Company-Family.²⁹⁶

Interestingly enough, the word 'Self' or 'Individual' is nowhere to be seen on this list of life priorities. It is argued in this study that self-reconstruction capitalists and nationalists such as New were the only defenders of *laissez-faire* economics and the importance of individual economic freedom in post-war South Korea. However, New's and other self-reconstruction capitalists' understanding of Protestantism meant that their faith directed them to immediately subsume their own individual self-interest for the greater good of collective entities such as nation, company, and family. This was to be done at the prompting of their Christian conscience, not the developmental state.

The prioritization of family last resonates with a common self-reconstruction critique of Confucianism as having created in Korea an immoral focus on the family above any other community good, particularly that of the nation.²⁹⁷ His seeming renunciation of family in not handing down Yuhan to his children was a stunning final 'heroic' act to Koreans then and now, and a logical culmination of his oft-repeated assertion that a company belonged to society. There is no clear evidence showing more exactly where New got the idea of ultimately giving away all

²⁹⁶ Ilhan New quote in *Nara sarangüi ch'am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], 538.

²⁹⁷ Wells, *New God, New Nation*, 53.

of his wealth, other than those influences on his upbringing and thinking already mentioned. There was no direct Korean business precedent for New to follow, so with his knowledge of American affairs, it is just possible that New was inspired by the example(s) of either or both the philanthropic 20th century American tycoon Andrew Carnegie and R.G. LeTourneau, a prominent evangelical Protestant earth-moving equipment magnate famed in Protestant circles for his life-long ‘reverse tithing’ e.g. giving away 90% of his earnings, and as will be seen an important early leader of the CBMC. The ascetic and simple-life style of nationalist leader Cho Man-sik, who modeled himself in turn on Mahatma Gandhi, may have been an indirect, non-business Korean model.

While he was closer to his daughter Janet, New did try to groom Ilsun as a Vice-Chairman of Yuhan from 1966 to 1969. Instead his son chose to pursue a legal career in the U.S. The children, of mixed Korean and Chinese background, were essentially Americans in loyalty, and could not inherit New’s calling for saving the Korean nation with the same passion that he had.²⁹⁸ Janet never tried to take on a management position in Yuhan. This was not due to sexism on the part of New. Part of the Korean Protestant and Western missionary discourse justifying the new faith was its ‘liberation’ of Korean women from traditional bondage.²⁹⁹ While such discourse usually still maintained a gendered role for women in society, New’s concept of equality for women probably transcended this. In none of his writings, including his letter to his daughter mentioned above, does New betray any indication of what would now be considered sexism. In his *Korea and the Pacific War* he praised the role of Korean women in the independence movement as being equal to men, and advocates that they get the franchise in an

²⁹⁸ *Nara sarangŭi ch’am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Hyŏng-sŏk Kim, Yonsei Univ., 114, 348.

²⁹⁹ Wells, *New God, New Nation*, 30.

independent Korea.³⁰⁰ Most likely Janet was simply not interested in the position; she became a nurse early on. To some unknown degree then, it could be argued that New's allowing professional managers to ultimately manage the company was born somewhat out of a lack of an 'heir' to hand the company to, along with any more noble reasons on the part of New. If there were no heirs of ownership, there were, however, two heirs of the wealth of Yuhan, and the fact that New gave none of this to them, with their apparent good-will, was a final demonstration of New's self-reconstruction dedication to the nation.

Upon his death in 1971, Korean newspapers headlined New's decision to give away all final personal shares in the company to a charitable trust fund (New had actually already given away 40% of his shares in the decade before he died), except for \$10,000 to be given to his granddaughter for college tuition.³⁰¹ At this point, if not previously, New was a hero in the public mind. As New stated in private not long before he died, in his typical prosaic style,

I'm called a hero because unlike others who spend every last penny on themselves every last penny that comes into my hand goes to public health, education, scholarship, and youth leadership activities.³⁰²

As a self-reconstruction nationalist, New knew that his calling required nothing less.

Conclusion

Ilhan New was generally undemonstrative and quiet regarding his Protestant identity, not being, for example, a regular church-goer in later life. Rather than any sign of falling away from a conscious Protestant ethic and identity, however, this quietism bespeaks more of the specific Protestant background of New. His Christianity was so intertwined with his overall world-view

³⁰⁰ [New], *Korea and the Pacific War*, 36.

³⁰¹ Oh, "Ilhan New," 282; *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Chonghan Yi, writer, Kyŏng-nam Yi, journalist, Yŏng-kwŏn Cho, reporter, 528; Sŏ, "Yu Il-Han, Yuhan yanghaeng ch'angŏpcha" [Ilhan New, Founder of Yuhan], 52.

³⁰² *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Myŏng-su Hwang, Dankook Univ., 206.

and experiences as to make more strident and public affirmations of his identity unnecessary. New's Protestantism permeated and informed every aspect of his life. This came from the influence of his parents, an American (missionary) upbringing and education, mentorship by Protestant Korean nationalists, his vocation as Protestant businessman, and from regular prayer and reading of the Bible.

New was a 'worldly ascetic,' but unlike Weber's joyless Calvinists New consciously forsook his own needs for the good of Korea. Like one of James Scarth Gale's textbook traders approaching commerce as akin to war, New saw himself as a physically fit 'hero' for Korea, excelling in his schooldays as much in athletics as letters, trained in youth to be a soldier by Park Yong-Man and ready to fight and die for his country even in middle age. As a healthy 'hero' New was busy throughout his life, and as one who fostered harmony felt empathy for all people except fittingly from a Weberian viewpoint those he considered lazy.³⁰³ What was true for himself as healthy 'hero' New sought for Korea and Koreans, making his ultimate calling the provision of top quality medicines and daily necessities as he linked the healthiness of each Korean with the independence of the nation. Like the solitary and heroic ginseng-seekers of *When I Was a Boy in Korea* New devoted his life, "almost a religion," to scouring the far and remote reaches of the West to bring back health-giving elixirs to Koreans. His precocious success with the La Choy brand and the consciously Orientalist tone of *When I Was a Boy* attested to New's brilliance in marketing.

As a hero in the new age of commerce, there was no greater calling than to be an entrepreneur. This was a calling from God as the missionary textbooks and his mentor Sō Chae-p'il told him. But like any calling, trade carried with it its own temptations that would render its

³⁰³ See *Nara sarangŭi ch'am kiŏpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], Hyŏng-sŏk Kim, Yonsei Univ., 100, on New's dislike of 'idleness' in other people.

practice and gains harmful to the greater good if tempered by selfish, un-Protestant motives. New had to do whatever he could to avoid corrupting ties with developmental states, whether colonial or post-war dictatorial. That meant exile in the U.S. when the pressures of the colonial system were becoming unbearable in the late 1930s and avoiding the siren call of diversification and empire-building, with its attendant corruption, under the South Korean developmental state. It meant using his close American corporate links, both in the 1930s and 1960s to ensure that unlike his South Korean business peers he had the unspoken potential influence of the American government on his side if needed. It did not apparently mean however abstaining from indirectly profiting from the military expansion of the Japanese Empire in the late 1930s and early 1940s, though it is not clear if New ever saw himself morally compromised by such involvement.

Despite this ‘lapse,’ overall New made himself a model businessman working for the good of the Korean people, avoiding bribes and tax problems with scrupulous accounting unlike many of his peers. Instead of sales New placed Yuhan in the ‘top ten’ of profitability, but profits not spent on his or his family’s frugal needs were re-invested in Yuhan (to be financially independent of the Park regime’s ‘soft’ loans), or in model philanthropic activities. As a captain of industry (and a top-secret special-forces soldier) New avoided even the temptation of making himself the centre of attention, hiding personal convictions or autobiographical details in all his writings for the greater good of Korea, as he saw it.

Disinterested in denominational differences due to the variety of Protestant influences on his upbringing, New demonstrated in his Prayer a layman’s grasp of a fairly simple theology that emphasized ‘this-worldly’ social harmony. Despite the Weberian language used in this chapter there is no attempt to imagine whether New ever wondered if he was one of the ‘elect’, despite his predominantly Presbyterian background. Instead, he certainly thought of himself, in Schmid’s

words, as a Korean in America, as one of the ‘custodians of the nation’. Any playing off of his American identity and privileges for the greater good of the nation against oppressive governments in Korea was part of his custodial role. Exiled at a young age as part of his father’s and Park Young-Man’s plan to save the nation, and with Sō as a mentor and fellow ‘custodian’ New knew he was part of an elite in the Protestant and blessed land of America that was to come to the nation’s rescue. Despite American success and a Chinese-American wife and Chinese/Korean-American children New was always ready to return to fight for Korea, both literally and figuratively.

Echoing the viewpoint of self-reconstruction nationalism that his mentor Sō exemplified, to New (Protestant) education was the solution to so much that ailed Korea. New made himself a model of educational achievement, amassing an American undergraduate degree but also, long past the time in his life when they could have actually increased his own earning power or prospects, an USC MBA and a Stanford law degree. Unlike a Rhee constantly parading his Princeton Ph.D., New characteristically let his educational record speak for itself. Initially with Sō in Ilhan New & Company New sought to make entrepreneurship itself a vehicle for education in capitalism for the masses. His more successful efforts with Yuhan in the late 1930s and in post-war Korea to spread stockholding ownership to the many and to employees place him within the ranks of economic nationalist pioneers of self-reconstruction thinking seeking a Protestant ‘third-way’ between capitalism and socialism, and anticipating ‘Third Way’ discourse that did not reach South Korea until the late 1990s.

While capitalism overseen by the ruthless and unethical was untenable and evil, just as any human enterprise without God’s guidance would turn evil, to New a fairly-run *laissez-faire*, free-trading market economy was the most efficient and socially harmonious political economy

possible and was part of the course of the universal development of ‘civilization’. The capitalist class, though profit-seeking, was to be individually guided by a set of spiritual ethics (optimally Protestant) that made them put the overall interests of their nation and society over individual self-interest. To New, in God’s eyes a company was, ethically speaking, ‘owned’ by society and the legal owner merely a ‘caretaker.’ The harm of capitalists without faith was showed by the so-called capitalism of evil men e.g. Japanese imperialists and rapacious 19th century and early 20th century American big business owners, who had inadvertently made the provision of some sort of social security net a new part of the development of civilization. This was not a concession (thanks in part to the natural generosity of the Korean race) that would make impossible New’s ambitious *laissez-faire* economic vision. This point places New’s economic thinking most squarely within the optimistic currents of Korean self-reconstruction thinking, as opposed to anti-New Deal ‘libertarianism.’ New envisioned any move of an ‘uncivilized’ Korea towards a civilized free-market economy as positive for a nation that unlike the God-blessed U.S. had never had the benefits of Republican Party overseeing a 19th century capitalist utopia.

As for Korean leftist thinking, and probably leftist economic thinking everywhere, New, literally, saw it as uneducated; with some proper modern schooling and spiritual counseling (and some Yuhan common stock?), all communist and leftist tendencies will “automatically disappear.”³⁰⁴ Co-operative enterprises were also in his mind dubious. It seems New kept this view of the simplicity of the solution to Korean communism throughout the Cold War even as a version of it took over and held half his country. Unlike most other businessman analyzed in this study New never expressed any explicit anti-communist statements after Liberation.

As Wells described the self-reconstructionist viewpoint of capitalism as ‘civic ethics applied to the economic sphere’ New’s contribution to this discourse was as a ‘hero’ to use

³⁰⁴ [New], *Korea and the Pacific War*, 15.

capitalism as means to promote social harmony. Social harmony was not promoted by a capitalist hoarding ownership or profits to himself or family so New gave most, and upon his death, all of both to society. New saw the utmost efforts in promoting harmony and taking action to help others as inseparable from being a hero:

The one who considers others is a hero. But the one who listens and hears others and is always trying to improve the well-being of others is a greater hero.³⁰⁵

³⁰⁵ Ilhan New quote in *Nara sarangüi ch'am kiöpin: Yu Il-Han* [A truly patriotic businessman: Ilhan New], 538.

Chapter Three: Chŏn T'aek-bo: Forgotten Private Sector 'Father' of South Korean Export-Led Growth

On June 22, 1964, Chŏn T'aek-bo, President of 'Chonusa,' South Korea's leading trading company, met with the Canadian Deputy Minister of Citizenship and Immigration, Claude Isbister. As a result of this meeting Isbister sent a letter dated July 2, 1964 to Chŏn endorsing Korean immigration to Canada. This letter was the official document which for the first time formally allowed Koreans to apply for immigration to Canada through 'regular' Canadian government channels. This event marks the start of the Korean-Canadian community. For several years after immigration applications for Canada were finalized in Chonusa's main office in Seoul by a visiting Canadian immigration official. Furthermore Chŏn organized a Canadian immigration group in the Seoul YMCA and held 'Canada nights' to encourage Koreans to immigrate to Canada.¹

This meeting came about from Chŏn's decade-long interest and advocacy for family planning, partly through his work with the YMCA in South Korea. Chŏn came to be known outside Korea for this interest. Visiting global family planning organizations in New York, in early 1964 he received a letter from a leading family planning expert, George Cadbury. Cadbury was a consultant to numerous national governments and the U.N. Being a Canadian, he let Chŏn know that Canadian immigration policy had changed and the country was now open to immigrants of non-European descent. Cadbury then arranged for Chŏn to meet Isbister.²

Nineteen sixty-four was a landmark year, not just for Korean-Canadian relations, but for South Korean economic history and for Chŏn's impact upon it. That year South Korea fully

¹ Young-Sik Yoo, "Canada and Korea: A Shared History," in *Canada and Korea: Perspectives 2000*, ed. R.W.L. Guisso and Young-Sik Yoo (Toronto: Univ. of Toronto, 2002), 36.

² Yoo, "Canada and Korea," 36; T'aek-bu Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo] (Seoul: Sŏlbong Munhwa Chaedan Sŏllip Chunbi Wiwŏnhoe, 1981) 249-250.

adopted export-led growth, due in large part to Chŏn's personal urging of President Park Chung Hee. It was also the year Chŏn won the first ever national top exporter award, personally presented by President Park, the first of four such consecutive wins. Both accomplishments are the basis for this chapter's contention that Chŏn is the 'private-sector father of South Korean export-led growth'. As such he was greatly responsible for what many see as the key to what kept the South Korean developmental state 'honest' and allowed for decades of world-famous, astounding economic growth: a linkage of the whole economic system with competitive advantage developed in export markets. In this context, Chŏn's initiation of Korean-Canadian immigration was a relatively minor event, but in many ways is indicative of his entire career as an advocate and pioneer of a private-sector led Korean capitalism.

Chŏn saw Protestantism as an ethical check on the possible worst excesses of the classical liberal capitalism he advocated and lived out as a 'free-trader' businessman. Chŏn's emphasis on the importance of all human systems, including modern (capitalist) economics, being optimized only when anchored on Protestant individual ethics places him squarely within self-reconstruction capitalist thought. Within Chŏn's economic thinking is a concern with South Korean overpopulation and its resulting unemployment.³ While a solely self-interested, profit-driven businessman might be happy with the resulting 'reserve army' of the unemployed keeping labour costs low, Chŏn's Protestantism fuelled his concern that capitalist economic development also provide full employment in the interests of social harmony. It was also necessary to keep the allure of communism at bay. In concerning himself with the plight of the workers to the detriment of his possible profits Chŏn was also using himself as an ethical model to other businessmen in showing self-control.

³ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 253-254.

To Chŏn, South Korea's overpopulation could be overcome either by family planning (an option a Korean Catholic could not have advocated), or by extending the territory of the Korean race to the broader world. Koreans emigrating to the wide open frontier spaces of Christian Canada was not so different from Protestant Koreans reclaiming their purported ancestral homelands as pioneers in Manchuria from the 1910s through the 1930s, as Chŏn himself had done as a youth and young businessman. Koreans creating beachheads in new global spaces was no different than what Chŏn himself had done in pioneering almost all South Korean export trade channels from the late 1940s onwards. It was a further 'planting of the Korean flag above the eight regions of the world,' in the slightly paraphrased words of Chŏn's youthful intellectual idol, the seminal Korean nationalist historian Ch'oe Namsŏn. Finally, typical of Chŏn's belief in Koreans improving their economic lot without government interference as a private citizen he negotiated, formalized, and set up the initial infrastructure for emigration directly with a foreign government. He used his own resources and bypassed a domestic regime that was rapidly becoming the most authoritarian in South Korean history.

Early Life and Influences

Chŏn T'aek-bo, born on November 1, 1901, was the eldest of three brothers and three sisters. He spent his childhood in the hamlet of Munch'ŏn, near Wŏnsan, at that time in South Hamgyŏng Province. His father was Chŏn Chong-Sŏk and his mother Kim Ha-Ik.⁴ After a Chŏn clan elder converted to Protestantism Chŏn's father did likewise in 1907.⁵ Chŏn senior was a diligent farmer of small holdings who saved up the capital required to start a dry goods store

⁴ Kyŏng-Nam Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa] in *Hanguk chabonchuŭi kaech'ŏkchatŭl [Pioneers of Korean capitalism]* ed. Tong-sŏng Cho (Seoul: Wolkan Chosŏn, 2004), 413.

⁵ [Chŏn, T'aek-bu]. "Chŏn T'aek-bo," in *Kidokkyo taepaekkwajŏn [The Christian encyclopedia]*, ed. Kidokkyo Taepaekkwajŏn P'yŏnch'an Wiwŏnhoe. (Seoul: Kidokkyo Munsa, 1984).

with two other clan relatives. These relatives' contribution was to mind the merchandise and store instead of providing funds. Business was steady but disputes with his partners hampered operations and personal enemies of Chŏn senior twice set fire to the store, succeeding in destroying it completely on the second attempt. To pay their debts the family ended up selling all of its farmland. His parents often abstained from meals to make ends meet.⁶

Chŏn recalled that his mother, Protestant also, sought refuge in her faith from the financial crisis. From his earliest childhood she instructed Chŏn in Christian beliefs, took him to church every Sunday, and instilled in him his own faith. Ultimately the situation in Munch'ŏn was untenable, both financially and especially in terms of strained relations with clan relatives who had not converted to Christianity. Hearing of good prospects in agriculture and vibrant Christian churches in the Kando region of eastern Manchuria, the family moved there in 1914, settling in Ryongjŏng, or what is today in Chinese nomenclature the city of Longjing, in the Yanbian Korean Nationality Autonomous Prefecture in Jilin Province.⁷

Youth in Kando, Manchurian 'Heartland' of the Korean Nation

'Kando' is the Korean name of a border region of Manchuria that is mostly synonymous with present-day Yanbian but has also included in the minds of Koreans the entire north bank of the Tumen River from Mt. Paektu (Mt. Changbai in Chinese) to the Russian border. Koreans started emigrating there in the 19th century in response to Chosen dynasty economic and/or

⁶ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 415.

⁷ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 415; [Chŏn, T'aek-bu], "Chŏn T'aek-bo," in *Kidokkyo taepaekkwajŏn* [The Christian encyclopedia].

political turmoil.⁸ Whether or not the region was under the control of Qing or Chosŏn was not clear but became part of what many Koreans think of as the ‘natural’ geographical extent of the Korean nation when modern nationalism started in Korea in the late 1890s and early 1900s.⁹ Subsequent Korean efforts to assert sovereignty over Kando were supplanted when Japan took charge of Korean foreign policy in 1905. The area remained disputed between China and Japan until 1909 when Japan recognized Chinese control of the area. However it was agreed China was to allow a sizeable Japanese diplomatic presence in the area and that Japanese subjects e.g. Koreans, would be able to live and earn their livelihood without becoming Chinese citizens. By 1916 approximately 330,000 Koreans lived in Kando, forming the majority of the population. At that time most Korean immigrants hailed, like Chŏn’s family, from Hamgyŏng Province. Most emigrants from Hamgyŏng were attracted by the economic prospects of a ‘Korean’ frontier territory.¹⁰

During the 1910s and increasingly over the 1920s Kando became a haven for Korean nationalists of every ideology, being contiguous to the peninsula but outside of direct Japanese control until the invasion of Manchuria in 1931. For nationalists it was a geographical centre, both literally in that nationalist groupings and networks of various types could easily meet and develop relatively free of Japanese interference, and in figurative terms of an evolving concept of the ‘true’ Korean nation as being one that historically centered geographically on Manchuria. For Korean Protestants in particular it became, in their own metaphor, a ‘New England,’ where Korean Protestants encountering hostility from neighbours and/or family for their faith (as

⁸ Keith Pratt and Richard Rutt, *Korea: A Historical & Cultural Dictionary* (Richmond, Surrey: Curzon Press 1999), 196; Hyun Ok Park, *Two Dreams in One Bed: Empire, Social Life, and the Origins of the North Korean Revolution in Manchuria* (Durham, NC: Duke Univ., 2005), 44.

⁹ Schmid, *Korea Between Empires*, 211-216.

¹⁰ Park, *Two Dreams in One Bed*, 36, 44.

Chŏn's family experienced) could find refuge to worship as they wished, like modern-day 'Puritans.'¹¹

Kando became central in both a literal and figurative sense for Chŏn's development. He received a traditional education and became proficient in *hancha* but by his own account was initially an indifferent student. In Ryongjŏng he attended Yongshin High School, one of many Protestant schools in Kando from 1914 to 1918. He became a top student and, not coincidentally, a fervent nationalist. In his own words "It was [at Yongshin School] I grasped the importance of the terms 'the [Korean] race' and '[Korean] national independence'....¹² I imbibed a consciousness of the nation and my patriotism became complete."¹³

Attending school and living in Ryongjŏng Chŏn had personal contact with a number of Protestant nationalist figures. These included; Yi Tong-hwi, at that time an evangelist in Kando, cofounder of the leading nationalist group *Sinminhoe* (New People's Association) in 1907, the first Prime Minister of the Shanghai Provisional Government in 1919, and as a Protestant advocate of armed resistance, a founder of the first Korean Socialist Party (1918) and Communist Party (1921),¹⁴ Yi Sang-sŏl, a delegate sent to The Hague in 1907 to enlist Western recognition of Korean sovereignty,¹⁵ and the school's master, Chang Pong-u, one of the 105 of the 1911 '105-Man Incident'.¹⁶ As his school master, Chang was particularly influential on

¹¹ T'aek-bu Chŏn. Interview by author.

¹² Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 416.

¹³ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 57.

¹⁴ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 57; Park, *Protestantism and Politics*, 143; Robinson, *Cultural Nationalism in Colonial Korea*, 41, 49.

¹⁵ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 416; Park, *Protestantism and Politics*, 131.

¹⁶ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 64; Park, *Protestantism and Politics*, 135. In 1911 in what is widely seen as a pretext to suppress Korean Protestants, 105 men, almost all Protestants, were charged with supposedly conspiring to assassinate the first Governor-General of Korea, Count Terauchi. Most were freed within a year and the remainder within a few years.

Chŏn. In Chŏn's words, "Every time I saw a person like that [Chang] I wanted to study hard and wanted to become a heroic patriot like him."¹⁷ Chŏn took an active role in March 1, 1919 demonstrations in Ryongjŏng, and following them considered going into exile in Russia and becoming a revolutionary nationalist. Chang personally counselled him to pursue further study instead. This was seen by Chŏn as a critical and proud moment in his life. Chang told Chŏn to pursue Korea's independence by non-violent means, helping Chŏn in his words to not become a 'communist.'¹⁸ Unlike Ilhan New, it seems Chŏn linked violent means with radical politics.

Some of Chŏn's friends at school became famed nationalist activists in their own right, including Na Woon-gyu, a pioneering figure in Korean cinema, and Kim Nag-Sŏn, a noted nationalist activist and physician killed by the Japanese.¹⁹ Chŏn saw the allure of communism as playing off unsettled, extreme personalities not anchored and saved by Christian faith. Defeating communism ultimately required education and engagement with lost souls who through sin followed a delusion, not by engaging with its ideas. Chŏn described how a very close friend at school took daredevil risks as a youth and ultimately succumbed to communism due to his unstable personality: "Ever since he was young, Dŏk-su's personality was always extreme. After March 1st he ended up leaning left and carried a gun. After Liberation we met briefly in Seoul and he mentioned his high up position in the communist party. We uneasily visited and then he returned to the north."²⁰

Influence of Ch'oe Namsŏn: 'Vigorous Fellow Grandsons of Tangun'

¹⁷ Chŏn T'aek-bo, quoted in Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 64.

¹⁸ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 65-66.

¹⁹ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 59.

²⁰ Chŏn T'aek-bo, quoted in Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 59-60.

In his recollection the by far most influential first-generation nationalist author that Chŏn read while a teenager in Kando was Ch'oe Namsŏn. Ch'oe published Korea's first popular modern magazine, 'Sonyŏn' ['Youth'], pioneered modern Korean poetry, was one of the first notable modern Korean historians, and drafted the March 1st, 1919 Korean Declaration of Independence.²¹ As Chŏn wrote, Ch'oe Namsŏn (pen name 'Yuktang') "opened up the world to me" and lavishly praises Ch'oe as his favorite author since his youth.²² Favorite passages of Ch'oe that Chŏn read as a youth and still resonated with him decades later reflected an emphasis on a national landscape centered on Kando, a landscape brimming with the legacy of sages. They also evoked a masculine spirit of resistance to colonialism and Koreans' bloodline from the founder of the race, Tangun. Some passages of Yuktang recalled by Chŏn were:

- (1) I love a landscape of pleasant mountains and water, breathtaking views in unsurpassed mountain scenery. Passing through steep and narrow trails of sages the first note heard is the sweet sound of a bird in a tree. If you ask a child collecting healing herbs, 'what is the name of this mountain?' they'll reply, 'Mountain of Sages'.²³
- (2) If this is no longer our country, we will abide and hope for nothing else...our vigorous fellow grandsons of Tangun will snare in wire the foreign bastards...even if our land is gone our hope is not.
- (3) Our young men, with muscles of iron, must never forget their patriotic spirit!

Ch'oe Namsŏn was one of the first writers to place Korean history into a narrative centered on the concepts of 'nation-state' and 'race.' His historiography represents a rupture with traditional Sino-centric Korean historiography, and helped create several mainstays of popular Korean understanding of their past. Primarily, that the primordial geographic homeland of the Korean race encompassed Manchuria as well as the peninsula, and that the race was descended

²¹ Chizuko T. Allen, "Northeast Asia Centered Around Korea: Ch'oe Namsŏn's View of History," *Journal of Asian Studies* 49, no. 4, (Nov., 1990), 787-788.

²² Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 60.

²³ Quotations of Ch'oe Namsŏn as recalled by Chŏn T'aek-bo, in Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 60.

from a god-like ancestor named Tangun who originated on Mt. Paektu, located in the centre of the Kando region.²⁴

The first and second quotes given above reflect Chŏn's assimilation of these ideas. Interestingly enough, when he does go to Japan to study after graduating from high school, he remembers this as being his first time outside of 'Korea.'²⁵ In later life Chŏn sought to be a Protestant 'sage' amongst businessmen, and expounded on physical fitness. Taken together these quotes celebrate a land that has been stolen, yet the nation survives in racial unity (as represented by Tangun), the bodies of Koreans, and patriotic spirit. Even after Liberation when 'foreign bastards' kept all of Korea north of the 38th parallel under their thrall, Chŏn could expand the nation in the only directions open to it, through the reach of Korean exports and the emigration of Koreans to Canada.

Ch'oe Namsŏn was deeply steeped in a social Darwinist view of international relations where the fundamental catalyst of history was nations/races coming to understand that they were competing against all others in a vicious struggle for survival.²⁶ While almost all Korean nationalists of that time thought of international relations in social Darwinist terms, Yuktang was perhaps one of the most imbued with this worldview, and saw it as his special duty to inculcate it in Korean youth.²⁷ For Yuktang, Korea not only had to win back its independence, but its influence and power had to one day permeate the world. A characteristic 1907 quote stated that someday "we [will] fly the sacred Korean flag above the eight regions of the world...the people of all states...kneeling down before its majestic power and all living beings...bathing in its

²⁴ Allen, "Northeast Asia Centered Around Korea," 788; Schmid, *Korea Between Empires*, 261, 268.

²⁵ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 73.

²⁶ Allen, "Northeast Asia Centered Around Korea," 789.

²⁷ Vladimir Tikhonov, *Social Darwinism and Nationalism in Korea, the Beginnings (1880s-1910s): "Survival" as an Ideology of Korean Modernity* (Leiden: Brill, 2010), 89.

glory.” He then appealed to youth to exert themselves to achieve this goal.²⁸ Another typical quote of Yuktang published in 1917 in a popular Korean newspaper stated:

The modern age is the age of power in which the powerful survive while the weak perish. This competition continues even until death. But why? Because the struggle to be a victor and a survivor never ends. But how? It is a competition of intelligence, physical fitness, material power, economic power, the power of ideal and confidence, and organizational power. Everywhere this competition is underway daily.²⁹

Quotes such as this taught Ch'ŏn that economics was part of a ceaseless global competition.

Throughout most of his life Ch'oe Nams'ŏn was a Buddhist, converting to Catholicism a few years before his death in 1957.³⁰ His historiography, claiming Manchuria as ‘Korean,’ was dependent on an assertion of the historicity of Tangun. His valorization of Tangun was such that it placed him as a close ally of Taejonggyo, a religion centered on Tangun.³¹ Nonetheless, Ch'oe's thinking was in addition congenial enough to Protestantism that Cho Man-sik offered him a teaching position at the Moffett-founded Protestant Soongshil University.³² Kenneth Wells places Yuktang as part of self-reconstruction nationalist thinking. Ch'oe was a deep admirer of Protestant nationalist An Ch'ang-ho and through An's influence saw Christian social ethics as one of the ‘secrets’ behind the rise of the West. An's view of the ideal modern man as ‘trustworthy, frugal, and industrious’ was reflected in one of the most recurring keywords to appear in Ch'oe Nams'ŏn's writings throughout the 1910s, the Protestant-derived virtue of “industriousness.”³³ ‘Industriousness’ was closely linked in Yuktang's writing with holding up illustrious “heroes” from history who demonstrated self-reliant “self-sacrifice” as models for youth. The roster of heroes included Peter the Great, Bismarck, Jesus, Abraham Lincoln, Martin

²⁸ Tikhonov, *Social Darwinism*, 168-169.

²⁹ Ch'oe Nams'ŏn, quoted in Allen, “Northeast Asia Centered Around Korea,” 789.

³⁰ Hak Joo Choi, *Yuktang Ch'oe Nams'ŏn and Korean Modernity* (Seoul: YBM, 2012), 109, 111.

³¹ Allen, “Northeast Asia Centered Around Korea,” 794; Choi, *Yuktang*, 104, 163, 167.

³² Choi, *Yuktang*, iii.

³³ Tikhonov, *Social Darwinism*, 174.

Luther, George Washington, the great Three Kingdoms period general Zhuge Liang, Song loyalist Wen Tianxiang, and Ming Confucian martyr Yang Jisheng.³⁴ Chŏn's later writings echo this idea of 'self-sacrifice', as exemplified by the 'heroes' he saw all around him in daily life. Ch'oe Namsŏn is identified as the most important progenitor of the belief, popular amongst Korean Protestants that Koreans take naturally to monotheistic Protestantism because belief in the one true sun god who was the patron of Tangun was supposedly a form of monotheism that reaches deep into the Korean past.³⁵

Seamless Blend of Kando Protestantism and Moderate Nationalism

Left-right and sectarian splits in the Korean nationalist effort did not appear in Kando until the 1920s. In addition the 1910s were relatively free of Japanese oppression in the region,³⁶ As a result while Chŏn was in Kando he was ensconced in a seamless and re-enforcing web of non-discordant and re-enforcing nationalist influences. Everything seemed to emphasize his mission as a youth to become a non-revolutionary 'iron-muscled hero' helping the Korean nation reclaim its freedom from 'foreign bastards' and developing global power and influence. Protestant values and beliefs came first, with daily morning worship and emphasis on learning the Bible part of the usual curriculum in Kando Protestant schools.³⁷ This was reinforced with

³⁴ Tikhonov, *Social Darwinism*, 167-168.

³⁵ Wells, *New God, New Nation*, 25-26.

³⁶ Pyŏng-Ch'ŏl Ko, "Ilje kangchŏnggi kando chiyŏkŭi hanin chonggyo wa minjokjuŭi: chonggyo minjokjuŭi kaenyŏmŭl chungsimŭro" [Korean religions and nationalism in the Kando region during Japanese occupation: defining 'religious nationalism'], in *Kando wa hanin chonggyo* [Kando and Korean religions], ed. Pyŏng-Ch'ŏl Ko (Sŏngnam, Kyŏnggi: Hangukhak Chungang Yonguwon, 2010), 38.

³⁷ Myŏng-Hwa Yi, "Pukkando hanin sahoeŭi kidokkyo suyong kwa myŏngdong kyohoe" [Influence of Protestantism in North Kando Korean Society and Myongdong Church], in *Kando wa hanin chonggyo* [Kando and Korean Religions] in ed., Pyŏng-Ch'ŏl Ko (Sŏngnam, Kyŏnggi: Hangukhak Chungang Yonguwon, 2010), 118.

Chŏn serving as a Sunday school teacher in the local Presbyterian church.³⁸ Ch'oe Namsŏn's Tangun-centered yet Christian-friendly world-view was assimilated readily into the Kando Protestant milieu where Chŏn grew up, where it was not unusual for Protestant schools to have prominent statues of Tangun on their grounds.³⁹

The ubiquitous nationalist viewpoint of Kando Protestant educators was politically moderate and focused on reforming Korean culture.⁴⁰ These educators saw Protestantism as synonymous with patriotism, modern education, capitalist civilization, and the anti-Japanese struggle.⁴¹ In a 1909 address to a Kando Protestant high school that was the pedagogical model to Chŏn's school, one prominent Korean churchman summed up this viewpoint by stating that to “resurrect the fatherland” they must “believe in Jesus, build churches, build schools, educate women, and we too can live as well as the Western civilized countries.”⁴² In other words, Protestantism led to building modern institutions and social patterns which then led to economic development.

In 1920 Chŏn married Kim Chong-Shin, the daughter of a well-to-do, devout Protestant family. The match was made through Chŏn's pastor. His well-educated mother-in-law and devout father-in-law, always remembered with Bible in hand, were practically the personification of the previous quote. Chŏn's father-in-law ran a successful construction business in Kanto building churches and schools with modern construction techniques.

³⁸ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 69.

³⁹ Yi, “Pukkando hanin sahoeüi kidokkyo suyong kwa myŏngdong kyohoe” [Influence of Protestantism in North Kando Korean Society and Myongdong Church], 119-120.

⁴⁰ Ko, “Ilje kangchŏmgi kando chiyŏküi hanin chonggyo wa minjokjuüi: chonggyo minjokjuüi kaenyŏmül chungsimŭro” [Korean religions and nationalism in the Kando region during Japanese occupation: defining 'religious nationalism'], 27; Robinson, *Cultural Nationalism in Colonial Korea*, 144.

⁴¹ Yi, “Pukkando hanin sahoeüi kidokkyo suyong kwa myŏngdong kyohoe” [Influence of Protestantism in North Kando Korean Society and Myongdong Church], 119-120.

⁴² Yi, “Pukkando hanin sahoeüi kidokkyo suyong kwa myŏngdong kyohoe” [Influence of Protestantism in North Kando Korean Society and Myongdong Church], 121.

Schooled in his ‘ancestral homeland,’ which was at the same time a frontier of his nation and a ‘New England’ for his faith, surrounded by nationalist heroes and ‘sages’ both in the flesh and in his readings, Chŏn learnt that national as well as personal resurrection was achieved by faith in Jesus and in adopting the modern skills needed for the ultimate goal of improved national economic well-being. From their modern business his in-laws provided some of the funding Chŏn required as he completed his schooling in Japan from 1921 to 1929.⁴³

Learning Free Market Economics in Japan

From 1921 to 1924 Chŏn first studied at a variety of small colleges improving his Japanese and English, in preparation for the study of philosophy at university. He lived in Tokyo and with the help of a Japanese policeman barely survived a murderous attack by roaming mobs slaughtering Koreans in the wake of the Kanto Earthquake in 1923.⁴⁴ Chŏn desired to study humanity’s deepest questions by gaining an advanced liberal arts degree, particularly in philosophy, but was soon appalled by the lack of any prospect of gainful employment in his field. Instead he embarked on his business career by deciding to study commerce, a field where employment prospects looked brighter.⁴⁵

From 1924 to 1929 Chŏn earned a commerce degree at Kobe Higher Commercial School. (Post-war the School became present-day Kobe University.) At the time Chŏn entered the School it and its sister institution the Tokyo Higher Commercial School were considered the leading

⁴³ Chŏn, *Sŏlbong Chŏn T’aek-bo Chŏn’gi* [Biography of ‘Solbong’ Chŏn T’aek-bo], 69; Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 417.

⁴⁴ Chŏn, *Sŏlbong Chŏn T’aek-bo Chŏn’gi* [Biography of ‘Solbong’ Chŏn T’aek-bo], 76.

⁴⁵ Chŏn T’aek-bo quoted in Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 417-418.

centre for economics and business studies in Japan, surpassing Tokyo Imperial University. The economics faculty of the School stood out as the bulwark of British political economy in Japan. Alfred Marshall's neo-classical economics and free trade liberalism prevailed in the face of rival Tokyo Imperial University (and most of Japanese society) where state capitalist ideas prevailed.⁴⁶ The intellectual tenor of the School while Chŏn was there was cast by its gregarious first Principal, Tetsuya Mizushima. Mizushima was a former international banker of the Yokohama Specie Bank who in his business career helped to pioneer modern Japanese export trade. He was known for trying to befriend as many students as he could.⁴⁷

There is an almost complete and curious silence in both Chŏn's and his biographer's writings as to what exactly Chŏn learnt at the Kobe School, while all sorts of details of the development of his ideas are described for other parts of his youth. This is no doubt related to the post-Liberation reluctance of Koreans to fully acknowledge any positive influence from Japan during the colonial era. It also reflects the danger of charges of collaboration that came with too close an intellectual association with Japanese academics, as Chŏn's idol Ch'oe Namsŏn faced after Liberation.⁴⁸ Nonetheless, there seems no doubt that Chŏn, as the future private sector 'father' of South Korean export-led growth, must have been strongly influenced by the free-trade friendly economic liberalism that was taught at Kobe School.

The one detail that is revealed clearly foreshadows Chŏn's future business activities in Kando. It may also have provided the opportunity for the beginning of one of his most important friendships. In 1928 as part of his studies Chŏn went to Kando to research the prospects for

⁴⁶ Tamotsu Nishizawa, "The Emergence of Economic Science in Japan and the Evolution of Textbooks, 1860s – 1930s," in *The Economic Reader: Textbooks, Manuals, and the Dissemination of the Economic Sciences during the Nineteenth and Early Twentieth Centuries*, ed. Massimo M. Augello and Marlo E.L. Guido (NY: Routledge, 2012), 311-312.

⁴⁷ Sazo Idemitsu, *The Eternal Japan: Conversations with Sazo Idemitsu* (Tokyo: Idemitsu, 1978), 6.

⁴⁸ Allen, "Northeast Asia Centered Around Korea," 788.

agribusiness. His glowing report extolling the prospects for rice farming in the region was copied and distributed to Japanese university libraries, (though copies of it do not seem to still exist.)⁴⁹ This return to Kando was also the first opportunity Chŏn had of possibly meeting and befriending Ilhan New. From the late 1920s through the 1930s New's family and business interests took him on occasion to Kando as his father and relatives had moved there in 1925. The two met during one of these visits⁵⁰ and became life-long friends. New was a model Protestant businessman for Chŏn. Besides their self-reconstruction beliefs the two shared common personality traits of modesty and personal frugality.

Economic & Business Viewpoint

From 1935 to 1936 Chŏn was briefly an editor for the venerable Korean daily the *Chosun Ilbo*. Chŏn found the stress and culture of drinking surrounding journalists to be incompatible with his beliefs and health and soon went back to business pursuits. However, this experience provided him with the background to write occasional editorials in a variety of major Korean newspapers and magazines later in life.⁵¹ He also expressed his thoughts on economic development in communications intended for circulation only within Chonusa. In these writings over the 1960s and 1970s Chŏn outlined his beliefs regarding business and economic development. Chŏn was probably the most prolific, varied, and frank public writer amongst his South Korean business peers of his time, or possibly any time.⁵²

⁴⁹ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 95.

⁵⁰ T'aek-bu Chŏn. Interview by author. In addition, Yuhan managers that I met agreed that Chŏn and New had what one called a "mutual admiration society."

⁵¹ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 420.

⁵² T'aek-bu Chŏn. Interview by author.

Chŏn wrote two articles on economic culture and policy in the early 1960s that sum up his thinking up to that point in his career, and remain consistent with the course of his later business activities and writings. They are his most comprehensive and analytical public statements regarding his economic viewpoint to be found amongst his writings, unclouded by later justifications and defences of his business career. Both were published in a major daily, the *Kyunghyang Shinmun*. The first, entitled “How to Promote Manufactured Goods Trade” appeared May 2-3, 1961,⁵³ just two weeks before Park Chung Hee’s May 16 coup. At this point in Chŏn’s life he had been involved in running businesses involving an international trade dimension for over thirty years, and was a pioneer in establishing new export channels and related institutions for South Korea. He had been a Vice-Minister for Industry for just over a month the year before. At the time of publication, under the democratic Chang Myŏn government, Korean newspapers enjoyed the most press freedom they would have until the start of lasting South Korean democracy in the late 1980s.⁵⁴

The second article, published January 14-15, 1964, came out after Park had nominally legitimized his control, resuming civilian government and taking the position of President. It is entitled “The Way to Economic Stability (Economic Policies for the Third Republic).”⁵⁵ In May of that year the regime formally adopted an export-led growth policy.⁵⁶ As will be described Chŏn had already enjoyed extensive meetings with Park to outline Chŏn’s pro-export development views in mid-1961. By the beginning of 1964 Chŏn’s positive view of export-led

⁵³ In Korean “Kakong muyŏkŭi ch’ujin, panghyang,” in [Taek-bo Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], ed. Chŏn Taek-bu (Seoul: Sŏlbong Munhwa Chaedan Sŏllip Chunbi Wiwŏnhoe, 1981), 16-19.

⁵⁴ Ki-Sung Kwak, *Media and Democratic Transition in South Korea* (Abingdon, Oxon: Routledge, 2012), 8.

⁵⁵ In Korean “Kyŏngje anjongeŭi kil,” in [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 23-29.

⁵⁶ Kim, *Korea’s Development under Park Chung Hee*, 114.

growth was adopted by the regime, and both he and South Korea were on the verge of experiencing a linked meteoric rise in export derived income.

It was also a moment when press censorship under the Park regime was relatively low. The first on-going censorship measures, that would get progressively worse over the years of Park's rule, were to be imposed on newspapers later in the year in August.⁵⁷ Chŏn had spent just over a month in jail in late 1961 on suspicion of being against Park's coup. As will be described, his real offense was probably advocating economic policies that countered the economic interventionism of Kim Jong Pil, head of Park's chief organ for political repression, the KCIA. Under Kim's leadership, the KCIA was also in charge of implementing Park's first economic development efforts until he was fired in 1963. Chŏn may have waited until Kim Jong Pil was no longer head of the KCIA before publishing his second article. The overall effect in any case, as reflected in this article, was that Chŏn was not intimidated from speaking against what Chŏn saw as excessive government intervention in the economy.

Religious Ethics as Basis for Self-Control within a Capitalist System

In "The Way to Economic Stability" Chŏn argued that ethics based upon a religion, most notably Protestant, was the only way to ensure a responsible upper class and harmonious national society within a free-market economy. Chŏn noted that the strong influence of the U.S. on South Korea, particularly the presence of the U.S. army in Korea, had shown Koreans the consumption possibilities of an advanced economy but Koreans on the whole were still far too poor to hope to live at that level. In such a situation, it was imperative that the rich provide through their

⁵⁷ Kwak, *Media and Democratic Transition*, 8-9.

consumption habits an example for the rest of society, particularly the poor. They had to live in a ‘world’ of “self-control.” In a capitalist system the motivation for this had to be self-directed (neither from the government nor social disapproval) and on the basis of individual ethics: “It is difficult to know how the possessing class can show self-control in their consumption behaviour unless there is an ethical, moral, and religious basis. It is difficult otherwise to make any argument of right or wrong to the statement ‘I earned it, so I’ll spend it.’”

One model for Koreans to emulate in practicing responsible consumption was, to Chŏn, the Korean Production Movement of Protestant Cho Man-sik in the 1920s, which had created the kind of “spirit of love of country and love of race” that was needed. Furthermore,

This type of spirit [exemplified by the Korean Production Movement] can only fundamentally arise from a religious spirit and unfortunately there is no religious foundation amongst us. The numbers of Confucians and Buddhists has fallen greatly and any spiritual consciousness is practically lost. There are only about one million Protestants, not even ten percent of the population. Since Liberation we have been getting a free ride from U.S. power.⁵⁸

Chŏn continued by stating that while Japan was generally Buddhist in spirit (meaning at least the Japanese had some sort of shared religious ethics), in South Korea one was either a Protestant or effectively an atheist, as indeed everyone in North Korea was openly an atheist. Chŏn acknowledged that the communists were trying to force upon all an exemplary egalitarian spirit, but actually maintaining such a spirit without any religious belief was practically impossible.⁵⁹

The challenge was that in a free society with a “free economic system, the basis of economic activity is the profit motive.” While some, Chŏn stated, would argue that South Korea at that time exemplified a lack of savings and charitableness that was the inevitable result of the selfishness of a profit-driven economy, he stated that on the contrary as the economy improved

⁵⁸ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 24.

⁵⁹ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 25.

both of these qualities would increase. As the masses earned enough income to accumulate savings those funds would be channeled into proper financial markets with more productive ends, instead of going into speculative assets like real estate.⁶⁰

Private Sector Led Export-Led Growth, Free of Government Interference

In both articles Chŏn strongly advocated export-led growth as the way for South Korea to develop. The ‘world was changing’; instead of a viciously competitive international order that Ch’oe Namsŏn had lived in, Chŏn saw the non-communist world becoming a heretofore unseen region of ‘mutual cooperation’ as the European Free Trade Area and GATT brought down trade barriers. It was now a ‘win-win’ situation where the more a country traded, the more developed it became and where, Chŏn observed, in the ‘free’ world the nations that traded the most were the most prosperous. South Korea’s skilled and cheap labour, able to make labour-intensive manufactured exports, was its competitive advantage in a new era of free global trade. The results domestically would be to reduce unemployment, always a special concern with Chŏn, alleviate social inequality,⁶¹ and earn much needed foreign exchange.⁶² (The latter reason being commonly cited as the immediate cause for Park Chung Hee to institute export-led growth.)⁶³

In outlining the above argument Chŏn cites Japan and Hong Kong as examples. Exports are seen by Chŏn as a major factor in Japan becoming a rich country. Japan gradually developed

⁶⁰ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 25.

⁶¹ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 16.

⁶² [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 23.

⁶³ See for example Sang-Ch’ŏl Yi, “Such’ul chuto kongŏphwa chollyakŭro ūi chŏnhwan’gwa sŏnggwa” [Development and Formulation of the Strategy of Export-Led Industrialization] in *Saeroun hanguk kyŏngje palchŏnsa: chosŏn huki esŏ 20-seki koto sŏngjang kkachi* [New Perspectives on the History of Korean Economic Development: From Late Chosun Dynasty to 20th Century Rapid Economic Development], ed. Dae-Keun Lee, (Paju: Nanam, 2005), 392.

through trade, its exports initially coming from small scale enterprises and then eventually from larger and more sophisticated ones. According to Chŏn, after WWII in particular, Japan imported better technology and presently exported world-class quality goods.⁶⁴ The second example, Hong Kong, carried with it a political message against government interventionism. Chŏn lauds Hong Kong more than Japan. Hong Kong, the trade entrepot without peer, was also rich, thanks to its ‘nimble’ private merchants and ‘smarts’.⁶⁵ Chŏn advocated hiring Japanese and Hong Kong expertise when possible. Having spent his most important formative years in a ‘Korean frontier’, Chŏn was also mindful of the overseas Korean community, and saw them as a key advantage for South Korea. If North Korea was taking advantage of the Korean-Japanese community, South Koreans should follow suit. Summing up the success of Japan and Hong Kong, Chŏn affirmed that “there is no reason we cannot do the same.”⁶⁶

In both articles Chŏn was very clear that the private sector was to take the initiative in export-led growth and that the less government intervention in trading regimes, the better. In 1961 Chŏn states that Koreans did not want government-provided hand-outs, they wanted to work hard and use their own hands to make things. The role of the government was to provide overall stability in which business could work, and to work harmoniously with industry associations, as it did in Japan. Somewhat against the common perception of Japanese economic history, Chŏn baldly stated that the Japanese ‘model’ was not in fact primarily one of large business groups but of many smaller factories working together. It was also one where, overall, the price mechanism drove a free-market economy.⁶⁷ When presenting Japan as a model for

⁶⁴ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 16-18.

⁶⁵ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 17-18.

⁶⁶ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 18.

⁶⁷ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 19.

South Korea, Chŏn was at pains to emphasize the more market-driven aspects of its capitalism rather than the importance of government.

In his later article Chŏn is even more forthright. Private sector exporters such as himself should be left to get on with their businesses: “I do not know the reasons why restrictions are placed on those with exporting ability while at the same time exporting is being promoted.”⁶⁸ Chŏn calls for an outright end to the South Korean governments’ many controls on the foreign exchange rate. All currencies including South Korea’s should freely float as the market determines. One of the greatest dangers of such control was, to Chŏn, an economically debilitating danger of corruption. To sum up his argument, Chŏn uses the example of Hong Kong versus the Philippines to demonstrate the difference in economic development outcomes between jurisdictions which follow absolute free trade such as the former and so had little corruption, and those with managed exchange rates such as the latter and as a consequence had a great deal of corruption.⁶⁹

‘Hong Kong above Japan’

Throughout his other writings Chŏn re-emphasizes the points made above. Two internal communications for Chonusa from the mid-1960s are worth noting. Chŏn would not need to worry about the censor’s hands nearly as much in internal company communications as in newspapers, but in a regime such as Park’s they also would have been routinely monitored by the government. One impressionistic and anecdotal memo entitled ‘In Hong Kong’ stands out for

⁶⁸ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 28.

⁶⁹ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 29.

bringing together various themes of Chŏn's economic thought. It especially illustrates his favoring of Hong Kong economic development over Japanese, capped off at the end with a 'lesson' regarding the importance of the self-discipline of frugality.

During a visit to Hong Kong in 1965 Chŏn noted that from his hotel room Hong Kong's skyline was greatly changed from even three years ago and now to him looked like Manhattan's. It was completely changed from how it looked on his first visit in 1948. Everyone on the street looked 'clean and sharp' compared to Koreans. He notes that Hong Kong is supposedly experiencing an economic downturn but he can recognize the Chinese characters in ads scattered throughout every Hong Kong newspaper that said 'help wanted.' He suggests therefore the economy must really be at full employment rather than a reported rate of 15% unemployment.

Chŏn continues that while at one time Japanese industry had demonstrated its dynamism it was now Hong Kong merchants, admittedly by exporting Chinese communist made goods, who were showing business flair. One example was the success of HK merchants in exporting frozen shrimp first to the U.S., and then lately to Japan. Then after giving an anecdotal example of the high level of HK hotel service, Chŏn suggests it is but one example that "all Oriental people" could learn from. Following this Chŏn states, "In Japan we can see considerable economic troubles. Income is rising but the cost of living is high and there is an oversupply of manufactured goods that cannot be sold." To illustrate his point Chŏn cites the Japanese television industry as one that was once thriving but is now in dire straits and may not survive, due to a lack of 'self-control.' The 'fall' of Japanese industry was imminent, arising from

complacency after some lulling initial success: “For our own company, I feel we can learn that we always need to maintain a frugal lifestyle.”⁷⁰

‘A Free Economy Will Create Development’

The second brief internal company memo worth noting is from June 1964 and entitled ‘What Should We Do to Improve the Standard of Living?’ In it, Chŏn criticized W.W. Rostow’s ‘stages of economic growth’ theory which permeated U.S. development aid thinking at the time, as well as the views of many Korean economists and economic officials.⁷¹ Chŏn saw it as encouraging government intervention through economic development plans. Chŏn then made perhaps his clearest statement in favour of classical liberal economics with a minimal role for government:

Economic development is not something the government can do alone; it can be achieved only with the efforts of the entire populace. In my opinion the government should provide basic infrastructure such as electricity, transportation, and telecommunications and the rest will be the result of the free decisions and efforts of citizens engaged in commerce. Based on this principle our present system diverges too much for it to be a truly free economy. If we just give citizens the freedom to act will not development happen naturally? This is the most critical point, incentives. If the state creates the environment where the people know they can improve their life by their own volition then there is no doubt that all 27 million of us will make our rise by our bare knuckles. Everything depends on people. If the average person is not moved then no matter how good the plan or how hard the government works the day of development will never come. In any case does motivation have to come from the government? More important than what the government can do is everyone, each person freely pursuing their interests by making decisions that follow their interests. To that end do our people lack the motivation to improve their standard of living?⁷²

⁷⁰ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 306-308; direct quotes can be found on page 307.

⁷¹ Woo, *Race to the Swift*, 77.

⁷² [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 290.

Needless to say, the answers to Chŏn's rhetorical questions are 'yes', 'no', and 'no'. For Chŏn the best way for South Korea to develop, which would not fail and had not yet been truly tried, was for the government to provide basic infrastructure and leave the rest to private initiative. Within such economic freedom ordinary South Koreans would be amply incentivized to follow their own self-interests and the standard of living will reach developed levels.

The Ethical Businessman, Social 'Trust'

Particularly in the 1970s after his business career was winding down, Chŏn's editorials spoke more generally on broader aspects of faith, the role of the businessman, and how society could be improved. Writing in the *Dong-A Ilbo* newspaper in 1979, Chŏn identified his devotion to his faith as the wellspring from which all else in his career had sprung. No matter what a believer did, there was an opportunity for service to the larger community. "Ever since I was young I well remember the lyrics of the hymn: 'No matter where we are we must shine a light'" Within this orientation, a believer/nationalist (the one synonymous with the other) who chose to be a businessman had to realize that while "the goal of industry is profit above all ... it must be created lawfully and ethically" and that even beyond the law and ethics, "between personal and national gain, national gain must come first."⁷³

The need for greater levels of trust within Korean society was a recurring theme for overall social improvement that Chŏn emphasized. In a pair of broadcasts on November 6, 1974 on the KBS TV network Chŏn provided his most in-depth exploration of this theme. According to Chŏn, due to the stresses of the Japanese colonization and then civil war, Koreans lacked trust

⁷³ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of 'Sŏlbong' Chŏn Taek-bo], 420.

of other Koreans outside their circle of family and friends. This could be observed by the self-seeking behaviour of Koreans in fighting for taxis or obtaining transportation to their home town during major holidays.⁷⁴ “Our society is a society without trust.”⁷⁵

Beyond transportation issues, this lack of trust had serious economic consequences. “If we cannot eliminate distrust in society we not only cannot create social unity we will not be able to multiply our rate of economic productivity.”⁷⁶ The economic importance of social trust was demonstrated by its prevalence in all developed economies. In the U.S., the most important model of a ‘trustful’ society, Americans said ‘good morning’ to complete strangers and shop clerks greeted a new customer with ‘how can I help you?’ Koreans were deficient in trust versus the Japanese and Chinese as they were not as group-oriented as the Japanese, and Chinese merchant culture made it possible for numerous paperless transactions based solely on credit and reputation. Chŏn also relates an ‘astonishing’ anecdote from small-town Ontario where in the hometown of a Canadian missionary active in Kando residents did not lock their doors. Supposedly, the neighbours could be counted on watch the house without locking it up even when the missionary’s son went away to London for a conference for an extended length of time, showing the high levels of trust in a developed country such as Canada.⁷⁷ The economically damaging plethora of regulations that the South Korean government created was a symptom of lack of social trust.⁷⁸

While the present level of trust within Korean society was low, Chŏn recalled the high levels of trust that developed between himself as a rice miller and farmers in Manchuria, which

⁷⁴ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 56.

⁷⁵ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 60.

⁷⁶ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 60.

⁷⁷ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 57, 60, 61, 64.

⁷⁸ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 62.

smoothed economic interactions between them. Chŏn had often been the very first Korean to try and sell products such as plywood to foreign buyers. From this experience he said he knew firsthand the importance of trust in business.⁷⁹ Above all, Koreans had to stop being liars, particularly in business. In language that recalled ‘civilization and enlightenment’ discourse, Chŏn admonished his readers that “In a civilized society people have a sense of responsibility and self-respect and do not tell lies. To deceive others offends their sense of self-respect and their regard for others and this is something they completely avoid.”⁸⁰

While Koreans could and needed to learn trust, it was not something, Chŏn believed, that could be imposed by the government or a ‘strongman’; instead it had to develop by each individual learning to work with others.⁸¹ According to Chŏn, the ultimate remedy for the lack of trust was modern education mixed with religion. (In other words, the same formative experience Chŏn had, though he does not say this.) This would create conscientious, self-controlled people who realized that the most important goal of life was to be in service to others, and this in turn would create economic development for Korea.⁸² Assiduous faithfulness would create an economic “world we can live in.”⁸³

Like Ilhan New’s espousal of Employee Stock Ownership Plans in the 1930s seeming to anticipate ‘Third Way’ discourse on capitalism in the post-WWII West, Chŏn’s emphasis on social trust as critical for economic development seems to anticipate Francis Fukuyama’s much more famous argument along the same hypothesis in the 1990s. In Fukuyama’s *Trust: The Social Virtues and the Creation of Prosperity*, published in 1995, he used most of the same countries as

⁷⁹ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 61.

⁸⁰ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 63.

⁸¹ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 60.

⁸² [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 59, 64.

⁸³ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 64.

examples that Chŏn did. Fukuyama argued that prosperous countries are those where business relations between people can be conducted informally and flexibly on the basis of trust, such as Germany, Japan, and the United States. On the other side are countries without ‘trust,’ where social bonds are subordinated to family and other personal ties, creating rigidities, provoking state intervention, and dampening economic development. One of the major examples Fukuyama used was South Korea.⁸⁴

Remaining a ‘Vigorous Grandson of Tangun’

As befitting one of the ‘vigorous grandsons of Tangun’, Chŏn was a booster of physical exercise for individual health and for the vigour of the nation. His favorite exercise from earliest youth to old age was skating. Chŏn advocated skating to delay aging, regulate weight, and foster mental concentration. In his telling, his own personal vigour even into old age was attributable to it. A Spartan habit of skating every day at daybreak, even if the temperature went down to minus twenty, as Chŏn did when a youth in Manchuria, was recommended. Chŏn noted that skiing was also a fine winter sport, but it required too much expensive equipment, implying that the more accessible skating was more conducive to social harmony. Chŏn’s fond memories of skating tie the sport implicitly with his sense of national identity and geography, much as ice hockey is tied to Canadian nationalism. For example Chŏn reminisces repeatedly that he learnt the sport as a child skating over frozen rivers fed by Mt. Paektu in Manchuria.⁸⁵ Skating linked him to that past

⁸⁴ See Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*, (NY: Free Press, 1995).

⁸⁵ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 69-70.

and brought it into the present in mind and body. “With skating I can recover the strength of my youth of long ago.”⁸⁶

Independence from Incriminating Government Ties

With no surviving large company to promote his memory, the chief testament to Chŏn’s life and career was a relatively long entry in the ‘Christian Encyclopedia’ and a two-volume biography and collection of his writings, which are used extensively in this chapter. All three were written or edited in 1981, a year after Chŏn died, by the long-time YMCA head and noted historian of Korean Protestantism, Chŏn T’aek-bu. Chŏn T’aek-bu was also a life-long friend (and distant relative) of Chŏn.⁸⁷ According to Chŏn T’aek-bu, when interviewed by the author for this study,

Chŏn T’aek-bo did not compromise with politics. Therefore he was hated. He was hated and in the end he was defeated. But he was a heroic businessman....His management goal was not to make money but to lift up Koreans from poverty and give them a good living. To be a company making lots of money, companies asked for many favours from the government, but his did not. Businessmen like Lee Byung-Chull [founder of Samsung] asked for much help from the government. Instead of asking for help Chŏn favoured exporting manufactured goods....He tried to be independent but when up against the government? [Who can win?]...

Chŏn T’aek-bo’s concern with increased ties with government was that as they multiplied, so did opportunities for businessman to become vulnerable to requests for kickbacks and bribes.⁸⁸ The fact that Chŏn only expressed his fear of government ties being inextricably linked with

⁸⁶ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 70.

⁸⁷ Chŏn T’aek-bu and Chŏn T’aek-bo’s main point of contact was from their mutual work for the YMCA.

⁸⁸ T’aek-bu Chŏn, Interview by author.

corruption to friends and relatives, and not in his writings shows that this topic was too sensitive with the Park regime for Chŏn to broach openly.⁸⁹

Career

After graduating from Kobe School, through the contacts of an American female missionary, Chŏn was hired by the Kobe branch of the New York National City Bank where he worked until the end of 1929. Despite being successful, and the only Korean in his junior post, he wanted to return to Kando to escape Japanese anti-Korean discrimination, as well as for nationalist and family reasons. In 1930 in Ryongjŏng he taught geography and English (two topics certainly useful for a future exporter) at his alma mater, Yongshin High School. From 1931 until 1935, before his stint at the *Chosun Ilbo* mentioned above, Chŏn worked as a senior manager in Korean financial co-ops serving small-scale farmers. He was based for most of this period in Hamhŭng in north-east Korea.⁹⁰

Exporting from the Shadow of Mt. Paektu

After leaving his newspaper job in Seoul Chŏn returned to Kando in 1936. With severance pay and funds from fellow Kobe School alumni he tried several ventures. First he unsuccessfully speculated in pine nuts, and then found success as a rice trader. Finding the price of rice too volatile, Chŏn sought a more stable business in operating a rice mill. In this enterprise Chŏn found stable profits, built large warehouses and involved members of his family in its

⁸⁹ Except parenthetically, by using the example of the Philippines.

⁹⁰ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 87-88, 390-391.

operations. As his operations grew he made alliances with other Manchurian rice mills and sold rice to buyers in and outside China. In current dollars Chŏn was running a business of several millions of dollars in sale. Along with his business activities Chŏn donated to local school building, served as head of the local education board, and served as advisor to local government.⁹¹ In cutting his entrepreneurial teeth in rice milling, Chŏn took the same first step to eventual business success as many of the largest big business founders of the 1950s.⁹²

In 1938 his rice trade business was seriously hampered by increasing clashes between the Japanese and Soviets on the Manchurian borders. Chŏn then decided to focus his energies mainly on the rice agribusiness plan he had researched a decade earlier while studying in Kobe. He selected as his spot a large spread nestled right below Mt. Paektu.⁹³ In his writings Chŏn waxed poetic in words reminiscent of Ch'oe Namsŏn about this location right beside the birthplace of the Korean race: "Only by late morning did mountaintops appear; then, there was a clear view of Mt. Paektu. It was an ocean of dense forest green, a gorgeous spectacle of mountain peaks everywhere."⁹⁴

The site had previously been populated but with the Japanese invasion of Manchuria inhabitants had fled. Despite a heavy Japanese police presence 'bandits'⁹⁵ were a problem, so Chŏn built an earthen fortress around it. Financing was provided for approximately 125 households, thirty of which were Korean farmers and most of the rest Chinese. Chŏn built two schools, one for Korean and the other for Chinese students. Chŏn also attracted two or three

⁹¹ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 92-94; Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 421.

⁹² Kim, "The Expansion of Korea's Private Business," 340-341.

⁹³ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 94-95.

⁹⁴ Chŏn T'aek-bo quoted in Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 96.

⁹⁵ Dae-Sook Suh, *Kim Il Sung: The North Korean Leader* (New York: Columbia Univ., 1988), 37. In terms of timing, some of these 'bandits' could well have been future North Korean leader Kim Il Sung's guerilla group.

households of ‘White Russians’ as he believed they were the best he had seen in developing a livestock business, a business he encouraged to increase income for the settlement.⁹⁶ On top of this operation Chŏn in 1940 also set up a pollack trading company in Tumen, a town on the border of Korea and Manchuria.⁹⁷

Waiting out the War in Hamhŭng & Fleeing South

By 1942 Chŏn foresaw the defeat of Japan, and was forced to ‘sell’ his agribusiness settlement to a Japanese government affiliated company (he never received the agreed upon price) and thought it prudent to wait out the war in Hamhŭng. While there he lived a relatively quieter life, a period that Chŏn would later recall as one where he lived near the ocean and caught fish for dinner, and the “happiest time in his life”⁹⁸. He was not completely at ease though, as amongst other ventures, most of which were very successful, he ran fishing operations, dealt in real estate, started a ceramics factory and built an office building in downtown Hamhŭng.⁹⁹

With Liberation Chŏn saw he had to leave everything behind again and flee from the Soviet occupation. “When the communists took over town the world changed in a flash. I was worried... Considering my wealth, my high level of education, and being a Christian, it was impossible that they would tolerate me.”¹⁰⁰ As with his personality assessment of his childhood friend Dŏk-su who went communist, the North Korean communists were presumed to lack the

⁹⁶ Chŏn, *Sŏlbong Chŏn T’aek-bo Chŏn’gi* [Biography of ‘Solbong’ Chŏn T’aek-bo], 97-98.

⁹⁷ Chŏn, *Sŏlbong Chŏn T’aek-bo Chŏn’gi* [Biography of ‘Solbong’ Chŏn T’aek-bo], 391.

⁹⁸ Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 422.

⁹⁹ Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 423.

¹⁰⁰ T’aek-bo Chŏn quoted in Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 423.

proper ‘high level’ of education which would have prevented them from embracing communism in the first place. Chŏn believed they would resent those with such education. Fleeing to Seoul at the end of 1945, Chŏn was well connected to Protestant elites such as himself and did not lack opportunities. Returning to the *Chosun Ilbo* was a possibility. His first steady employment was for half a year in the U.S. military government, a position he gained through the help of Cho Byŏng-ok.¹⁰¹ Cho was a Protestant, a follower of An Ch’ang-ho and attended the First Korean Congress in 1919 as had Ilhan New. In the late 1940s he was a close confidante in domestic security circles to Syngman Rhee, later breaking with Rhee to be his main Presidential opponent in the 1960 election.¹⁰²

Rapid Rise of Trading Pioneer ‘Chonusa’ in 1940s & 1950s

With such connections Chŏn could have easily ‘re-invented’ his career in either journalism, government, or politics, but he chose to re-enter business with the encouragement of fellow Kobe School alumni, a loan from the Ehwa Foundation (linked to the Protestant university for women), and office space in the *Chosun Ilbo* building. The company he founded in 1947 was named ‘Chonu Company,’ or ‘Chon-u Sa,’ the characters for ‘chon-u’ meaning ‘heaven’s help,’ or in other words, a company dependent on God’s help. Chŏn saw Chonusa as a vehicle for helping the economy of a liberated Korea: “When selecting which industry I will enter I do not make my decision based on which will earn me the most money. I select the industry on the basis of which one will be most beneficial to the people of this country and which

¹⁰¹ Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 424.

¹⁰² Byŏng-ok Cho, *Naŭi hoekirok* [My memoirs] (Seoul: Tosŏ, 1986), 47-51.

will aid in the construction of the economy going forward.”¹⁰³ He also saw the success of his post-war ventures as being dependent on God’s will. During the hard work of initially launching his business Chŏn recalled the comforting words of a favorite hymn: “‘My Lord, lead me as You will. My body and soul is all from You. Lord, deliverer over this world’s bitterness, as You command, so shall I do.’ As the Lord had all under His control, my soul was at peace and I could endure whatever I needed to.”¹⁰⁴ Based in Seoul for the rest of his life, Chŏn was a faithful lay member of the Kyungdong Presbyterian Church which was founded in the late 1940s as a prominent ‘northern refugee’ church. While Chŏn was alive it was located in a prestigious neighbourhood, just west of the South Korean Presidential residence.¹⁰⁵

Chonusa became the exclusive importer of paper used by the *Chosun Ilbo*. By 1947 Chonusa was supplying one-third of all newspaper being used in South Korea. When the President of the *Chosun Ilbo* was captured during the Korean War and taken north, never to be seen again, Chun temporarily became de facto head of the newspapers until he recruited a permanent replacement. In 1946 Chŏn was one of the founding traders of the Korea International Trade Association (KITA), the largest private, non-profit trade support association in South Korea. In 1952, while temporarily operating out of Pusan during the Korean War, Chŏn was a founder of South Korea’s top economics scholarly association, the Korean Economic Association. Both institutions were concrete manifestations of Chŏn’s belief in free trade and capitalist economics.¹⁰⁶

¹⁰³ Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 424, quote on 427.

¹⁰⁴ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 237.

¹⁰⁵ T’aek-bu Chŏn, Interview by author.

¹⁰⁶ Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 425-426.

In 1948 Chŏn visited Hong Kong for the first time, which he later recalled on his initial meeting with Park Chung Hee. In 1949 Chonusa exported \$300,000 worth of straw to Japan – the first private sector trade with Japan since Liberation. Throughout the 1950s Chŏn spent most of his time developing Chonusa as a trading company, setting up Daesong Wood, and a few lesser ventures in leather and shipping.¹⁰⁷ Daesong Wood had started under a different owner during Japanese colonial rule, importing logs from Manchuria and producing construction timber, particularly plywood. The Korean War disrupted its business enough that the previous owner sold it to Chŏn in 1954. After Chŏn took its helm he obtained US AID funds to import timber from the Philippines. Amongst his customers were the U.S. Army in Korea and eventually in 1960 export customers in the U.S. In 1957 Chŏn constructed his own headquarters in the Chonusa building, a towering six stories for the Seoul of that time. By many business measures Chonusa was a ‘top-ten conglomerate’ by the late 1950s.¹⁰⁸

Chŏn undertook many industry and social service roles. He was head of the fundraising drive that collected the funds to build the YMCA its downtown office building. Other major donors were Lee Byung-Chull,¹⁰⁹ the founder of Samsung Group, and HanGlas’s Choi Tae-sup, another self-reconstruction capitalist of a younger generation than Chŏn. In 1958 he was the head of the first Korean UNESCO organization. He oversaw the creation of an orphanage. In the late 1950s he was a Vice-Chairman of the Korea Trade Association. In 1959 he became a special ambassadorial representative for Denmark.¹¹⁰

¹⁰⁷ Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 426-427.

¹⁰⁸ Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 428.

¹⁰⁹ T’aek-bu Chŏn, Interview by author. Lee, a non-Christian, was persuaded to donate a huge amount for the time through the efforts of Chŏn.

¹¹⁰ Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 429; T’aek-bu Chŏn, *Sŏlbong Chŏn T’aek-bo Chŏn’gi* [Biography of ‘Solbong’ Chŏn T’aek-bo], 393.

From the 1950s onwards one of Chŏn's closest business friends, other than Ilhan New, was Lee Byung-Chull. The two pursued and shared various intellectual interests. During the 1950s their respective business enterprises were relatively equal in size and success. In a period when businessmen were commonly perceived as poorly educated and uncultured, Chŏn and Lee were educated men with wider interests extending beyond business. More than a mere 'businessman,' Chŏn came across as some sort of combination of "a minister, a professor, and a social worker." Lee's intellectual and patronage interests were complementary yet different enough to be interesting to Chŏn. Lee's were more skewed toward high culture and fine art. In Chŏn T'aek-bu's view Chŏn's Protestantism made him more broadminded. "Because Chŏn was a person who believed in Jesus he did not know only about business but knew much regarding general culture."¹¹¹ This is a biased generalization of Chŏn T'aek-bu that was probably shared by Chŏn T'aek-bo and many Protestants of his generation, and if believed in, becomes a self-fulfilling description. For Korean Protestants of that time becoming a believer meant becoming an active agent of overall Korean modernization, giving the believer a broader perspective on society. For anyone, including Chŏn, becoming Protestant meant becoming catholic in their interests. Finally, it is worth noting that Chŏn's ability in English was also very rare for the South Korean corporate elite at that time.¹¹²

Disastrous Stint as Minister in Hŏ Jŏng Administration

In the late 1950s Chonusa and Chŏn (along with Yuhan's Ilhan New) acquired a reputation for refusing to provide bribes to Rhee's ruling party. This favorable reputation led to

¹¹¹ T'aek-bu Chŏn, Interview by author.

¹¹² T'aek-bu Chŏn, Interview by author.

his appointment as the Deputy Minister for Industry in the transitional government of Hō Jōng.¹¹³ Hō Jōng presided over the South Korean government and maintained order between the end of the Rhee regime after the April 1960 revolution and the election of Chang Myōn as head of the Second Republic in July of the same year. Hō was a Protestant, an attendee of the First Korean Congress in 1919, a loyal Rhee devotee since the 1920s, minister in his government, and supporter of the YMCA in the late 1950s.¹¹⁴

While Chōn first rejected the offer several times, he was appointed April 28 to acclaim. Chōn had to resign 35 days later on June 2nd. On the same day he was appointed, Rhee's sinister Minister of the Interior Choi In-kyu was arrested. At trial Choi claimed, to huge publicity in a now free media, that Chōn was amongst those top businessmen who gave 'donations' to Rhee's political party. Chōn had no time amidst the uproar to actually do anything significant as a minister. He all but admitted that he was not strong enough to resist the pressure to 'donate' to the government. "To say that during the time of the Liberal Party a businessman had no choice but to make a political contribution is not just an empty excuse. ...The political contribution problem at that time was a problem for all businessmen." The resulting public humiliation and shame was the worst of his life and brought on the only time in Chōn's life where he had thoughts of suicide. However, he wrote "as a Christian I cannot commit suicide."¹¹⁵

After his resignation many newspapers encouraged him to return to business, no doubt in part due to his many personal ties in the newspaper business. One newspaper wrote "Chonusa's Chōn is an unjustly maligned stalwart, a person who has suffered under the repression of

¹¹³ Yi, "Chōn T'aek-bo, Chonusa ch'angōpcha" [Chōn T'aek-bo, founder of Chonusa], 430.

¹¹⁴ T'aek-bu Chōn, *Chahwasangŭl kuritushi 1* [Self-portrait 1] (Seoul: Pōmusa, 2006), 213; Hō Jōng, *Naeilŭl wihan chungŏn* [Testimony for tomorrow] (Seoul: Saemt'ōsa, 1979), 18.

¹¹⁵ Yi, "Chōn T'aek-bo, Chonusa ch'angōpcha" [Chōn T'aek-bo, founder of Chonusa], 431-432.

[Rhee's] Liberal Party, a scholarly minded humanitarian whose life-long efforts in business are a grand model...."¹¹⁶ Besides continuing to manage Chonusa, in early 1961 Chŏn worked on tree replanting projects, and took on further leadership roles within the YMCA.¹¹⁷

Chŏn First to Advocate Export-Led Growth to Park Chung Hee

On May 16, 1961, Park Chung Hee led a military coup overthrowing the democratic Chang Myŏn government, which ushered in a roller-coaster rest of the year for the South Korean business elite eventually including Chŏn. As part of the coup's public rationale was to eliminate corruption, on May 17th Park's junta arrested twenty-one top business leaders on charges of illicit wealth accumulation and corruption through their relationship with the Rhee regime. The charges carried with them the threat of extensive confiscation of wealth, and even capital punishment. Chŏn was not amongst those arrested, possibly because of his still quite positive reputation for public service and because he had already faced public humiliation with his previous resignation as minister. Park's other justification for the coup was that he would catalyze economic development. He soon realized however, partly with U.S. pressure, that to follow through on this he needed the help of top business leaders. On June 27 Lee Byung-Chull returned to Korea from Japan to face an arrest warrant but instead was greeted with a cordial meeting with Park, signalling that the regime was now taking a more conciliatory approach to top businessmen. Around the same time practically all other business leaders were released and the fines imposed were eventually waived.¹¹⁸

¹¹⁶ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 433.

¹¹⁷ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 434.

¹¹⁸ Kim and Park, "The *Chaebol*," 273-274.

In December 1960, working from the Chonusa head office, Chŏn led planning for the creation of the Korea Economic Council, which was launched in January 1961 with Chŏn as its Vice-Chairman.¹¹⁹ After being renamed the National Association of Company Presidents in August, the Council ultimately became the Federation of Korean Industry (FKI) in 1968, the premier business association for Korea's largest business conglomerates.¹²⁰ On June 20th, Kim Ip-Sam, then and throughout his career extending into the early 2000s a top manager working directly for the Council and then the FKI, led Chŏn and a few other fellow top business owners to a meeting with a pleasant and almost obsequiously polite Park. Park was seeking economic policy advice. Kim, who states that "The strategy of export promotion was first suggested by Chŏn T'aek-bo of Chonusa,"¹²¹ recounts the fateful (and in Kim's telling, melodramatic) meeting where Chŏn successfully touted the idea of export-led growth using Hong Kong as a model:

As soon as Park Chung Hee sat down he came straight to the point. "I would very much like it if you please if I could hear your views on how we can revive the economy."

...Park maintained a very polite air with the businessmen present. Though they were [just] businessmen the supreme leader of the nation held his head slightly bowed. It was a noble posture. It gave me at that moment an incredibly strong impression of unshakeable willpower. It still does.

Later I went over the conversation with the three business Presidents in attendance.

Park Chung Hee wanted to question and listen.

"Please speak naturally without regard for personal rank or position."

[Fellow business] President Kim gave President Chŏn T'aek-bo a look as to urge him to speak first.

In a low voice President Chŏn opened his mouth first.

¹¹⁹ Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 393; T'aek-bu Chŏn, Interview by author.

¹²⁰ Ip-Sam Kim, *Ch'okunmokpiesŏ sŏnjinkukŭroŭi chungŏn* [Witness to going from roots and barks to developed nation] (Seoul: Hanguk Kyongje Sinmun, 2003), 93; Kim and Park, "The *Chaebol*," 274-275.

¹²¹ Ip-Sam Kim quoted in Kim and Park, "The *Chaebol*," 277.

“At the end of May the Revolutionary Military Committee asked our business group for detailed proposals regarding the operation of the economy. Academia and the media have a very pessimistic view of the economic days ahead but we businessmen absolutely do not think that way. In particular the men who are now in front of you carry the unshakeable belief that we have the ability to create an economy we can be proud of.”

President Chŏn continued in describing his experiences to Park Chung Hee.

“I will speak of my going to Hong Kong in 1947. At that time Hong Kong was swarming with impoverished people chased from China by Mao Zedong’s army like it was submerged by a flood. Several millions of desperately poor people for who even water needed to be imported were clustered so that one wondered upon seeing the place how were people merely going to live. However, the secret to the survival of these millions can be summed up in one phrase: ‘bonded manufacturing export trade’.”

“And in comparison to Hong Kong then our situation now is better and we can work harder.”

It seemed like the first time Park Chung Hee had ever heard of ‘bonded manufacturing export trade.’

He asked for a more detailed explanation.

President Chŏn continued.

“Hong Kong is a small island and there are no directly exploitable primary resources for its inhabitants. It has to import all of that from foreign countries. From foreign countries it imports inputs and then it takes these components, and makes manufactures for export. For example it imports fabric and makes children’s clothing, stuffed toys, and Christmas ornaments for export. Hong Kong housewives through sewing can provide for four or five hungry mouths. Our women are amongst the best in sewing in the world and can do the same.”

Park Chung Hee gave a slight nod in agreement.

But it seemed he did not quite grasp it completely and Park stated: “I apologize, but if you sir, can spare the time tomorrow, are you able to please come again to explain?”

Of course Chŏn T’aek-bo met Park Chung Hee again after a few days.

At that time it seemed Park Chung Hee truly got into the spirit of wanting to thoroughly and completely understand it....

In further conversations Park’s intensity and anxiety regarding the topic could be felt. I have really tried to emphasize just how focused the atmosphere of the conversation was.

The ultimate significance of this meeting was that it signified when Park Chung Hee first became serious about economic policy.

A war-battered soldier braving the currents of society on that day met an entirely new type of person, [the ‘businessman’].

He felt the spirit of businessmen, filled with energy and the confidence they can do anything.¹²²

Later in his memoirs Kim recounts the founding in early 1963 of the government sponsored public-private ‘Council for Promotion of Export Industries’ (*Such’ul sanŏp ch’okjin wiwŏnhoe*). Chŏn’s ideas were the major catalyst for its founding and Chŏn was the ‘universal’ choice for first Chairman (though Chŏn deferred in favour of the founder of the present-day Kolon Group).¹²³ The Council’s major accomplishment was to encourage Japanese investors, particularly Korean-Japanese, to invest in export industries in South Korea’s first export industrial zone set up in the Kuro district of Seoul in March 1963.¹²⁴ Kim also credits Chŏn with coining the ubiquitous policy and propaganda term of the Park regime supporting export-led growth, ‘Exports First-ism’ (*such’ul cheil chuŭi*). Kim quotes Pak Ch’ung-hun, the industry minister in 1963 as saying “President Chŏn was always saying ‘Korea can only develop with ‘Exports First-ism’ which became implanted in my mind and then was used by the government.”¹²⁵

Partly as a result of his duties with the FKI, Kim Ip-Sam had correspondence and personal contact with the Mont Pelerin Society, the world’s leading advocacy group for neoliberalism, founded by the iconic Nobel Prize winning economist Friederich Hayek. To meet Hayek in person when he visited Korea in 1978 seems to have been to Kim one of the highlights

¹²² Kim, *Ch’okunmokpiesŏ sŏnjinkukŭroŭi chungŏn* [Witness to going from roots and barks to developed nation], 93-96.

¹²³ Kim, *Ch’okunmokpiesŏ sŏnjinkukŭroŭi chungŏn* [Witness to going from roots and barks to developed nation], 161-162, 165-166.

¹²⁴ Kim, *Ch’okunmokpiesŏ sŏnjinkukŭroŭi chungŏn* [Witness to going from roots and barks to developed nation], 169-172, 533.

¹²⁵ Kim, *Ch’okunmokpiesŏ sŏnjinkukŭroŭi chungŏn* [Witness to going from roots and barks to developed nation], 167.

of his career.¹²⁶ Considering Kim's apparent championing of neoliberalism, and his career working for Korea's leading 'big business' interest group it is not surprising that in his memoirs Kim Ip-Sam emphasized that a private sector businessman such as Chŏn was actually the 'father' of Korean 'export-led growth.' Claiming that paternity is a matter of some ideological and nationalist importance, as in turn, the South Korean export-led growth 'model' has become a globally famed 'guide' (even within the last decade) for developing economies through the works of UN, World Bank, and IMF affiliated economists such as Alice Amsden and Anne O. Krueger.¹²⁷ South Korea's quadrupling of exports relative to growth in world trade from the 1960s through the 1980s is highlighted in seminal works such as "The East Asian Miracle" by the World Bank.¹²⁸

Taking into consideration the inherent bias of any historical witness, including Kim Ip-Sam, Chŏn's role as the first key advocate for export-led growth to the Park regime, as attested to in his memoirs, has been completely ignored in scholarly literature.¹²⁹ Some of the key literature, by American and Korean scholars, and by top American and Korean economic officials active during the time discussed, have emphasized the influence of American, World Bank, and UN related experts,¹³⁰ or alternately, the role of the leading Korean economic

¹²⁶ Kim, *Ch'okunmokpiesŏ sŏnjinkukŭroŭi chungŏn* [Witness to going from roots and barks to developed nation], 8, 400-403; See "Letter from Chiaki Nishiyama to Friedrich Hayek, Aug. 1, 1978," Friedrich A. von Hayek papers, Box 39, Hoover Institute Archives.

¹²⁷ Byung-Kook Kim, "The Leviathan: Economic Bureaucracy under Park," in *The Park Chung Hee Era: The Transformation of South Korea*, ed. Byung-Kook Kim and Ezra F. Vogel (Cambridge, MA: Harvard Univ., 2011), 217; see also Anne O. Krueger, "Opening Remarks by Anne O. Krueger," Oct. 4, 2004, International Monetary Fund website, <http://www.imf.org/external/np/speeches/2004/100404.htm>. Krueger advocates that African countries adopt the Korean export-led growth model.

¹²⁸ World Bank, *The East Asian Miracle: Economic Growth and Public Policy* (Oxford: Oxford Univ. for World Bank, 1993), 37.

¹²⁹ Except for the one sentence quoted above (see footnote 121) in Kim and Park, "The *Chaebol*."

¹³⁰ See for example Stephan Haggard, Byung-kook Kim, and Chung-in Moon, "The Transition to Export-led Growth in South Korea: 1954-1966," *The Journal for Asian Studies* 50, no. 4, (Nov., 1991), 864-865; also David C. Cole and Princeton N. Lyman, *Korean Development: the Interplay of Politics and Economics*, (Cambridge, MA: Harvard Univ.,

officials,¹³¹ and others the combined influence of both sources.¹³² All sources agree that the idea originated in 1963 at the earliest. The background of the authors of this literature, namely the academy and government service, perhaps indicate a source of bias in their own analysis, where academics and government officials may be inclined to see important ideas as coming exclusively from academics and government officials. The absence of Chŏn from the historical record may also reflect the overall obscurity that has befallen him in comparison to his peers simply because his company disappeared completely upon his death while his peers' companies continued and thrived long after their demise. More significantly in terms of the overall thesis of this study, this emphasis on the deliberations of experts in 1963 and historical amnesia regarding Chŏn's life and career isolates the origins of the idea of Korean export-led growth from much earlier currents in Korean economic thinking and practice, one current of which Chŏn personifies.

Chŏn's Arrest as a 'Counter-Revolutionary' & Park's Initial Economic Development Efforts

On September 18, 1961, Chŏn became the Chairman of the Korea Chamber of Commerce.¹³³ This, along with his thriving business and Vice-Chairmanship of the then named National Association of Company Presidents (previously the Korea Economic Council), all

1971), 205, David C. Cole was a top U.S. aid expert advising the Park regime at that time; David C. Cole, "Where the Idea for Export-Led Growth Came From" (lecture for Korea Colloquium, Harvard Univ., Cambridge, MA, Fall, 1988).

¹³¹ See for example Kim, *Korea's Development Under Park Chung Hee*, where he reviews and critiques the literature emphasizing foreign influences (112-114) and instead argues that a full review of "Korean sources" shows that the idea came from Korean officials (114-115).

¹³² See for example Kim, Chung-yum, a key Korean economic official of the 1960s to the 1970s in his memoirs/analysis *Hankuk kyŏngche chŏngchaek30-nyŏnsa* [A thirty year history of Korean economic policy], (Seoul: Chungang Ilbo, 1995), 134. Kim Hyung-A identifies Kim Chung-yum himself as one of a trio of Korean officials who originated and implemented the idea of export-led growth (see Kim, *Korea's Development Under Park Chung Hee*.)

¹³³ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 434.

signified a new peak in Chŏn's business career, a paragon of business success and top representative of the Korean business sector, with access to the country's top leader.

From September 22nd to November 3rd Chŏn was imprisoned (and probably faced physical abuse) as a 'counter-revolutionary,' that is, as one who allegedly opposed Park's 'revolutionary' taking of power. As a result Chŏn had to 'celebrate' his '*hwankap*,' or 60th birthday, a special milestone in Korean culture, in prison. He was released supposedly on the express orders of Park.¹³⁴

The specific cause of Chŏn's arrest as a 'counter-revolutionary' is suspected by a biographer and by Kim Ip-Sam to have been the report of an unknown informer who misconstrued statements by Chŏn made the day after the military coup at an emergency meeting of the Korean Economic Council that he chaired.¹³⁵ Kim's account of what happened is as follows:

At 11 am, May 17, 1961 the Korea Economic Council held an emergency management committee meeting in its meeting room on the 5th floor of the Bando Hotel. The atmosphere was thick with tension. The only topic was yesterday's dawn coup d'état. The whereabouts of [deposed] Premier Chang, whose office was on the 8th floor, were still unknown. Attendance was broader than usual... Chŏn T'aek-bo had given notice that he would be late. Amongst the items that would have been discussed [at the next scheduled meeting] included... measures to promote exports through the export-import linkage system... but instead discussion centered on the recent upheaval...

The meeting started at 11 sharp. Everyone had a copy of the coup leader's revolutionary aims. The purpose of the meeting was to give a formal response to these aims, as none had been proposed yet. It was a very delicate task for the businessmen present to grasp the political situation and prepare a response. It did not appear however that taking an oppositional stance to the military was something they would want to do. The aims of the revolution were 1) anti-communist and pro-American, 2) to crack down on trouble-making leftists disrupting society, 3) getting tough on crime and social evils, and 4) solving the economic problems of the people.

¹³⁴ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 434-435.

¹³⁵ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 434.

The most important of these policies to the business sector was the anti-communist approach for north-south relations. As far as the participants could see, the military would be in the dark as to how to manage the economy so the discussion centered on how this could be an opportunity for the Korea Economic Council to fulfill its founding mission and to help foster economic development.

Later in the meeting ‘President S.,’ known for his rash and impudent behaviour made a fantastical proposal. He suggested that the business sector widely trumpet their support for the military through a newspaper ad. The others were at a loss as to what to do. However, the always prudent Choi Tae-sup of HanGlas declared that ‘The Korea Economic Council is not a political organization; is a published declaration of support really necessary?’ The awkward air of the meeting continued as Vice-Chairman Chŏn appeared to chair the meeting. He explained his lateness due to a meeting he had with the head of the former transitional government, Hŏ Jŏng, who was his neighbour. “Mr. Hŏ suggested that the situation is still confused and we had better just watch for a little while. On the way here I heard over the radio a special announcement from the head of UN forces General Magruder that ‘rebel army forces were to immediately give up and return to their units.’”

With just this statement Vice-Chairman Chŏn effectively quashed any declaration of support. It was because someone ratted on Chŏn and distorted his remarks that...he endured around two months in jail...¹³⁶

The above passage illustrates several points. First, it underscores Chŏn’s leadership role within the Korean business sector at that time. He promotes exports and his opinion as chair of the meeting guides the response of the Council in their reaction to the coup. Second, it underscores the close proximity, in relationships and physically, of the political and economic elite of a then relatively tiny South Korean economy. The deposed Premier’s office is just a few floors above the Korea Economic Council’s meeting place, in one of the few top hotels in Seoul, the Bando. Hŏ Jŏng is not only the former head of government that Chŏn served under briefly as a government official, he is also his neighbour available for impromptu in-person political counsel. At the same meeting another self-reconstruction capitalist, Choi Tae-sup of HanGlas, gives a recommendation in Chŏn’s temporary absence, for the business sector to not

¹³⁶ Kim, *Ch’okunmokiesŏ sŏnjinkukŭroŭi chungŏn* [Witness to going from roots and barks to developed nation], 83-85.

get too closely mixed up with politics and the government, a sentiment that is roughly similar to what Chŏn ends up advising.

Chŏn's advice to the Council, like Choi's, seems to be merely a note of realistic caution given that the coup at that point was just a bit more than 30 hours old. Chŏn is careful to base his conclusion not on his own opinion or political desires but on the views of others with a more direct role and experience in political and military affairs, namely a former head of government, Hŏ, and the broadcast orders of the American general in titular supreme command of the South Korean military. It also seems to be in the context of bringing in a note of moderation and emphasizing in Chŏn's view the 'proper' non-political role of the private sector in response to 'President S.'s unambiguously wholehearted support of the coup. In addition it was given in the context of a meeting where clearly all businessmen assembled were in general terms completely sympathetic to the stated goals of the new military government. In short, if Chŏn's imprisonment as a 'counter-revolutionary' was actually due to his actions and statements at this meeting, it would appear that nothing less than a completely unambiguous and categorical statement of public support for the coup, as 'President S.' suggested, would have been the only action any chair of the meeting could have taken to avoid arrest.

While the informant who reported on Chŏn's actions may have given the coup regime the most sinister interpretation possible, if his actions at the May 17 meeting were the reason for Chŏn's imprisonment they seem merely a pretext for an arrest that occurred four months after the fact. By this time all his business peers had already completed their stint of being arrested and physically intimidated by the new regime to show "the state was clearly in

charge.”¹³⁷ Chŏn’s imprisonment can be interpreted as simply part of the overall, newly emerging modus operandi of Park’s thoroughly authoritarian governing style. Underlying Park’s entire political career was a personal “will to power.”¹³⁸ He ruled by alternating “selective co-optation and repression”¹³⁹ animated by his vision of an egalitarian society (except for himself as leader) as one where ‘revolutionary’ power, or in other words, state power unchecked by any consideration but economic growth, eradicated any and all possible pockets of, in Park’s words, “wealth consciousness.”¹⁴⁰ Whether or not Chŏn actually was a counter-revolutionary was beside the point. It was his ‘turn’ on September 22 to experience ‘repression’ after first enjoying ‘co-optation’ (simply a reversal of what most business heads that year experienced), especially as he had just four days before become symbolic head of the private sector as Chairman of the Chamber of Commerce.

Chŏn’s eventual release, supposedly due to the personal intervention of Park, is another example of Park creating a separation between himself and the everyday implementation of repression by his regime by allocating the latter to the newly formed (June 1961) Korea Central Intelligence Agency (KCIA). The KCIA brought to South Korea a level of repression and monitoring of the population vastly more severe than that imposed by the Rhee regime and functioned much “more like a Soviet KGB than an American CIA.”¹⁴¹ There is no doubt that the KCIA, Park’s primary institution for repression and maintaining his increasingly unchecked political power until the end of his rule, would have been the body that investigated and then imprisoned Chŏn. Park watched the KCIA closely as it was the most likely organization to

¹³⁷ Kim, *Big Business, Strong State*, 117.

¹³⁸ Byung-Kook Kim, “The Labyrinth of Solitude: Park and the Exercise of Presidential Power,” in *The Park Chung Hee Era: The Transformation of South Korea*, ed. Byung-Kook Kim and Ezra F. Vogel (Cambridge, MA: Harvard Univ., 2011), 157.

¹³⁹ Kim, “The Labyrinth of Solitude,” 142.

¹⁴⁰ Lie, *Han Unbound*, 51-52.

¹⁴¹ Kim, “The Labyrinth of Solitude,” 143.

potentially challenge his power. (In 1979 Park was shot and killed by the head of the KCIA during a private dinner.) There is no doubt that Park was aware from the start of the detention of such a high profile business leader as Chŏn. Many of Park's most repressive actions during the 1960s and early 1970s were carried out by a succession of semi-autonomous KCIA chiefs, namely Kim Jong Pil (1961-1963), Kim Hyŏng-Uk (1963-1969), and Yi Hu-Rak (1970-1973). When popular discontent rose against the KCIA Park dismissed each of these in turn as scapegoats.¹⁴²

As much as Chŏn was actually imprisoned because of his personal beliefs or attributes, it is most likely that his 'offense' was establishing himself as a prominent spokesman for free trade and a market-driven economy in general. While Park had heard first-hand from Chŏn in 1961 the benefits of export-led growth, its official adoption by the regime did not occur until May 1964 (as noted above). The first thrust of Park's economic policy between the announcement of the first 5-year economic development plan in May 1961 until its failure over 1962-1963 was what Park termed a state "guided capitalism." Rather than export-led growth based on comparative advantage, this policy called for the immediate development of heavy and chemical-based industries such as cement, synthetic fibre, fertilizer, iron and steel, and petrochemicals that foreshadowed the eventual implementation of the Heavy and Chemical Industry (HCI) development policy of the 1970s.¹⁴³ Out of economic nationalist sentiments funding for this

¹⁴² Kim, "The Labyrinth of Solitude," 144-145.

¹⁴³ Kim and Park, "The *Chaebol*," 271-271; Hyung-A Kim, "State Building: The Military Junta's Path to Modernity through Administrative Reforms," in *The Park Chung Hee Era: The Transformation of South Korea*, ed. Byung-Kook Kim and Ezra F. Vogel (Cambridge, MA: Harvard Univ., 2011), 96; Sang-Young Rhyu and Seok-Jin Lew, "Pohang Iron & Steel Company," in *The Park Chung Hee Era: The Transformation of South Korea*, ed. Byung-Kook Kim and Ezra F. Vogel (Cambridge, MA: Harvard Univ., 2011), 323; Youngil Lim, *Government Policy and Private Enterprise: Korean Experience in Industrialization* (Berkeley: Univ. of California, 1981), 16.

ambitious plan was to come only from domestic sources such as harnessing domestic savings and by increasing the money supply.¹⁴⁴

Much of the government interventionism and nationalism behind this effort was inspired by Park's closest fellow coup leader, Kim Jong Pil and by the Kim led KCIA. In this regard Chŏn's advocacy of a private-sector driven development path made him an opponent of Kim's economic policies and KCIA control over the economy. Kim therefore had his own personal motivation to attempt to silence Chŏn's activity on behalf of export-led growth. Then, as part of placing counter-balances on Kim's power Park probably did intervene to 'personally' have Chŏn released.

In this regard Chŏn's brief, seemingly innocuous public statement upon becoming Chairman of the Chamber of Commerce on September 18 may have helped precipitate his arrest four days later. After an opening statement giving pleasantries and expression of gratitude the first substantive statement Chŏn makes is to reaffirm loyalty to the new political order: "The entire Korean people agree with the goals of this revolution [Park's coup d'état] and recognize immediately its necessity."¹⁴⁵ Chŏn goes on to praise the government's short and long-term actions to strengthen the economy, particularly the First Five-Year Plan, and the regime's emphasis on the economy as a top priority. He outlines how the private sector will work in harmony with the Plan, stating that "We realize that reaching the goals of the First Five-Year Plan is a special responsibility of our nation's industrialists." Despite all these expressions of loyalty to the new regime, two passing remarks might have seemed like a challenge to the KCIA: "Inseparable with our democratic state is a free market economic system...a stable and

¹⁴⁴ Soon Cho, *The Dynamics of Korean Economic Development* (Washington: Institute for International Economics, 1994), 20.

¹⁴⁵ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of 'Sŏlbong' Chŏn Taek-bo], 422.

independent economic system is fundamentally based on non-government citizens free to be creative and work hard.”¹⁴⁶ It seems Chŏn could not resist using such a prominent public platform for an affirmation of classical economic liberalism.

As it turned out, KCIA-led management of the economy did end in failure. In mid-1962 the KCIA was behind two political fiascos involving first an ill-fated currency conversion and then a secret and fraudulent stock market manipulation scheme to covertly raise state funds for heavy industry.¹⁴⁷ These two fiascos plus a failure to reach economic plan targets, inadequate domestic savings to support the plan’s ambitious targets, increasing inflation from increasing the money supply, and a withholding of U.S. aid in opposition to KCIA rule of the economy led to Kim’s dismissal as KCIA head in 1963. It signalled the rise of economic educated officials in charge of implementing economic policy for the remainder of the military dictatorship in South Korea.¹⁴⁸

A Meteoric Rise in Exports for South Korea & Rise of Chŏn to Top Exporter: South Korea as ‘Hong Kong’

Anne O. Krueger notes, “1964 marks the watershed, after which date export-promotion policies were deeply embedded and consistently administered.”¹⁴⁹ Annual total South Korean exports increased from \$87 million in 1963 to \$623 million in 1969, an over seven-fold

¹⁴⁶ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 423.

¹⁴⁷ Taehyun Kim and Chang Jae Baik, “Taming and Tamed by the United States,” in *The Park Chung Hee Era: The Transformation of South Korea*, ed. Byung-Kook Kim and Ezra F. Vogel (Cambridge, MA: Harvard Univ., 2011), 68.

¹⁴⁸ Kim and Baik, “Taming and Tamed,” 68-70; Cho, *The Dynamics of Korean Economic Development*, 20; Kim and Park, “The Chaebol,” 272; Lim, “The Emergence of the Chaebol,” 44.

¹⁴⁹ Anne O Krueger, *The Developmental Role of the Foreign Sector and Aid* (Cambridge: Harvard Univ., 1982), 84.

increase.¹⁵⁰ While export expansion contributed 6.3% of total economic growth from 1960-1963, from 1963-1966 it contributed 31.4% of growth.¹⁵¹ This rise in importance of export as a driver of growth spurred on the overall increase in GNP. Between 1964 and 1969, South Korean economic growth averaged just a shade below 10% per annum in real terms, by far the best economic performance of the South Korean economy up to that period, representing almost a doubling of the growth rate average from 1961 to 1963.¹⁵²

Chŏn was the top exporter behind the initial success of South Korean export-led growth. For four straight years from 1964 to 1967 Chonusa was the top exporter in Korea. Chonusa's total export sales tripled over these years from just over \$5 million to just over \$15 million. Over these four years Chonusa's export sales alone constituted an average of 4.5% of South Korea's total exports. Beyond this average, year by year, there was no discernible diminishment of Chonusa's importance; in 1964 Chonusa represented 4.62% of total exports, and in 1967 it made up even more, or 4.68% of total exports. To provide context, the average portion of Chonusa's sales of South Korea's exports in the mid-1960s, 4.5%, is close to the portion of total South Korean trade of the average government designated General Trading Company [GTC] (which were set up by Park in 1975 in part to replace companies such as Chonusa) at the height of their significance in 1983. In that year the typical top business group-affiliated GTC was by itself responsible for 5.1% of total South Korean exports.¹⁵³

What Chŏn, and the rest of Korean industry exported in the 1960s turned out to be far different from what Park and his first KCIA economic apparatchiks had foreseen. They had

¹⁵⁰ Byung-Nak Song, *The Rise of the Korean Economy*, (Oxford: Oxford Univ., 1997), 60.

¹⁵¹ Krueger, *The Developmental Role*, 107.

¹⁵² Song, *The Rise of the Korean Economy*, 60.

¹⁵³ Song, *The Rise of the Korean Economy*, 60, 101; Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 394-395.

planned that while the South Korean government developed heavy industries, foreign exchange would be gained from exports of primary goods. Instead, as Youngil Lim notes, speaking of the mid 1960s,

It was private exporters who played a major role in identifying and taking risks, exporting unskilled labor-intensive products in which Korea had a comparative advantage. The major foreign exchange earners turned out to be, not primary goods, but textiles, clothing, plywood, wigs, footwear, and later, electronic components. Note that these same items for years constituted the major exports of Hong Kong and Singapore, economies without central planning agencies....Apparently, during the period of the First Five-Year Plan [1962-1966], government planners were groping, learning about market conditions. Korean private enterprise (not those involved in government plan) took the initiative in investing in production of new export items...¹⁵⁴

In other words, South Korea as an export-led economy was, as Chŏn advocated to Park in 1961, following a ‘Hong Kong-model’. It was also, as Chŏn advocated in his 1961 article, an export-led economy that was utilizing the skills of overseas Koreans, particularly those in Japan and the U.S. Wig exports to the U.S., initiated by young Koreans in the U.S., were consistently one of the two or three most important export items of South Korea throughout the 1960s.¹⁵⁵

Plywood, based on relatively skilled yet cheap Korean labour working imported Japanese equipment, also became one of top two or three exports of the 1960s. By 1964 plywood was South Korea’s top export item. By 1968 South Korea was the top exporter of plywood in the world. Over 90% of this total was exported to the U.S. by the late 1960s. By 1967 Korean made plywood enjoyed the largest share of the U.S. market and by 1970 controlled half the market.¹⁵⁶ The leading company behind the leading position of plywood as an export item was Chŏn’s plywood manufacturing company Daesong, whose products were exported by Chonusa.¹⁵⁷

¹⁵⁴ Lim, *Government Policy and Private Enterprise*, 17-18.

¹⁵⁵ Lie, *Han Unbound*, 66-67.

¹⁵⁶ Lie, *Han Unbound*, 67-68.

¹⁵⁷ Chŏn, *Sŏlbong Chŏn T’aek-bo Chŏn’gi* [Biography of ‘Solbong’ Chŏn T’aek-bo], 257-258.

“Feeling the Wealth”: The Climax of Chŏn’s Career

As a result of Chonusa’s export success between 1964 and 1967 during those same years Chonusa ranked as one of the overall top three companies in South Korea.¹⁵⁸ As mentioned, Chŏn was the first to receive the top exporter award and personally received the top exporter award from the President for four years in a row. Besides plywood from Daesong, other enterprises owned by Chŏn exported leathers and furniture. He also owned shipping and livestock companies. The focus of all of his enterprises however was exportable goods.

In July 1968, just three months before his entire business career would come crashing to the ground, Chŏn wrote an article entitled “Feeling the Wealth Made by Exporters” for internal Chonusa circulation that summed up his success, many threads of his economic thinking, and particularly the necessary ‘mission’ of ethical businessmen to lead the development of Korea. In this article Chŏn uses militaristic imagery reminiscent of Ch’oe Namsŏn’s to place Korean exporters as central to Korea’s overall projection of power abroad, where “exporters are like the military base and the [South Korean] diplomatic corps are the regional bases.”¹⁵⁹ Chŏn describes how businessmen and particularly traders have been despised within Korean society due to their own moral failings, Confucianism, and ‘mindless socialism’ amongst the population yet they are South Korea’s (and any countries’) most important leaders for a self-sufficient economy (particularly in overpopulated South Korea). In language reminiscent of Protestant (and Ch’oe

¹⁵⁸ Chŏn, *Sŏlbong Chŏn T’aek-bo Chŏn’gi* [Biography of ‘Solbong’ Chŏn T’aek-bo], 254-255; Kim, “The Expansion of Korea’s Private Business,” 333; Sang-ch’ŏl Yi, “1950-nyŏndaeŭi sanŏp chŏngchaek kwa kyŏngje palchŏn” [“1950s industrial policy and economic development”], in *1950-nyŏndae hanguksa ŭi chaechomyŏng* [Re-evaluation of 1950s Korean history], ed. Chong-in Mun and Se-jong Kim (Seoul: Sonin, 2004), 175.

¹⁵⁹ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 362.

Namsŏn) hero Martin Luther, Chŏn can ‘do no other’ but to have dedicated his life to being an exporter.

Ever since I was young...and after Liberation traders and businessmen have been seen contemptuously as profiteers and hoarders; even now almost daily when there is some criminal incident there will be wrapped up in the middle of it a conscienceless businessman or especially a trader and when I see this I cannot feel proud of our profession....

To rephrase, our country’s resources are scarce, our population large relative to our land, our domestic market is small, there is little accumulated wealth – outside of developing our export industry there is no way to create a self-sufficient Korean economy. This is in opposition to the traditional ranking of society into four classes, in order of highest importance scholars, farmers, artisans, and tradesmen at the bottom, or under the influence of socialist thought people possessing wealth are criticized for no reason. Under such circumstances a nation’s industries cannot develop. Under such circumstances businessmen cannot take action and talented individuals do not enter business...I believe that if Korea is going to live well like other countries there is no other way than to develop our export industry. To this I have devoted my entire life and can do no other.¹⁶⁰

However, basking in his great success and access to the President that was seemingly increasing as he entered into his late sixties, Chŏn noted that the image of businessmen has undergone a change for the better, that the state, the private sector, and the people are unified, and that the state would support the conscientious exporter such as himself.

Even the government now promotes ‘Export First-ism’, hands out medals, and there is great pride in feeling how much our businessmen are now deemed as having integrity. Yesterday at the export-promotion meeting we received directions for each type of product from the President. At the lunch I heard how important the responsibilities of our exporter-businessmen were, that the expectations of the nation were high, support would not be sparing, all of which filled me with great satisfaction. In this way the state and the people are unified and if sincere effort was made in developing trade the prospects of our export industry were bright, and there was the probability of our entire economy developing.¹⁶¹

¹⁶⁰ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 362, 363.

¹⁶¹ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 362, 363.

To finish off, Chŏn notes that understanding of the importance of exporting was growing even amongst the general populace, which made him happy and augured well for the bright future of Korea as long as everyone worked hard.¹⁶²

Financing Independent of the Government & The Fall of Chonusa

In 1961 the Park regime nationalized all banks. Government ownership of banks was a keystone of South Korean developmental capitalism. From that point until the Asian economic crisis of 1997 the purpose of South Korean banks was not to realize profitability but to second and help execute national macroeconomic goals through government directed loans. This coupled with government guarantees on foreign loans opened the floodgates of credit for South Korean development.¹⁶³ Over the long term the lack of market restraints on financing led to peak periods when the overall corporate debt to equity ratio would reach levels where even the ability of the government to guarantee all private sector debt would come into question, and there would be a sudden retrenchment of credit resulting in widespread short-term ‘restructuring’ of the private sector in terms of halted expansion, bankruptcy, etc. There were three peak periods, namely the late 1960s to early 1970s, 1979-1981, and then finally 1997.¹⁶⁴

As an entrepreneur advocating free market economics, and also wary of placing himself again in temptation of having to provide bribes to the government as he had in the late 1950s, Chŏn turned his back on domestic nationalized bank loans as a source of financing his rapidly

¹⁶² [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 363.

¹⁶³ Woo, *Race to the Swift*, 84.

¹⁶⁴ Youngsun Koh, “The Growth of Korean Economy and the Role of Government,” in *The Korean Economy: Six Decades of Growth and Development*, ed. Il SaKong and Youngsun Koh (Seoul: Korea Development Institute, 2010), 29. For a concise and interesting overview of this topic see also Jong Kyu Lee and Songhack Lee, *Recurring Economic Crisis in Korea* (New York: Nova Science, 2008).

expanding businesses. Instead until 1968 he successfully relied for the vast majority of his financing on private sale of company bonds,¹⁶⁵ and did not avail himself of either government credit or foreign loans.¹⁶⁶ While his overall business success was obvious, the primary factor that made his bond sales successful was not sophisticated buyers' rational evaluation of his company's financial statements but a personal trust in the integrity and competence of Chŏn himself.¹⁶⁷ In the context of the highly politicized financial sector that Park had created, trying to maintain completely free of government controlled financing was perhaps Chŏn's most radical business action. He did it to demonstrate the viability of an independent private sector and what could be accomplished by private citizens 'trusting' each other.

By taking this independent course, the cost of financing for Chonusa was huge relative to other large companies that went along with the government and received by the mid-1960s and onwards officially approved 'policy loans' from the nationalized banks. To use 1968 as a typical example of corporate funding patterns that persisted until the Asian crisis of 1997, of total corporate funds in South Korea that year, 72.5% came from debt. Of that 24.5% was foreign loans and 15% was 'informal curb-market' e.g. high cost black market loans with 50 to 60% interest rates. The majority of the remaining debt would be 'policy loans' from the banks with an interest rate below the rate of inflation, effectively making their interest rate negative. Receiving companies could turn around and lend out some portion of the policy loan in the curb-market,

¹⁶⁵ Mark L. Clifford, *Troubled Tiger: Businessmen, Bureaucrats, and Generals in South Korea* (U.S.: East Gate, [1994] 1998), 220. Before 1985 (and not reinstated until after 1997) there existed legal forms of corporate bonds that were more structured and secure than simply taking loans out from the informal black (or 'curb') market.

¹⁶⁶ Kim, "The Expansion of Korea's Private Business," 333.

¹⁶⁷ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 436.

with the net effect that borrowing as much as possible from the government was itself a source of net profits.¹⁶⁸

By eschewing policy loans, Chŏn was taking a large relative loss in financing costs and depended instead on finding whatever interest rate he could with his company bonds. They were at least presumably significantly lower than the usurious curb market rate due to creditor trust in Chŏn's reputation. But by eschewing policy loans Chŏn was also free from having to provide under-the-table kickbacks to Park's ruling elites. Compared to the Rhee regime, such 'voluntary' donations became even more regular and normalized under the Park regime, and by the 1960s it was routinely expected that companies receiving policy loans would have to pay back 10-20% to Park's governing party.¹⁶⁹

While Chŏn by 1968 ran what was probably the largest company in South Korea with the majority financing from sources that were neither government controlled or sanctioned, it could not, it seems, escape being affected by the overall retrenchment of credit that hit the economy in the late 1960s. According to the Bank of Korea from 1968 to a peak in 1970 the average debt to equity ratio of the manufacturing sector rose from 200% to 400%.¹⁷⁰ A number of firms were in danger of not being able to meet their foreign debt obligations and the government became concerned that the bankruptcy of these firms could gravely affect South Korea's credit rating.¹⁷¹

As noted, Chonusa did not have a significant number of foreign loans (if any at all). The only estimate of Chonusa's debt-equity ratio at the beginning of 1968 put it at an alleged 2,000%

¹⁶⁸ Kim and Park, "The *Chaebol*," 280, 284.

¹⁶⁹ Kang, *Crony Capitalism*, 101-102.

¹⁷⁰ As cited in Koh, "The Growth of Korean Economy," 29.

¹⁷¹ Lim, "The Emergence of the *Chaebol*," 45.

(debt of 10 billion won over capital of 500 million won).¹⁷² In October 1968 Chŏn tried to float a 3 billion won bond, which failed,¹⁷³ possibly due to overall creditor nervousness regarding the weak economy. In response, the government placed Chonusa under bank management that month.¹⁷⁴ With this designation, the large majority of Chonusa's creditors now wanted their money back,¹⁷⁵ whether or not it was due to them under the terms it was lent out. The government took over direct managerial control of eighty-six firms in May 1969, including Chonusa and other Chŏn owned companies. While Chŏn lost all managerial control of Chonusa and his other companies he did not lose ownership.¹⁷⁶ He may have however been asked to make good on some of his company's debt through sale of his own personal property.¹⁷⁷ The May 1969 decision regarding Chŏn's companies was made in a special emergency meeting attended by President Park, the finance minister, the minister for industry, and the head of the Economic Planning Board, amongst others.¹⁷⁸ Of all of the firms taken over in May, Park is reported to have expressed sympathy only for the case of Chonusa, where he acknowledged Chŏn had run the company for 'non-selfish' reasons, and that he 'hoped' Chŏn could come back to running it soon.¹⁷⁹

By 1973 Chonusa and other remaining Chŏn properties were released from restrictive bank controls under which company assets had been rationalized. Chŏn unsuccessfully attempted to regain permission to regain management control. He again tried to raise funds through a bond offering outside of government influence, but found trying to raise funds without such approval

¹⁷² Jŏng-Jae Yi, *Chaebŏl Iryŏksŏ* [Chaebol resume] (Seoul: Hankook Ilbo, 1993), 228.

¹⁷³ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 436.

¹⁷⁴ Chŏn T'aek-bu, T'aek-bu Chŏn, *Sŏlbong Chŏn T'aek-bo Chŏn'gi* [Biography of 'Solbong' Chŏn T'aek-bo], 395.

¹⁷⁵ Yi, *Chaebŏl Iryŏksŏ* [Chaebol resume], 228.

¹⁷⁶ Lim, 2003, "The Emergence of the *Chaebol*," 45; Koh, "The Growth of Korean Economy," 33.

¹⁷⁷ Koh, "The Growth of Korean Economy," 33.

¹⁷⁸ Yi, *Chaebŏl Iryŏksŏ* [Chaebol resume], 228.

¹⁷⁹ Yi, "Chŏn T'aek-bo, Chonusa ch'angŏpcha" [Chŏn T'aek-bo, founder of Chonusa], 436.

even more difficult than during the 1960s. By this point the state dominated the financial sector even more deeply than in the 1960s.¹⁸⁰ Effectively Chŏn was forcibly ‘retired’ from managing Chonusa by the end of 1968.

The placing of Chonusa, along with the other firms, under bank and finally government control in 1969 is seen as a minor point in Korean economic history literature, if mentioned at all. In terms of evaluating the government’s actions, the role of Park and his regime is given the most charitable interpretation. The following quote sums up this evaluation: “Concerned with moral hazard implications of a blanket bailout, the government took a principled stance against insolvent firms and held the management of these firms accountable for their previous business decisions.”¹⁸¹ Besides his overall sympathy for Chŏn’s intentions, just noted, another source has President Park saying the following more hard-edged comments regarding Chŏn at the special emergency meeting in May, 1969: “While Chonusa flourished due to private capital fundraising ability, the mentality of using so much debt and expecting previous levels of high inflation will make it sustainable, and ‘if we just run the factory we’ll make money’ is a type of thinking we have to abandon.” In this case, Park’s statement seems in line with a ‘principled stance’ evaluation of the government. That is, the government acted based purely on economic rationality and objectively evaluating the debt load of Chonusa. Chŏn himself went along with taking full responsibility for the ‘failure’ of the company in his public apology given at that time, stating “I am not able to fully express my regret...through my individual negligence I am afraid there may be an effect on the external credit rating of every Korean businessman.”¹⁸²

¹⁸⁰ Yi, “Chŏn T’aek-bo, Chonusa ch’angŏpcha” [Chŏn T’aek-bo, founder of Chonusa], 437-438; Koh, “The Growth of Korean Economy,” 31-32; Woo, *Race to the Swift*, 109.

¹⁸¹ Lim, “The Emergence of the *Chaebol*,” 45.

¹⁸² Park Chung Hee and T’aek-bo Chŏn quoted in Yi, *Chaebŏl Iryŏksŏ* [Chaebol resume], 228.

Why Chŏn Actually Lost Control of Chonusa

The late 1960s marked an entrepreneurial moment in South Korean business history. Small, entrepreneurial firms were crucial in the production and sale of South Korea's leading export items, such as plywood, textiles, and wigs.¹⁸³

Unknown to Chŏn, his 'entrepreneurial moment' was passing in the type of heavily politicized developmental capitalism Park Chung-Hee was fostering in South Korea. One characteristic of Park's economic regime was that over time it tended to favour businessmen native to southern Korea, particularly those from his southern home province of Kyŏngsang. This favoritism can be seen in the harsher treatment businessmen of northern origin (other than Chŏn) received versus those from the south in the initial persecution of business leaders by the Park regime in May 1961.¹⁸⁴ By the 1970s the disproportionate representation of large business founders from the south versus the north was complete.¹⁸⁵ As a northerner, Chŏn's fate fits within this pattern.¹⁸⁶

Also casting doubt on calling the government's removal of Chŏn from control of Chonusa as a 'principled stance against moral hazard' was the subsequent treatment of the rest of the corporate sector as the credit crunch of the late 1960s continued into the early 1970s. Only a few of the companies including Chonusa placed under control by the government in 1969 experienced the permanent removal of owners from management. The credit crisis continued until the end of 1971 when hundreds of firms could not pay back their debt obligations. The

¹⁸³ Lie, *Han Unbound*, 68.

¹⁸⁴ Kim, "State Building," 96-97.

¹⁸⁵ Kim, *Bureaucrats and Entrepreneurs*, 78-79; Lie, *Han Unbound*, 93-94.

¹⁸⁶ That southerners were favored was a general trend, not an entire explanation for why the Park regime ultimately drove Chonusa and Chŏn out of business. For example, Park's favourite business founder was probably Chung Ju-yung, the founder of Hyundai. Chung came from the north.

Korean corporate sector unified under the Federation of Korean Industry which implored the government for help, or according to Jung-En Woo's analysis, practically threatened a corporate tax strike unless the government caved in. In any case, "unlike in 1969, the government felt that it could no longer take a principled stance..." Despite the IMF vehemently warning in 1970 against such a move, in 1972 the Park government bailed out the corporate sector with an immediate three-year moratorium on payment of all corporate debt.¹⁸⁷ With this bail-out any 'lesson' regarding moral hazard given to the corporate sector in 1969 was completely lost.¹⁸⁸ It is also difficult on the face of it to understand why Chŏn could not have regained control of his company in 1973 in the midst of this moratorium while the owners of many hundreds of technically insolvent companies continued their management control.

Assessing Chŏn's competence as a manager based on his company's debt-equity ratio must be placed in context of the political economy he operated under. Throughout South Korea's initial industrialization until 1997 its entire big business sector was encouraged by the government to focus on growth above all, with financial solvency guaranteed by the government. Park had not 'abandoned' this thinking, rather the regime repeatedly sent the message to all large business owners that 'if we just run the factory we'll make money.' Having more government approved debt correlated positively with business success.¹⁸⁹ As a result, during this period large South Korean companies operated at debt-equity ratios higher than in most of the developed and developing world. For example, during the 1970s the average corporate debt-equity ratio in Brazil and Mexico was 100-120%, in Taiwan 160-200%, and in South Korea 300-400%.¹⁹⁰ In

¹⁸⁷ Lim, "The Emergence of the Chaebol," 2003, 45; Woo, *Race to the Swift*, 111.

¹⁸⁸ This is also the conclusion regarding the 1972 bail-out of Lee and Lee, *Recurring Economic Crisis*, 45 and Lim, "The Emergence of the Chaebol," 70-71.

¹⁸⁹ Lie, *Han Unbound*, 92.

¹⁹⁰ Woo, *Race to the Swift*, 12.

1997, just before the Asian Crisis, the average corporate debt-equity ratio in the U.S. was 154%, Japan 193%, Taiwan 86%, and South Korea 376%.¹⁹¹ The average debt-equity ratio for the thirty largest South Korean conglomerates of that time was over 500%.¹⁹²

If throughout the first three decades of South Korean industrialization corporate debt-equity ratios were usually trending northwards of 300%, did this mean that all large South Korean firms were, technically speaking, always bankrupt, and not just Chonusa? In a word, yes. As part of their rehabilitation to face a new, market driven financial environment in the post 1997 era, the five largest chaebol at that time (e.g. the ‘Big Five’: Hyundai, Samsung, LG, SK, and Daewoo) were given until 1999 by the government to bring their debt-equity ratios below 200%.¹⁹³ This limit indicated the actual maximum debt-equity ratio a company could sustain without becoming bankrupt with the end of soft government loans and bail-outs.

With 200% as a benchmark, it hardly matters whether Chonusa’s debt-equity ratio was 400%, like most other comparable Korean companies, or 2,000% as alleged. As Molly Ivins, an American political journalist, succinctly phrased it, “Being slightly bankrupt is like being slightly pregnant.”¹⁹⁴ The 1997 Asian Crisis also revealed the debt-equity ratio that put a top conglomerate in South Korea truly beyond the pale of being rehabilitated with its owner retaining management. The only one of the aforementioned ‘Big Five’ to be completely re-organized with its top management and ownership removed (and in most cases jailed for

¹⁹¹ Sung Wook Joh and Euysung Kim, “Corporate Governance and Performance in the 1990s,” in *Economic Crisis and Corporate Restructuring in Korea: Reforming the Chaebol*, ed. Stephan Haggard, Wonhyuk Lim, and Euysung Kim (Cambridge: Cambridge Univ., 2003), 109.

¹⁹² Wonhyuk Lim, Stephan Haggard, and Euysung Kim, “Introduction: The Political Economy of Corporate Restructuring,” in *Economic Crisis and Corporate Restructuring in Korea: Reforming the Chaebol*, ed. Stephan Haggard, Wonhyuk Lim, and Euysung Kim (Cambridge: Cambridge Univ., 2003), 16.

¹⁹³ Jongryn Mo and Chung-In Moon, “Business-Government Relations under Kim Dae-Jung,” in *Economic Crisis and Corporate Restructuring in Korea: Reforming the Chaebol*, ed. Stephan Haggard, Wonhyuk Lim, and Euysung Kim (Cambridge: Cambridge Univ., 2003), 148.

¹⁹⁴ Molly Ivins, *Nothing But Good Times Ahead* (New York: Random House, 1993), 158.

accounting fraud) was Daewoo. The debt-equity ratios of many Daewoo group companies in 1997 practically approached infinity; the most solidly financed of all the Daewoo companies, Daewoo Heavy Industries, had a ratio of 2,630%.¹⁹⁵ In comparison, Chonusa's alleged level of 2,000% seems relatively speaking a model of financial sobriety.

Finally, it must be suspected that Chŏn's downfall was probably related in some manner to the fact that because he did not receive policy loans he did not provide the same level of bribes, if any, to the regime as other large companies. The much more famous deliberate government bankruptcy of the Kukje Group in 1985 is widely believed to have been the result of a refusal of its owner to provide the requisite level of 'donations' to the ruling family 'charitable' foundations.¹⁹⁶

In sum, the fall of Chonusa must be added to the roster of major companies routinely cited in the literature as government induced failures before 1997. In this roster large business groups are recognized as being forced into bankruptcy by the South Korean government because their founders dared to stand outside the politicized nature of government intervention in the economy. The groups usually cited are the Samhak Group in 1971, the Yulsan Group in 1979, and the Kukje Group in 1985; Chonusa in 1969 makes it the first example of this phenomenon, ignored until now. All of the commonly cited groups and their founders lost critical government support through a combination of not following closely enough government directives in their

¹⁹⁵ Dong Gull Lee, "The Restructuring of Daewoo," in *Economic Crisis and Corporate Restructuring in Korea: Reforming the Chaebol*, eds., Stephan Haggard, Wonhyuk Lim, and Euysung Kim (Cambridge: Cambridge Univ., 2003), 162.

¹⁹⁶ Clifford, *Troubled Tiger*, 222.

business operations, supporting losing factions of senior economic bureaucrats, and/or providing covert support to political opposition groups.¹⁹⁷ As Mark L. Clifford, writing in 1994 stated:

Apologists for Korea's cozy business-government relationships like to claim that the forced collapse of Yulsan and Kukje prove that the government disciplines non-performers. But these corporate crashes are the exceptions that prove the rule: the government creates winners in the Korean economy, and those who lose are never punished simply on economic grounds.¹⁹⁸

Chŏn's failure was not ultimately based solely or even mostly on economic grounds. Instead, it was slightly due to his being a northerner and a great deal more due to him refusing on principle to receive policy loans, with its associated corruption.

Chŏn's 'Korea as HK' vs. Park's 'Korea as Japan': the Rise of Chaebol General Trading Companies

In addition to its financial autonomy, Chonusa, a privately-owned specialist trading company poised to retain without end the top exporter position year after year, to possibly become the monopolistic conduit through which the entire rapidly-growing export-led South Korean economy traded with the world, was simply too much of a potential unchecked independent power for a dictator such as Park to allow to exist. Park preferred the tried and true method of remaining the top power in South Korea by fostering rivalry amongst entities under his rule, including the large conglomerates.¹⁹⁹ Beyond considerations of power, however, lay a more fundamental clash between Chŏn's vision of how South Korean capitalism would develop and Park's. Chŏn saw South Korea as another Hong Kong, that is, a tiny, overpopulated 'island'

¹⁹⁷ Lie, *Han Unbound*, 94.

¹⁹⁸ Clifford, *Troubled Tiger*, 226.

¹⁹⁹ Kim and Park, "The Chaebol," 268.

with no natural resources living by its wits by trading, prospering under an Anglo-American *laissez-faire* capitalism given to it by its ‘great power’ patron, and dominated by refugees from communism such as himself. Park saw South Korea as another potential Japan, with its own ‘rich nation, strong army’, and saw himself as the ‘Meiji of South Korea’, presiding over conglomerates that were to grow under state guidance into the equal of the Japanese *keiretsu*.²⁰⁰

To some degree, the debate described above as to who ‘introduced’ the idea of export-led growth, whether it was Chŏn first or someone else, misses an important point. Kim Ip-Sam in championing the primacy of Chŏn in advocating the idea to Park after he had taken power is at pains to stress how ignorant Park was of economics: “Park himself confessed on several occasions that he knew nothing about the economy in meetings with business leaders immediately after the 1961 military coup.”²⁰¹ Kim and the debate in general tends to treat Park as an empty slate without his own vision of export-led growth. But of course from his life experience Park already had a very clear model of where exporting fitted into a developing economy. As a military officer in the Japanese Army during the 1930s and 1940s Park had the opportunity to see first-hand the success of the Japanese economic model, which guided his thinking regarding every aspect of the economy throughout his rule.²⁰²

Park’s idea of export-led growth was colored by his use of 1930s and 1940s Japan as a model. While export-led growth “looked [to others such as Chŏn] like a liberal turn to the global market...[to Park] it was in essence illiberal in nature...implemented from the top down by the

²⁰⁰ Kim and Park, “The *Chaebol*,” 266-267.

²⁰¹ Ip-Sam Kim quoted in Kim and Park, “The *Chaebol*,” 277.

²⁰² See section entitled ‘A Japanese Identity’ in chapter by Chung-In Moon and Byung-Joon Jun, “Modernization Strategy: Ideas and Influences,” in *The Park Chung Hee Era: The Transformation of South Korea*, ed. Byung-Kook Kim and Ezra F. Vogel (Cambridge, MA: Harvard Univ., 2011), 117-122.

state...”²⁰³ The 1970s was the decade when, having removed any pretence of democratic rule, and having achieved some economic affluence to work from, Park was finally free to fully copy the Japanese economic model as he understood it, which resulted in the top-down drive to develop heavy and chemical industries. Similarly, and with Chonusa a fading memory, he was also free to replicate the trading structure of the Japanese corporate sector, where every major *keiretsu* owned its own general trading company (*shogo shosha*). Park’s first step to set up such an arrangement was to invite a former officer colleague and Japanese expert on the topic to South Korea in 1972, (a year before Chōn unsuccessfully tried to regain control of his company). In 1975 the law creating General Trading Companies (GTCs) was finalized, with the result that the bulk of exports soon flowed through GTCs owned by the top twenty groups. The GTCs differed from the *shogo shosha* only in that the system in South Korea was always more “dependent on state support for survival.”²⁰⁴ Instead of export expertise potentially coalescing in one person, namely Chōn, it was now spread out (but not too spread out that the economies of scale of the conglomerates would be lost) amongst ten or twenty different groups which rivaled one another. The conglomerate owners were beholden to Park through policy loans and many other ties, and subjected to personal pressure at monthly export-promotion meetings.

Chōn did not waver from his life-long beliefs in his writings after losing control of Chonusa in October 1968. Two memos written by Chōn for internal company communication within three months after Chonusa was taken under bank control constitute his fullest expression of what in his opinion happened. Overall there is a palpable sense of frustration mixed with optimism (though the latter may be forced as part of the expected reading audience was younger employees that Chōn enjoined not to leave the company). Chōn reasons that Chonusa has clearly

²⁰³ Moon and Jun, “Modernization Strategy,” 127.

²⁰⁴ Moon and Jun, “Modernization Strategy,” 121.

contributed to the economic development and social stability of South Korea, particularly in helping keep communism at bay, that Chonusa's debt situation is no worse than many other companies, and so if Chonusa simply meets its sales target for 1969 then surely the government and/or the banks will help, and the debt could be liquidated within three years. After that, the company would probably be even larger than before.²⁰⁵ As Chŏn states:

After all, through increasing exports we have contributed to developing Korea's economy and as much as we have helped increase national power we block the spread of communism....If we do succeed in exporting our target of \$35 million we can create corresponding good will...will we not then receive the resources we need to help us?²⁰⁶

As it turned out, perhaps because Chŏn was not at the helm, Chonusa only sold \$20 million in 1969.²⁰⁷

Most likely aware of the larger forces arrayed against him, Chŏn reiterates in a somewhat defiant tone his commitment to independent financing derived from private sources and to businessmen leading export-led growth. "For several years and up to the present I have refused bank loans...I continue to think that the route to social and political stability is through the businessman increasing employment through exports."²⁰⁸ For Chŏn, the best financing solution for Chonusa and South Korea, as always, is for South Korean capitalism to 'evolve' along even more market-driven lines, as represented by the U.S.:

These days the benefits of widespread stock ownership are being debated...I have been a long-time advocate for this. Developing a public company system represents an improvement and a necessary evolution of a country's capitalist system.

Let me restate this. If a public company system does not exist a capitalist economic system cannot develop. Without exception in developed capitalist nations there is stock distribution and widespread public ownership. The Rockefeller family 'owns' Chase Manhattan bank in the U.S. but David Rockefeller's share is no more than 3% of total

²⁰⁵ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of 'Sŏlbong' Chŏn Taek-bo], 369-372.

²⁰⁶ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of 'Sŏlbong' Chŏn Taek-bo], 370.

²⁰⁷ Yi, *Chaebŏl Iryŏksŏ* [Chaebol resume], 228.

²⁰⁸ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of 'Sŏlbong' Chŏn Taek-bo], 370-371.

shares...If Chonusa went public and my share was around 3%...there is no telling how big a company it could become.²⁰⁹

Following the example of Ilhan New's distribution of stock to employees, Chŏn also mused that if Chonusa went public, shares distributed to employees could rise in value quickly.²¹⁰

Chŏn's advocacy of stock markets as the solution to the problem of Chonusa's financing problem provides an apt final example of just how far apart Chŏn's economic worldview was from Park's. Institutions such as stock markets were to Park an incomprehensible and corrupt 'casino' for profiteers to run scams, not least of whom included his own underling Kim Ch'ong-pil in 1962 as mentioned above. While the South Korean stock market started in 1956, it received its first coherent regulatory framework in 1963. Chung-Yum Kim, one of the top economic bureaucrats of the Park regime, and the drafter of the 1963 regulations, recalled how the biggest delay in implementing the law was getting Park's final approval. Throughout his regime Kim found Park made decisions in all other areas of economic policy extremely quickly. However, when it came to the stock market, Park kept putting off the meeting with Kim as Park apparently "abhorred even the word 'stock'."²¹¹ Not surprisingly, a fully functioning stock market could not become Chŏn's financial 'solution' while Park was alive. Throughout the 1970s companies did go public, but almost completely under the 'urging' of the government, and with every aspect of the public offering controlled by the government. Like export-led growth, what appeared like a process emblematic of free markets, the stock market under developmental capitalism was turned by Park into another lever of government control. Domestic stock markets

²⁰⁹ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of 'Sŏlbong' Chŏn Taek-bo], 374.

²¹⁰ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of 'Sŏlbong' Chŏn Taek-bo], 372.

²¹¹ Chung-Yum Kim, *Policymaking on the Front Lines: Memoirs of a Korean Practitioner* (Washington, DC: The World Bank, 1994), 34.

did not become a significant source of Korean corporate financing until the late 1980s,²¹² almost a decade after both men were gone.

“All Traces of Its Existence Has Utterly Vanished From This Earth.”

During his enforced retirement, Chŏn kept busy with myriad charity, business association, and social improvement activities, including the YMCA, related travel (including several trips to Leningrad), and writing the occasional opinion piece. In terms of the history of self-reconstruction capitalism the most important activity undertook through the 1970s was Chŏn taking on a senior leadership role in the Korean Christian Businessmen’s Committee (KCBMC). As will be described, the KCBMC was the exclusive and most important organization for Protestant businessmen in South Korea. Also in top leadership positions when Chŏn was most active in it were all of the other self-reconstruction capitalists featured in this study, except for Ilhan New who had died in 1971. In this forum Chŏn was the ‘elder’ statesmen to all of the significantly younger self-reconstruction capitalists in the KCBMC.

Other specific examples of activities Chŏn took on included introducing the world leading non-profit research institute SRI (Stanford Research International) to South Korea and becoming its first domestic chairman, work for the Pacific Basin Economic Council, an influential regional independent business association, receiving honorary degrees, being made a knight by the Danish government for decades long service as an honorary consul, and helping set up a joint venture for TV production with the Dutch electronics multinational Philips.²¹³

²¹² Lim, Haggard, and Kim, “Introduction,” 4.

²¹³ [Chŏn], “Chŏn T’aek-bo,” in *Kidokkyo taepaekkwajŏn [The Christian encyclopedia]*.

Despite his setbacks his optimism prevailed as exemplified by the following quote from an address he gave to the Korean Rotary on how to live. “We can choose our attitude and manner of approach towards our own personal world. We live in an existence where each one of us can follow our own minds in terms of intentions and plans. This freedom of action is what gives life its value.”²¹⁴ His health was generally good (including frequent skating in winter) until the end. He died suddenly of a heart attack while playing golf on July 18, 1980. Park Chung-Hee had been assassinated nine months before and a new military dictatorship was just completing its consolidation of power. That year the new regime posthumously awarded Chŏn a Mugunghwa Medal, the highest South Korean government merit award possible for a South Korean civilian.²¹⁵

In his will, following Ilhan New’s example, he gave away the vast bulk of his remaining wealth to charity, but with much less publicity. Also, his children (unlike New’s) were not content to receive little from his estate.²¹⁶ Chŏn did leave behind the Kyonam Foundation, which aids physically and mentally challenged children. According to Chŏn T’aek-bu, Chŏn was the first businessman to direct charity to such children as most of his peers preferred to endow schools or large foundations.²¹⁷ Chŏn still retained ownership of a much smaller Chonusa, and bequeathed whatever may have been left of it to his eldest son. The son tried to make a go of it; however in 1984 the company lost its official designation as a trading company and since then, in the words of a business journalist in 1993, “all traces of its existence has utterly vanished from this Earth.”²¹⁸

²¹⁴ [Chŏn], *Sŏlbong Chŏn Taek-bo munjip* [Complete works of ‘Sŏlbong’ Chŏn Taek-bo], 73.

²¹⁵ Chŏn, *Sŏlbong Chŏn T’aek-bo Chŏn’gi* [Biography of ‘Solbong’ Chŏn T’aek-bo], 397.

²¹⁶ Jason Choi. Interview by author. Seoul, Korea, Sept., 2007; Chŏn T’aek-bu. Interview by author.

²¹⁷ Chŏn T’aek-bu, Interview by author.

²¹⁸ Yi, *Chaebŏl Iryŏksŏ* [Chaebol resume], 229.

Conclusion

Chŏn T'aek-bo's business career exemplified the alternative capitalism that self-reconstruction capitalists tried to build in South Korea in contrast to the developmentalism that actually characterized South Korean economic development. He advocated in numerous writings the classical liberalism that was the first Western economic thinking to directly impact the first generation of self-reconstruction nationalists such as Ch'oe Namsŏn. Unique to Chŏn was that following his studies at Kobe Higher Commercial School, he is perhaps one of the few influential Koreans of his generation to have studied in any capacity in Japan and to come away from the experience immune to the appeal of the heavily statist Japanese economic model. Instead, as a haven of free-market economic thought, his Kobe education solidified Chŏn's life-long beliefs.

Central to the formulation of his viewpoint was Chŏn's youth and early business career in Kando. In Kando, Chŏn, through the influence of Yuktang Ch'oe Namsŏn and the unique Korean Protestant community that flourished there, lived in what he saw as the very centre of the Korean nation. In this centre, Chŏn was surrounded by an abundance of role models and free-trade market opportunities that demonstrated that Protestant was synonymous with 'patriot', and that capitalist modernity, non-revolutionary change, and this Protestantism were the best solution for Korea's quest for its rightful place in the world. Instilled in Chŏn was the belief that Korea was a race and nation extending back time out of mind, always worshiping one god under the name of 'Tangun,' of whom Chŏn was a 'grandson,' until the one true God had been revealed.

For Chŏn, Protestantism, imbibed from an early age and reinforced throughout his life by family and business colleagues such as Ilhan New, was the prism through which he understood

his role as a businessman in a capitalist society. While Chŏn acknowledged there was no worldly answer to a man who insisted on using his property as he saw fit and pursuing profit above all else, the riddle of how such an economic system could actually benefit Korean society and promote harmony came from a religious base, shared by men such as himself anchored by Protestant ethics to put the social good first, out of their own freewill and self-restraint. Chŏn's emphasis on the importance of all human systems, including modern (capitalist) economics, being optimized only when anchored on Protestant individual ethics places him squarely within the self-reconstruction capitalist paradigm. Working towards full employment for all classes, practicing a frugal and healthy lifestyle, practicing charity, educating others on the importance of 'social trust' and other issues related to Korea's economic competitiveness, and building numerous modern social institutions related to the economic sphere were all ways in which Chŏn demonstrated and lived out his belief in a market capitalism with 'Korean Protestant characteristics.'

As an individual trained with unique skills and experiences for promoting international trade, Chŏn saw businessmen such as himself as the natural leaders of South Korean economic development. Hong Kong was already showing the world what a tiny overpopulated bulwark against communism with no natural resources could achieve in a new world trading order where the prize still went to the most competitive but where for the first time the outcomes could be 'win-win' for everyone. Through exported low-wage manufactured goods Korea would reach the ranks of truly civilized and economically developed countries. Chŏn was the first to tell President Park Chung-Hee the good news of 'Export First-ism' and then lived it out by becoming South Korea's first top exporter for four years from 1964 to 1967. South Korea's export-led growth is seen by most as a key factor in the creation of the South Korean economic 'miracle'.

Chŏn's peer Ilhan New focused more on demonstrating the viability of Protestant social ethics to temper the excesses of capitalism and to rehabilitate the ranking of businessmen in Korean culture. New recognized that in Park's political economy the only way to grow and retain a position as one of the largest companies in South Korea was to diversify and become complicit in its political compromises and corruption. New chose instead to deliberately stay focused and small, giving up the opportunity of becoming a major conglomerate in return for retaining his ethical integrity.

Chŏn, confident perhaps that he had already made himself indispensable to South Korean export-led development, singlehandedly tried to both retain complete independence from the government through financial autonomy, and at the same to grow along with the economy and remain a major player on his own terms. Taking his words at face value, Chŏn did not do this out of pride or hubris, or to mount a political challenge to Park's regime, but from a life-long conviction that self-reconstruction market-led capitalism was the most efficient, most harmonious, and, most of all, the *inevitable* path South Korea would *have* to take to reach the status of a developed economy. After all, was not the undisputed greatest economic power in the world, the U.S., an example of this? In any case, Chŏn found out that ultimately there was no place in Park's Japan-inspired vision of developmentalism for someone like himself and became the first big business owner put out of business deliberately by the South Korean military governments. The disappearance of his company and the resulting lack of any institution to promote his memory shows the truth of the hoary old cliché that history is written by the winners, or perhaps, the survivors, despite the undeniable pioneering accomplishments of this almost completely forgotten private-sector 'father' of South Korean export-led growth.

Chapter Four: The Post-War Protestant Capitalist Network and Its Leaders

In South Korea the most important institution for fostering the ideas of self-reconstruction capitalism and providing an institutionalized, transnational network for the business leaders who promoted it has been the Korean Christian Businessmen's Committee (KCBMC). The KCBMC started in 1952 as the offspring of the U.S. Christian Businessmen's Committee (CBMC). During the 1970s, primarily through the efforts of Byucksan founder I.D. Kim (Kim In-dŭk), the KCBMC became a more centrally unified national organization. The primary purpose of the CBMC/KCBMC was to empower and support Protestant businessmen in evangelizing to 'unsaved' business peers and spearheading global evangelization. Its leadership structure, particularly with a peak of prominent conglomerate founders as members in the 1970s, reveals an organization of numerous linkages:

- a) a venue for cooperation between the Park regime and Korean evangelicals,
- b) a generational one of self-reconstruction capitalists,
- c) links within the KCBMC to its earliest Korean and American founders,
- d) a link to the CBMC and its U.S. protégé, Billy Graham
- e) a link between top South Korean Protestant clergy and Protestant business founders, and
- f) a meeting place for such leaders from both southern and northern Korea, of any denomination and varying degrees of commitment to a Protestant identity and self-reconstruction ideas.

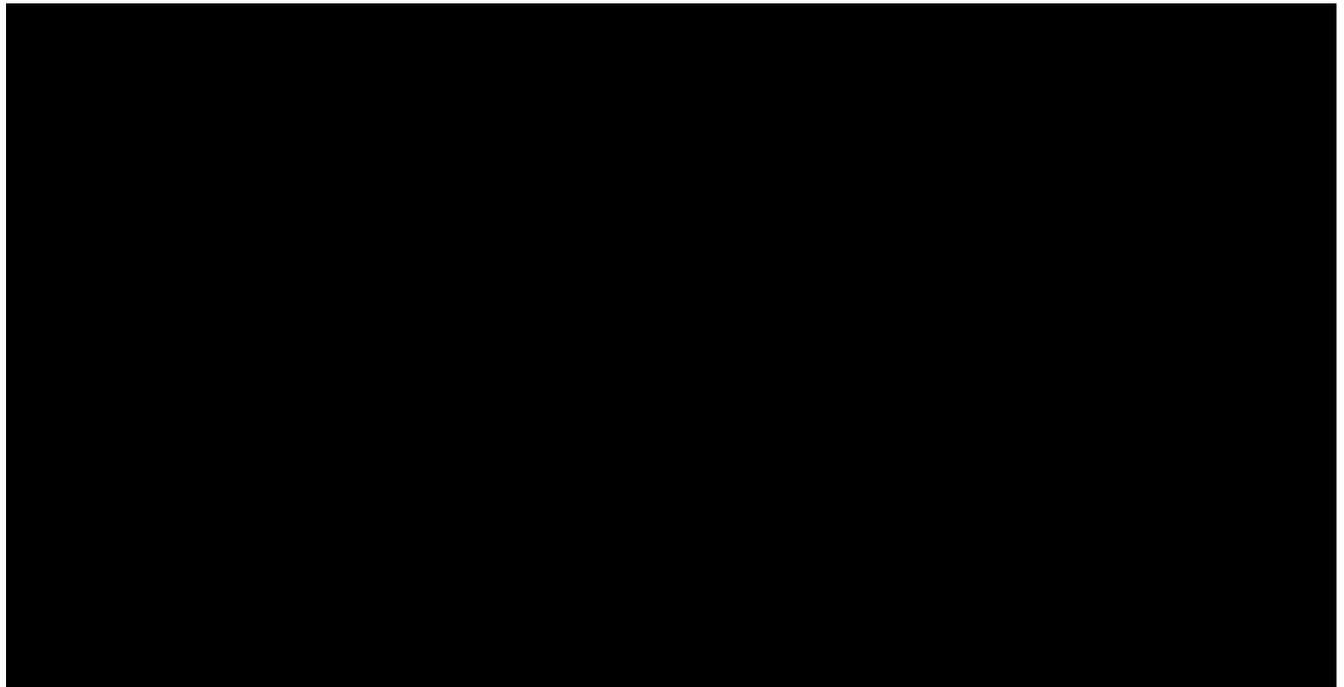
This institutionalized network and its linkages, from the 1950s onwards, reaffirmed the theory and practice of self-reconstruction capitalism already described and brought forth new ideas and issues. In the face of general South Korean social disdain for businessmen arose an

almost defiant assertion that Protestant businessmen were in fact the ethical leaders of society. This view was justified through the example and ideas of the CBMC, where Protestant businessmen were revealed, in a Cold War context, as in charge of world salvation, and showed signs of their exalted role by being pioneers in corporate philanthropy and institutionalized promulgation of business ethics. On a uniquely Korean social and cultural level, self-reconstruction capitalists faced a choice in how far they would allow themselves to be implicated in the developmental state and its new elites through the marriage strategies of their children. Marriage choices were perhaps the most important in setting the limits of how far a self-reconstructionist capitalist could pursue his own path independent of the state.

Just as the choices made by Ilhan New and Chŏn T'aek-bo while operating their businesses under the colonial, and early post-war developmental state profoundly determined the limits of their business careers, the choices made by newer generations of Protestant businessmen impacted the nature and extent of business growth that they and the groups they created would enjoy, both before and after the demise of the developmental state in the 1997 Asian Crisis. Through voluntary leadership positions in the KCBMC taken in the 1970s and early 1980s, seven major business founders/leaders identified themselves as Protestants, nominally unified under the goals of the KCBMC. These seven businessmen represent a level of entrepreneurial talent that the leadership of the KCBMC had never seen before or since. These were Chŏn T'aek-bo, I.D. Kim, Choi Tae-sup (the founder of HanGlas), Soo Keun Kim (the founder of Daesung), Chung Ju-yung (the founder of Hyundai), Chung's protégé Lee Myung-bak (Hyundai CEO and later President of South Korea), and Kim Woo Choong, (the founder of Daewoo). In examining the careers of these seven men, there is a rough, positive 'correlation' between life-long signs of consistent Protestant identification and an allegiance to self-

reconstruction capitalism. In turn, those of these seven who most closely followed self-reconstruction capitalism generally experienced much more limited business growth under a developmental state pre-1997, but a larger, relatively more thriving business post-1997 in a relatively more (neo)liberal economy.

Figure 1 places these seven businessmen within both a Venn diagram and a continuum of capitalist 'leanings'. While some businessmen were clearly self-reconstruction capitalists, and



others very closely identifiable with the developmental state, even if they fully fit within one circle or the other, some were, for example, more 'self-reconstructionist than others, and appear more to the left in their 'circle' (actually, an oval), and vice-versa for those leaning towards the state. Lee and I.D. Kim fell into both camps. Ideologically Lee is a self-reconstruction capitalist but ironically his entire business career was within Hyundai, a group amongst the most closely aligned with the developmental state. I.D. Kim's marriage ties to the Park Chung Hee family impacted his business decisions, making the growth trajectory of his Byucksan group resemble the 'developmental' pattern rather than that of a self-reconstruction capitalist. While not placed

on the diagram, there is a very rough correlation between a more consistent, life-long identification with Protestantism and leaning towards self-reconstruction capitalism. Within the ‘circle’ of self-reconstruction capitalists, namely Chŏn, Choi, Soo Keun Kim, Lee, and I.D. Kim there are, by birth dates, three generations represented. The oldest and therefore ‘first’, by Chŏn (and it can be speculated, by Ilhan New, who likely would have served in the KCBMC if not for his death in 1971), the ‘second’ by Choi, Soo Keun Kim, and I.D. Kim, and the ‘third’ by Lee.

This chapter will first look at the various levels of networking and linkages provided by the KCBMC by analyzing the Protestant business, clergy, and political figures that served as its leadership over the late 1960s to the early 1980s. Considering his status as South Korea’s most famous clergyman, and links with self-reconstruction capitalists, a brief summary of the self-reconstruction nationalism of Han Kyung-Chik will be given. Explaining the participation of Chung Ju-young and Kim Woo Choong in the KCBMC provides an opportunity for highlighting by contrast the difference between self-reconstruction capitalists and ‘nominal’ Protestant businessmen such as Chung and Kim deeply tied to the developmental state. A history of the CBMC and then the KCBMC from its start in 1952 will be provided to show how the latter institution, firmly rooted in the worldview of the former, promoted the idea of Protestant businessmen as the ethical apex of society (most forcefully in the 1970s by I.D. Kim), and as concrete ‘signs’ of this ascendancy pioneered corporate philanthropy in the 1950s onwards. The Korea Rotary whose leadership overlapped the KCBMC’s also aided in the pioneering of corporate philanthropy and business ethics. A sense of how powerful and influential American Protestantism and its institutions and individuals such as the CBMC and Billy Graham were to South Korea will be given. The ‘curious’ divergence of I.D. Kim in aligning himself with the developmental state allowed him to have the greatest pre-1997 business success of all self-

reconstruction capitalists. Why he differed will be found to be related to his choices regarding the marriages of his children. How and to whom the children of one's family married became another decision on how consistently a self-reconstruction capitalist was going to maintain their independence from the developmental state. In family marriage strategies the 'personal' was most certainly 'political.' A brief overview of each self-reconstructionist capitalist of the second generation will then be given to identify commonalities amongst them and with the first generation self-reconstruction capitalists. Finally, an overview of Lee will be given, focusing on his economic policies as South Korea President. While implementation of his policies foundered on neoliberal realities, in his advocacy of free market economics he echoes Ilhan New's suggested economic policies for an independent Korea during WWII and Chŏn T'aek-bo's argument against government regulations.

The KCBMC Leadership and its Linkages

So far only two noted historians have given any serious attention to the KCBMC. Kang In-chŏl sees the significance of the KCBMC in the 1970s as a bastion of anti-communism.¹ Chung-Shin Park notes dismissively of the KCBMC before the 1970s that "Originally, the [KCBMC] was not politically oriented but rather was concerned with works of charity."² Park notes it became a forum for prominent allies of the Park dictatorship to attack anti-government Christians in the 1970s and sees its significance dating back to this development around that time.³ In the larger studies from which both scholars look at the KCBMC their primary interest is in the post-war relationship of evangelical Protestants with politics, and only look at KCBMC

¹ In-chŏl Kang, *Hanguk ūi kaesingyo wa pangongjuŭi* [Korean Protestantism and anti-communism] (Seoul: Chungsim, 2007), 552.

² Park, *Protestantism and Politics*, 185.

³ Park, *Protestantism and Politics*, 186.

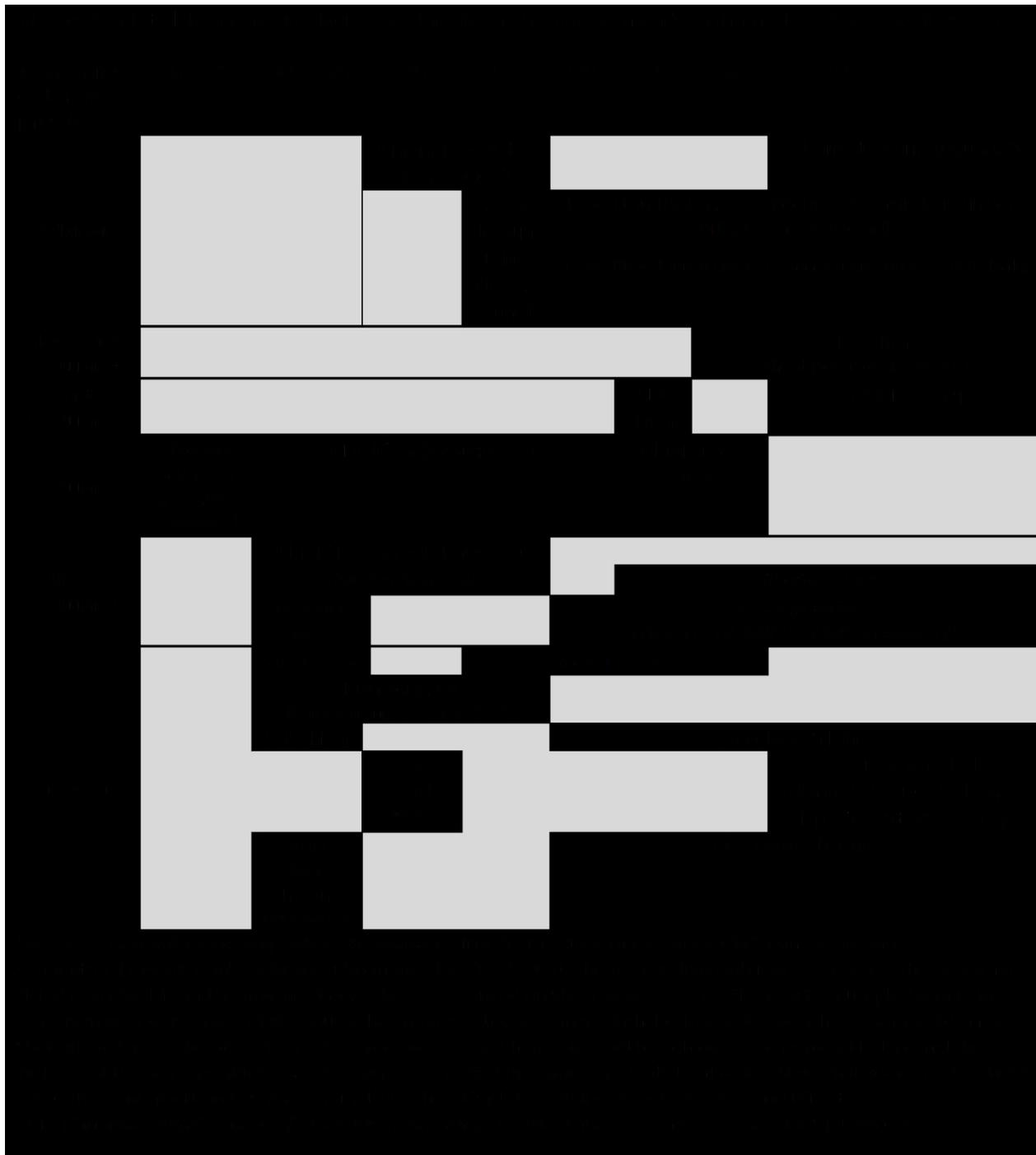
within that framework. Viewed this way, the KCBMC indeed becomes significant only during the 1970s as another example of a growing alliance between politically conservative Korean Protestants and military regimes with non-Christian leaders. While the KCBMC in the 1970s is certainly an example of this, after discussing this linkage, it will be shown that many other linkages were significant, and that the “works of charity,” as Park wrote, that the KCBMC carried on from the 1950s, signified a unique K/CBMC worldview that businessmen were the ethical apex of society.

After the fall of the Protestant Rhee in 1960 it took a decade for the Park regime and Protestants to build up enough trust in one another to come together in a shared anti-communism.⁴ The following Table 1 shows the positions and years of tenure of selected leaders of the KCBMC from 1967 to 1982. In this table a personal link between the KCBMC and the Park regime can be most clearly seen in the person of Kim Jong Pil, who served as a Director from 1974 through 1977. Kim was a brother-in-law to Park Chung Hee and his closest ally, and was the first head of the KCIA that had arrested and probably physically mistreated Chŏn T’aek-bo. Overlapping his Directorship of the KCBMC, from 1971 to 1975 Kim was also the Prime Minister of South Korea. In this position Kim was formally (and in fact) Park’s second in command within the regime. His time as Prime Minister saw the imposition by Park Chung Hee of the infamous Yushin Constitution in 1972 that ushered in one of the most repressive eras in South Korean history and lasted until Park’s death in 1979. Kim was also a Methodist deacon.⁵

⁴ Park, *Protestantism and Politics*, 76-77, 187-188.

⁵ Timothy S. Lee, “Beleaguered Success: Korean Evangelicalism in the Last Decade of the Twentieth Century,” in *Christianity in Korea*, ed., Robert E. Buswell Jr. & Timothy S. Lee (Honolulu: Univ. of Hawaii, 2006), 338. Kim was converted by Joon Gon Kim, the founder of the Korean Campus Crusade for Christ in 1965. Campus Crusade for Christ (CCC) is one of the largest evangelist organizations in the world. It was started in the U.S. in 1951 under the leadership of Bill Bright. Billy Graham was one of Bright’s closest life-long friends and supported the CCC from its beginnings. See John G. Turner, *Bill Bright & Campus Crusade for Christ: The Renewal of Evangelicalism in Post-War America* (Chapel Hill, NC: Univ. of North Carolina, 2008). For details on Kim’s conversion, see page 242.

Other than Park himself joining the KCBMC, which would have technically been impossible as Park was not a Protestant, Kim's involvement alone provides a powerful example of the role of the KCBMC in the



rapprochement between conservative Protestants and the Park regime. Besides Kim Jong Pil

however, I.D. Kim was also linked by marriage to the Park Chung Hee family. As the most important leader of the KCBMC at this time, serving as its Chairman, Past Chairman, and then Honorary Chairman for life, I.D. Kim's marriage ties closely linked the KCBMC to the regime.

All three generations of self-reconstruction capitalists can be found on Table 1, their names highlighted in bold. The 'second generation,' namely I.D. Kim (1915 - 1997), Choi Tae-sup (1910 - 1998), and Soo Keun Kim (1916 - 2001), as indicated by the birth dates in brackets, were all born within six years of each other, placing them in a distinctly different and younger generation than Ilhan New (1895) and Chŏn T'aek-bo (1901). Being born in the early 1910s placed Choi, I.D. Kim, and Soo Keun Kim close to the median birth year of 1909 of the vast majority of post-war Korean large business founders, and close contemporaries of the founders of the two largest conglomerates, namely Chŏn's friend Lee Byung-Chull of Samsung (1910) and their fellow KCBMC leader Chung Ju-yung of Hyundai (1915). Unlike the first generation, the second generation of self-reconstruction capitalists never knew, even when very young, an independent Korea before Japanese colonialism. The date of their deaths is also significant as each one died either as or just a few years after the 1997 Asian Crisis. This means that throughout their lives they never knew any other business environment than the developmental states started by the Japanese, in brief remission under Rhee, and then fully renewed by Park Chung Hee, and still operating into the start of Kim Dae-Jung's Presidency three and a half decades later. Born in 1941⁶ Lee Myung-bak clearly represents a third generation that has no significant memory of the colonial era. He not only lived beyond the developmental state but strove to fully eliminate any lasting vestiges of it while President.

⁶ Myung-bak Lee, *The Uncharted Path: An Autobiography* (Naperville, IL: Sourcebooks, 2011), v.

Chŏn was a KCBMC Director almost without break from 1974 to 1980. He took on the most prestigious and probably more active role of Advisor over 1976 and 1977, in other words after any hope of reviving his company Chonusa had gone by and he was fully in ‘retirement’. In that position Chŏn could play the role of distinguished elder to all three of the second generation capitalists. In the four years in the mid-1970s when his role in the KCBMC overlapped with that of Kim Jong Pil, he may also have had the opportunity to practice the Christian virtue of forgiveness toward Kim, who had overseen his arrest and mistreatment and who represented a regime that had driven him out of business. All three of the second generation reconstruction capitalists held major roles in the KCBMC. The centrality of I.D. Kim leadership to the KCBMC has already been mentioned. Choi Tae-sup moved through the ranks of active top leadership positions throughout this period, from Vice-Chairman to Chairman and then Past Chairman, working closely with I.D. Kim. Soo Keun Kim’s position was less central of the three, mostly as a Director, but also a one year stint with Chŏn as an Advisor. By the time Lee Myung-bak became a Director Chŏn was dead, but his personal and business legacy could have been well-represented into the early 1980s by all of the second generation ‘seniors’ above Lee.

All of the legacy and history of the KCBMC itself from its start in the early 1950s to the 1970s was represented by two of the original (near-)founders, shown in Table 1 in italics. As will be described, the KCBMC had two ‘founders’, the Korean Hwang Sŏng-su, and the American Colonel Cecil R. Hill (“Col. Hill”). In the 1950s Hwang was a tireless intermediary for the introduction of American Protestant social organizations into South Korea, including the KCBMC. He was also a National Assemblyman and close political ally of President Syngman Rhee, and later became a pastor.⁷ Hwang continued as Chairman and then Vice-Chairman

⁷ Park, *Protestantism and Politics*, 178

throughout the late 1960s to early 1980s and carried with him the institutional memory of the KCBMC from its earliest start, and coincidentally an insider's knowledge of the Rhee regime. While by the 1970s Col. Hill had long departed South Korea and apparently had nothing further to do with the KCBMC, one of his most important early helpers, Yi Söng-wön, was still a Vice-Chairman throughout this period.

A great deal of the prestige and programing of the KCBMC came from its links with the U.S. CBMC. The CBMC in turn was linked with the most prestigious and famed American evangelist of the post-war period, Billy Graham. Throughout the 1970s Hwang Söng-su continued to visit the CBMC for the 'latest' developments in evangelizing techniques.⁸ From the late 1970s into the early 1980s the ministers Han Kyung-Chik (1902-2000) and Billy Kim [Kim Chang-hwan] (1934-) held the position of Advisor in the KCBMC. Famed pastors within South Korea both had close personal ties with Billy Graham and Graham's own American Protestant network. Han had been Graham's translator during the sermons given by the latter in his visits to South Korea in the 1950s.⁹ Kim was Graham's translator during Graham's 1973 'Crusade' in South Korea, when Graham spoke to the largest single crowd of his career, estimated at over one million people.¹⁰ Kim started his involvement with the KCBMC by setting up the Suwon committee in 1960.¹¹ Kim retired in 2005 as head of the Baptist World Alliance.¹² After fleeing the north following the communist take-over, Han founded Yongnak Church, the largest Presbyterian church in the world. In Timothy S. Lee's words, Han was "arguably the most

⁸ Gyurng-Rae Kim ('veteran' KCBMC member), interview by author, Seoul, Korea, November, 2007.

⁹ David Aikman, *Billy Graham: His Life and Influence* (Nashville, TN: Thomas Nelson, 2007), 110.

¹⁰ Billy Graham, *Just as I Am: The Autobiography of Billy Graham* (New York: HarperCollins, 1997), 275.

¹¹ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen's Committee] (Seoul: Hanguk Kidok Siröp Inhoe [KCBMC], 1982), 85.

¹² "Baptist Centenary Congress 2005 Ends Successfully with Hallelujah Praise," *Christian Today*, August 1, 2005.

influential Protestant minister in Korea in the second half of the twentieth century.”¹³ Han was a friend to all of the second generation reconstruction capitalists. In his autobiography I.D. Kim approvingly quotes from a sermon Han gave on grace.¹⁴ Han Kyung-Chik officiated at Soo Keun Kim’s funeral.¹⁵ Han and Choi Tae-sup were both alumni of the Osan School and were personally mentored by Cho Man-sik in their respective times at the school.¹⁶

As befitting an Osan School (and an American university) alumnus, Han’s overall worldview fit in well with self-reconstruction nationalism and capitalism in general and echoed Ilhan New’s mentor Sŏ Chaep’il. According to Han the only sure basis of modern civilization was Christianity, as amply demonstrated by the example of the United States.¹⁷ Because the U.S. acknowledged God, “the result is that amongst all the nations up to the present the U.S. is the most blessed and peaceful nation in the world.”¹⁸ From Christianity descended the idea of equality, which underlay democracy, and without democracy and the freedom of ideas, science cannot flourish, and without science there is no modern civilization: “The distinguishing feature of modern civilization is Christianity.” Without Christianity, modern civilization degenerates into fascism, Japanese imperialism,¹⁹ or communism, the latter a ‘utopian religion’ that desires perfect ethical behaviour but provides neither material incentive nor spiritual belief that would

¹³ Timothy S. Lee, “Conversion Narrative in Korean Evangelicalism,” in *Religions of Korea in Practice*, ed. Robert E. Buswell, Jr. (Princeton: Princeton Univ., 2006), 396.

¹⁴ In-dŭk Kim, *Nae chibŭl ch’aeura* [...That my house may be filled] (Seoul: Hong Sung Sa, [1989] 1996), 202. The book title is from Luke 14:23, from the ‘Parable of the Great Banquet’.

¹⁵ Kwi Ok Yeu, *Beautiful Memories: Walking After the Light* (Seoul: Christian Literature Crusade, 1998), 290-292.

¹⁶ Won-Sul Lee, Seung-Joon Lee, Chung-Sik Han, *Just Three More Years to Live!: The Story of Rev. Kyung-Chik Han* (Seoul: Rev. Kyung-Chik Han Memorial Foundation, 2005), 37-38; Yong-chung Choi (eldest son of Choi Tae-Sup), interview by author, Seoul, Korea, November, 2007.

¹⁷ Hye-chŏng Yi, Professor, Daeshin University, quoted in “Han Kyung-Chik moksa, minjok inyŏmdŭrŭi sŏnghaeng, mollak chikyŏpomyŏnsŏ” [Observing the decline in Rev. Han Kyung-Chik’s national ideas], *Christian Today*, June 15, 2013.

¹⁸ Kyung-Chik Han, “Kidokkyowa chŏngch’i” [Christianity and politics] (sermon, Bethany Church, Seoul, 1946).

¹⁹ Kyung-Chik Han, “Kidokkyowa hyŏndaemunmyŏng” [“Christianity and modern civilization”] (speech, given to students, 1947).

actually motivate anyone to behave well. History showed that lack of spiritual motivation made other non-theist based system of ethics useless in giving people the courage to act on their noblest impulses. (A criticism that Chŏn T'aek-bo also made.) While capitalism is not perfect, it and its preservation of private property fit better with human nature. Any system, including capitalism, could be turned to evil by non-believing people. The fundamental hostility of Marxism towards faith made it impossible for it to coexist with Christianity while under capitalism businessmen could be Protestant and thus motivated to act beyond self-interest.²⁰ Another critical advantage of Christianity according to Han, was that no other religion in the world emphasized the importance and dignity of hard work, which kept people happy and prevented them from falling into sin from bored idleness.²¹

Developmental 'Protestants': Kim Woo Chung and Chung Ju-yung

The presence of Kim Woo Chung (1936-) and Chung Ju-yung (1915-2001) in leadership positions in the KCBMC at this time provides a useful contrast between the careers of Protestant businessmen who fully worked within the developmental state and those who did not. Arguably there has been no capitalist or group that was as closely tied to the South Korean developmental state than Kim and his group Daewoo. As one expert wrote summing up the end of Daewoo after the 1997 Asian Crisis:

Although most *chaebol* in Korea followed a similar path of expansion based on borrowed money, Daewoo carried this strategy to the extreme....Daewoo [combined] over-expansion, moral hazard, poor corporate governance, government bail-outs, and restructuring... The result was the biggest bankruptcy in Korean history...²²

²⁰ Kyung-Chik Han, "Kidokkyowa kongsanjuŭi" ["Christianity and communism"] (sermon, 1947).

²¹ Kyung-Chik Han, "Kidokkyo nodonggwan" ["Christian labour"] (sermon, March 3, 1963).

²² Lee, "The Restructuring of Daewoo," 150.

During the Asian Crisis the debt-equity ratio of many Daewoo group companies was found to approach infinity, the result of previous unlimited access to government directed loans, and Kim along with many of his top managers faced criminal charges for their business practices.²³

Before the crash the rise of Daewoo had been the most spectacular and swift in Korean business history. Started in 1967, helped by an educational tie between Kim's family and Park Chung Hee, Daewoo rose spectacularly in only a decade to become one of the largest groups in South Korea. Through the 1980s and 1990s Daewoo usually ranked in at least the top three groups in the country, and in some years such as 1988 was number one.²⁴

To join the KCBMC Kim would have had to state that he was a Protestant. In his autobiography he describes with admiration his mother's devout Protestant faith, and lauds the "positive Christian view of the world." However, he sums up his religious beliefs with the universalistic statement that "religion is important,"²⁵ which hardly fit in with the stridently evangelistic character of the KCBMC. In a celebrated series of exchanges on Western and Eastern thought with philosopher Kim Yongok published in 1991, Kim's religious views do not seem to make an appearance.²⁶ Scholars and journalists specifically interested in the Christian background of major Korean business founders fail to include Kim Woo Chung on their list of 'believing' or even 'cultural' Christians.²⁷ In sum, Kim's role as a KCBMC Director was the lowest profile role he could have taken that would not be out of step with his position as a group founder, suggesting he was not interested in taking the active role all the other major business

²³ Lee, "The Restructuring of Daewoo," 162.

²⁴ Han-ku Yi, *Hanguk chaebölsa [The history of the Korean conglomerates]* (Seoul: Daemyong, 2004), 254; Kim, *Big Business, Strong State*, 124.

²⁵ Woo Chung Kim, *Every Street is Paved with Gold: Success Secrets of a Korean Entrepreneur*, (New York: Time Books, 1992), 72.

²⁶ See Yongok Kim (with Woo Chung Kim), *Daehwa [Dialogue]* (Seoul: Dongnamu, 1991).

²⁷ See for example Kang, *Hanguk kidokkyohwe wa kukka-siminsahye: 1945-1960 [The Korean Christian Church and State-Civil Society: 1945-1960]*, 207; Tong-söng Cho, ed., *Hanguk chabonchuüi kaech'ökchatül [Pioneers of Korean capitalism]* (Seoul: Wolkan Chosön, 2004), 12, 295-324.

founders in the association did. Perhaps being in the KCBMC did give him another connection with people such as I.D. Kim and Kim Jong Pil who had personal ties to Park Chung Hee that ran deeper than family friendship. As the head of a group still on the rise in the South Korean business world in the 1970s, Kim apparently felt an association with the KCBMC was of some networking utility.

Even though Chung Ju-yung took on the highly prestigious role of KCBMC Advisor in 1981 and 1982, Chung's Protestant identity seems to have been largely a matter of expediency. Chung had a record of presenting a different religious identity depending on the audience. His 'official' biographies often mentioned only the Confucianism of his father, linked to the 'Confucian ethics' of 'hard work and beneficent paternalism' that supposedly made up the corporate culture of Hyundai. When running unsuccessfully for South Korean President in 1992 and facing two major opponents, one Catholic and the other Protestant, Chung decided to appeal to the non-Christian segment of voters and declared in no uncertain terms that he had no religious beliefs whatsoever.²⁸

Building on modest success in the colonial period, Chung started Hyundai in 1950, and by the late 1960s was running one of the largest groups in South Korea. By the early 1970s Hyundai was a top three group and soon was either number one or number two, in perpetual competition with Samsung for the top rank until 1997.²⁹ With the Asian Crisis and Chung's death in 2001 the group was split into several different companies with no formal ties. The breakup garners mixed assessments from scholars and business experts: while the debt position and ongoing problems of many former Hyundai group companies can justify a conclusion that,

²⁸ See Brian Gold, "The 'Invisible Church': The 'Lost' Christian Identities of First Generation Chaebol Founders," *Journal of the Southwest Conference on Asian Studies*, Vol. 7 (2011).

²⁹ Yi, *Hanguk chaebŏlsa [The history of the Korean conglomerates]*, 197, 205; Kim, *Big Business, Strong State*, 124.

after Daewoo, Hyundai post 1997 was the second biggest disaster in Korean business history,³⁰ the increased competitiveness of some surviving companies resulted in them remaining some of the world's largest in their sectors, arguing for the positive economic legacy of Chung.³¹

Why did the head of possibly the largest group in South Korea take on a Protestant identity and join the KCBMC in the early 1980s? To fellow KCBMCers Chung always insisted on the sincerity of his belief, and like Kim Woo Choong, could cite the lifelong influence of his devoutly Protestant mother. However, his KCBMC peers of more self-perceived ardent faith never believed him, in part because of his life-long reputation as a womanizer, but allowed him to join as they hoped for a 'true' and lasting conversion of such a prominent businessman. They never felt they succeeded and still see Chung as one that "got away."³² If Chung did not join the KCBMC to confirm his Protestant identity, why did he join? The timing was critical. In the 1960s and 1970s Chung had been a dashing 'can-do' entrepreneur fulfilling Park Chung Hee's most desired high-profile infrastructural and industrial ambitions, including building the first national expressway, and successfully initiating the South Korean shipbuilding and automobile industries. As a result Chung was Park's 'favorite' business founder and Hyundai and Park's developmental state worked amicably together for mutual business and economic growth.³³ However, by 1981 under the newly installed military dictator President Chun Doo Hwan, who was hostile towards institutions and people associated with Park, Chung came under intense pressure from the regime to sell off parts of his group, including Hyundai Motors.³⁴ At this point Chung, perhaps at the urging of his devout Protestant protégé, Lee Myung-bak, probably felt he

³⁰ Pirie, *The Korean Developmental State*, 164.

³¹ Antoine van Agtmael, *The Emerging Markets Century: How a New Breed of World Class Companies is Overtaking the World* (New York: Free Press, 2007), 42.

³² Chang Sung Kim (President of KCBMC) interview by author, Seoul, Korea, November, 2007; Gyurng-Rae Kim ('veteran' KCBMC member), interview by author.

³³ Byung-Kook Kim, "The Labyrinth of Solitude," 159.

³⁴ Lee, *The Uncharted Path*, 120-122.

temporarily needed to find as many allies as possible to back his resistance to a developmental state that under a new leader was no longer working in his interests.

In terms of the story of self-reconstruction capitalism, Chung's membership may have been most significant in bringing in his protégé Lee as a Director of the KCBMC. This proved to be the start of an ongoing association between Lee and the KCBMC that lasted up to and including his Presidency. In the early 1990s Lee founded a still thriving new chapter of the KCBMC in Seoul. As President he made sure to visit the KCBMC and utilized personal contacts he had made with high profile American CBMCers.³⁵ While Kim Woo Chung and Chung Ju-yung, both of marginal Protestant identity, continued to develop their business more or less in alliance with the developmental state, through his association with the KCBMC and fellow members such as I.D. Kim, Choi Tae-sup, and Soo Keun Kim, Lee would find confirmation of his already developing belief in a less state-directed capitalism, though ironically his business career was entirely within Hyundai, arguably the group most tied to the developmental state after Daewoo.

Rehabilitating the Businessman: U.S. Influence, the (K)CBMC, and Rotary Korea

³⁵ "10-man kidok silöpin net'üwök'ühacha" [Let ten thousand KCBMCers network!], Opening of KCBMC Conference, Aug. 18, 2011, KCBMC web site, http://www.cbmc.or.kr/bbs/board.php?tb_name=news&tb_mode=read&no=64&menu_no=1; "Epilogue: Milligan faced year of political intensity while heading U.S. Chamber," Lincoln Journal Star, Sept. 13, 2010, http://journalstar.com/news/local/epilogue-milligan-faced-year-of-political-intensity-while-heading-u/article_60bf1d9c-bf44-11df-b2f7-001cc4c002e0.html; "Kongju cbmc, sejong cbmc, chunbi wiwön-Seoul Saehan cbmc pangmun" [Preparations for Kongju and Sejong CBMC, visit to Seoul Saehan CBMC], Kidok Sinmun [Christian Newspaper], May 10, 2013, http://278.0691.org/news_view.html?s=index&no=3068&hd=1&s_id=&ss_id= .

Throughout most of the 20th century large business owners and entrepreneurs have had a particularly low social status in Korea.³⁶ This has been the result of numerous widespread reinforcing viewpoints. These include a lingering Confucian animus against ‘base’ men who spend their lives pursuing profit, a rejection of the idea of absolute property rights, an expectation that government, not private enterprise, is the ultimate steward of the people’s economic well-being and the taint of traitorous collaboration with the Japanese that hung over most of the colonial era big business founders. There was also a perception that running a large business required a businessman to continually operate as both a low-level ‘criminal’ and an ally of dictators. The air of criminality arose from the impossibility of actually complying with the maze of (often self-contradictory) government regulations surrounding a business and from opaque and inconsistent systems of tax assessment and collection that made determining what was legally owed difficult and tax evasion of some degree widely practiced. The ‘charge’ of allying with dictators came from the ‘required’ bribery and policy complicity between businessmen and the developmental state.³⁷ As noted even Chŏn T’aek-bo succumbed at least once to corruption. New Ilhan’s iconic status is due not only to a perception that he never gave in to bribery and was a model tax payer but that in fact he was the *only* such businessman in 20th century South Korean history.

Colonial-era self-reconstruction nationalism placed the honest, patriotic businessmen’s vocation as a highly ethical one, though not necessarily one that was higher than any other ‘modern’ profession. Partly through the example and immense prestige of American influence, the American originated Korean Christian Businessmen’s Committee (KCBMC) and Korean Rotary took this rehabilitated conception of the businessman even farther. Protestantism, calling

³⁶ Song, *The Rise of the Korean Economy*, 54.

³⁷ Janelli and Yim, *Making Capitalism*, 104; Song, *The Rise of the Korean Economy*, 91, 251; see especially Eckert, “The South Korean Bourgeoisie.”

businessmen to evangelism and philanthropy, made ‘believing’ businessmen not just as ‘ethical’ as anyone else but in fact the most ethical humans alive, and therefore the ‘natural leaders’ of the nation. The logical progression was unstated and implicit: since Christianity (conflated with Protestantism) was the ‘true’ path to God, believers, with God’s help, had the potential to be the most ethical humans in any society. The greatest task for any believer was the evangelical one of spreading the faith and turning other individuals into such optimized ethical beings, eventually creating nations and a world that was entirely ‘saved’. Placing the evangelical task at the forefront of one’s life made a person a model of ethical behaviour. To the KCBMC (and the American ‘parent’ organization, the CBMC), in a modern world of marketing and administration, businessmen were now the humans most ideally suited to spread the faith, even above professional clergy, so businessmen were potentially the most ‘ethical’ beings under heaven.

This exaltation of modern businessmen as the most potentially ethical made them, under the lens of the heavily Confucian-influenced Korean political culture, the ‘natural’ political leaders of Korea. Confucianism, from its earliest writings by Confucius and Mencius, identified the ideal political rulers of a society as those educated in ethical norms and then demonstrating their adherence to ethical norms in their personal and public lives.³⁸ The fundamental problematic in Korean religious thinking, reinforced by centuries of influence from Confucianism, has been the gap between humans being in essence good but in behaviour often bad.³⁹ Humans demonstrating the ability to actually behave in accordance with the highest deemed ethical standards, such as, in their own terms, Korean Protestant businessmen, demonstrate their ‘natural’ position as the leaders of society. While during the reign of

³⁸ Doh Chull Shin, *Confucianism and Democratization in East Asia* (Cambridge: Cambridge Univ., 2012), 114.

³⁹ Baker, *Korean Spirituality*, 2.

successive military dictators the KCBMC did not advocate that Protestant businessmen should also be the political rulers, the exalted position of Korean Protestant businessmen, and their irreplaceable role in making South Korean capitalism ‘work’ in competition with the North’s communism, did imply that in the economic sphere at least they deserved to enjoy as little government interference in their business affairs as possible.

The CBMC saw the ‘true elite’ of Christendom in its member Protestant businessmen, standing higher than clergymen. This description makes CBMC even in terms of U.S. Christian history an exceptional case-study of exaltation of the role of businessmen. This took shape in an America that in the 1950s and onwards made ‘In God We Trust’ the national motto, largely thought of itself as a ‘Christian nation’, and knew that what was good for General Motors was good for the country.⁴⁰ In the context of a South Korea of much greater religious pluralism than the U.S., where Protestants were still a tiny minority, and where burgeoning group founders faced widespread animus, the mission of the KCBMC to be nation-leading groups of ‘ethical businessmen’ (an oxymoron in most Koreans’ understanding) was utterly novel in terms of Korean history and modernity. (Just as an organization focused on Protestant businessmen, the KCBMC is unique in Korean Protestant history.)⁴¹ Dennis McNamara has described what he calls the corporatism of the South Korean developmental state, where it sought to make normative the ‘junior’ partnership role of the private sector vis-à-vis the state. According to McNamara, this message was parroted by all general business associations into the 1970s.⁴² In contrast, the KCBMC was naming Protestant businessmen as the nation’s leaders. The classical economic liberalism of the self-reconstruction capitalists did not acknowledge that the state

⁴⁰ Martin Halliwell, *American Culture in the 1950s* (Edinburgh: Edinburgh Univ., 2007), 24; Mark Noll, *A History of Christianity in the United States and Canada* (Grand Rapids, MI: William B. Eerdmans, 1992), 439.

⁴¹ Kang, *Hanguk ūi kaesingyo wa pangongjuŭi* [Korean Protestantism and anti-communism], 552.

⁴² McNamara, “Benign Capitalism,” 66-69.

should be their economic partner in any sense, let alone a ‘senior’ one. Protestantism is associated with a long list of ‘firsts’ in terms of Korean modernity and ‘modern’ religious practices. The KCBMC must certainly also be added to this lists of ‘firsts’. In terms of Korean economic history they were the first civil organization to posit businessmen as not merely a ‘necessary evil’ but as leading ethical exemplars, and were (along with the Korean Rotary) the pioneers in corporate philanthropy for South Korea. In the latter endeavour Protestant businessmen were showing ‘signs’ of their self-perceived superior ethical being.

Besides the KCBMC, U.S. founded ‘service’ clubs for professionals and business people also undertook charity activities. The only two with any significant presence in South Korea are Rotary and Lions Clubs International. This chapter will briefly discuss the older and more significant organization of the two, Rotary.⁴³ The Lions lagged behind both Rotary and the CBMC in coming to South Korea, with Lions International Korea starting in 1959, and therefore cannot be said to have played the pioneering role in corporate philanthropy that the other two organizations did.⁴⁴

⁴³ Hanguk Rotary, *Hanguk rotari 70-nyönsa* [Rotary seventy years of service in Korea, 1927 – 1997] (Seoul: Hanguk Rotary, 1998), 307. By the late 1990s Rotary International had over 42,000 members in South Korea; *Hanguk laionsü 45-nyönsa: 1959-2004* [Lions Korea 45 year history: 1959-2005] (Seoul: Hanguk Laionsü, 2004), 89. By 2003-2004 the Lions had over 77,000 members in Korea.

The Kiwanis were the last to arrive, in 1967, and numbered only 622 members as of 2009. “History in Brief,” Westerville Kiwanis Club website, <http://www.westervillekiwanis.org/kiwanisHistory.php#1967>; Kiwanis International, *Report: Monthly Comparison: Korea (Comprehensive Membership Summary by Club, Dec. 2009)*, Kiwanis One web site, <http://community.kiwanisone.org/media/p/15686.aspx>.

The Shriners are the service club arm of (primarily North American) Masons. While the first Masons met in Korea in 1907, it was not until the late 1950s that two Koreans became the first of their countrymen to become Masons while resident in Korea (one of whom became a Shriner and soon left to live in the U.S.). The number of Korean Masons however remained tiny and “[u]ntil the 1980s Freemasonry in Korea was predominantly a ‘foreign’ [e.g. for Westerners resident in Korea] activity....” Donald LeVergne, “One Hundred Years of Freemasonry in Korea: A Brief History of Lodge Han Yang No. 1048 in Seoul,” July, 2007, 4, 13, 14.

The Benevolent and Protective Order of the Elks are only active in the U.S., Canada, and parts of the Caribbean.

⁴⁴ *Hanguk laionsü 45-nyönsa: 1959-2004* [Lions Korea 45 year history: 1959-2005], 88.

Throughout Korea's existence, no country has wielded as much 'soft' (and often 'hard') power on it as the U.S., particularly during its economic recovery from the Korean War and subsequent economic 'take-off'. As a bulwark of capitalism during the Cold War, the South Korean elite and the U.S. found a common purpose in anti-communism. For self-reconstruction capitalists there was an overlapping religious and ideological affinity with an influential coterie of prominent American Protestant businessmen who saw themselves as the spiritual leaders of a super-power that God was going to use to swiftly evangelize the post-war world.

These Protestant American businessmen had come together to assert the 'power' of the 'saved' individual businessman over the Great Depression and the superiority of 'old-time' American free-market policies over New Deal government interventionism. However as WWII and then the Cold War dawned they became reconciled and even supportive of the burgeoning American neoliberal industrial-military complex as they saw it as a platform to spread their message of Protestant businessmen as spiritual leaders of society on a global basis and for global conversion. As these organizations were American in origin it was reinforced by the immense prestige that America's economic success, and 'America's religion' of Protestantism carried amongst all South Koreans, whether believers or not, who saw the latter as a key cause of the former.

The U.S. Christian Businessmen's Committee (CBMC): Businessmen above Clergy in 'Saving' the World

The CBMC (originally the Christian Businessmen's Committee, now the Christian Businessmen's Connection) started in the U.S. in 1930 from an interdenominational gathering of

evangelical men, primarily laymen, who sponsored a successful series of revival meetings in Chicago. After a similar committee was set up in San Francisco, the organization formalized itself on a national scale as the CBMC in 1937, with committees in various cities. In many ways the CBMC was a ‘northern’ variant on the Christian Men's Evangelistic Club (CMEC) of the southern U.S. The CMEC was often called the Billy Sunday Club because it grew out of a 1924 revival campaign held in Charlotte, North Carolina by Billy Sunday, the most famous and influential itinerant preacher in the U.S. in the first quarter of the 20th century. The two organizations merged under the CBMC name in 1958.⁴⁵ From CBMC’s own telling of their history, the late 1950s was the high watermark of their fame throughout the nation. For example, President Eisenhower sent a congratulatory telegram to the 1957 convention in Phoenix, Arizona.⁴⁶ Overseas CBMCs started quickly in Canada and the U.K. Presently there are CBMCs in approximately 60-70 countries worldwide with a total membership of 50,000. Officially all overseas CBMCs, including Korea’s, were under the control of the U.S. CBMC until 1973.⁴⁷

From its earliest conception as ‘the’ spiritual response to the Great Depression, the CBMC placed an emphasis on taking action and on ‘saving’ the world, starting in the U.S. The more ad hoc, task-focused connotations of the use of the term ‘committee’ in CBMC’s former name instead of ‘club’ or ‘association’ was used in order to underscore the focus on “redeeming the time.”⁴⁸ This sprang from a militant insistence on a belief in premillennialism as such men “have a sense of urgency about the task of witnessing to their faith, whereas men of other beliefs

⁴⁵ David R. Enlow, *Men Aflame: The Story of Christian Business Men’s Committee International* (Grand Rapids, MI: Zondervan, 1962), 13; “Papers of Vernon William Patterson, Collection 5,” Billy Graham Center Archives, <http://www.wheaton.edu/bgc/archives/GUIDES/005.htm> .

⁴⁶ CBMC, *75 Years of Ministry: 1930-2005* [Brochure], (Chattanooga, TN: CBMC Service Center, 2006), 9.

⁴⁷ “The History of CBMC,” CBMC web site, <http://74.125.155.132/search?q=cache:1yE6ys2ypigJ:www.cbmc.com/about/history.aspx+CBMC+membership+worldwide&cd=5&hl=en&ct=clnk> .

⁴⁸ Enlow, *Men Aflame*, 13.

might be less likely to have the same vision and burden.”⁴⁹ The task of conversion was purportedly the only purpose of the organization, not to be sidelined by any other Christian endeavour. In the words of an oft cited founder of CBMC, Arnold Grunigen:

Active, virile laity will combine to preach the blood of Christ, resist all moves to sidetrack us on reformation projects of one type or another, soft-pedal labels, consolidate our lines in order to unify our efforts in getting the Gospel to as many people as possible in the shortest time possible; joining together with the express intent of waging an assault on godlessness, materialism, unbelief, and modernism. What the world needs is the Gospel. Do you like our platform?⁵⁰

With this focus on proselytization came an explicit disdain for clergy as being inadequate for the task at hand. One source of this disdain was a long history dating back into the 19th century of mutually displayed inconsistent support and sometimes outright hostility between seminary-educated American Protestant clergy and evangelical revivalist itinerant preachers.⁵¹ Another was the perception that clergy necessarily had denominational loyalties that fermented time-wasting divisions. The answer was non-denominationalism centered on a bare outline of standard evangelical beliefs with premillennialism thrown in.⁵² However, even right believing clergy were kept at arm’s length as “All business men are eligible for full membership. The so-called ‘professionals’ in religious work are entitled to associate membership.”⁵³

The spirit of CBMC at that time was not just that ‘so-called’ professional clergy were not up to the task; it was that businessmen were really the only ones up to the challenge, not only in

⁴⁹ Enlow, *Men Aflame*, 14.

⁵⁰ Enlow, *Men Aflame*, 28.

⁵¹ Sarah Ruth Hammond, “‘God’s Business Men’: Entrepreneurial Evangelicals in Depression and War” (PhD dissertation, Yale University, 2010), 79; Darryl G. Hart, *The Lost Soul of American Protestantism* (Oxford: Rowman and Littlefield, 2004), 18-19.

⁵² Enlow, *Men Aflame*, 13-14, 27; The CBMC “Statement of Doctrine” upon its founding encompassed nine points: “(1) inspiration of the Scriptures; (2) Trinity; (3) virgin birth; (4) man’s sinful nature; (5) death of Christ; (6) His resurrection; (7) His premillennial return; (8) new birth through faith in Christ, and (9) everlasting punishment of the lost.”

⁵³ Enlow, *Men Aflame*, 15.

terms of converting other businessmen,⁵⁴ but of spreading the Gospel to the entire world. The CBMC was “the greatest spiritual movement in the 20th century”⁵⁵ and, beyond any seminary, the true “graduate school of Christianity, a hardy place of service for wholehearted men... [conducting] man-to-man aggressive evangelism...and demonstrating that Christianity works in business.”⁵⁶ Besides Grunigen, R.G. LeTourneau was considered by CBMC during this period as one of its two most important early leaders.⁵⁷ LeTourneau was a leading 20th century inventor of earth moving technology and his factories produced 70% of the earth moving machines used by the U.S. Army in WWII.⁵⁸ Summing up the CBMC’s dismissive attitude towards clergy and his role as a businessman ‘called’ to evangelize he stated:

I told God one day I’d try to do what He wanted and He sent me to preach. ...It’s all right for the preachers to give us the theory of religion, but it’s up to us laymen to tell how it works. We can’t all be preachers. Some of us have to work for a living.⁵⁹

The CBMC turned businessmen into evangelists who proselytized to an extensive list of non-business social categories, including students, prisoners⁶⁰ and military men, along with the general populace. From the 1940s to the 1960s local CBMCs posted general calls in print media ads and billboards for America to repent and pray. Open air mass outreach meetings, complete with brass bands, were held on the last day of the annual convention until 1976.⁶¹

CBMCers were purportedly not only ahead of the clergy in saving souls but also in charity. LeTourneau was additionally famous in evangelical circles for ‘reverse tithing’ giving

⁵⁴ Enlow, *Men Aflame*, 41.

⁵⁵ Paul Rood, President of the Bible Institute of Los Angeles as quoted in Enlow, *Men Aflame*, 27.

⁵⁶ Arnold Grunigen as quoted in Enlow, *Men Aflame*, 47, 64.

⁵⁷ Enlow, *Men Aflame*, 29; Darren Dochuck, “Moving Mountains: The Business of Evangelicalism and Extraction in a Liberal Age,” in *What’s Good for Business: Business and American Politics since World War II*, ed. Kim Phillips-Fein and Julian E. Zelizer (Oxford: Oxford Univ., 2012), 76.

⁵⁸ Rufus Jarman, “LeTOURNEAU: America’s Most Spectacular Maker of Earth-Moving Machines is ‘in Partnership with God,’” *Life*, Oct. 16, 1944, 49; Hammond, “‘God’s Business Men,’” 68.

⁵⁹ Quoted in Rufus Jarman, “LeTOURNEAU” 52.

⁶⁰ CBMC, *75 Years of Ministry: 1930-2005*, 7.

⁶¹ CBMC, *75 Years of Ministry: 1930-2005*, 13.

90% of his considerable annual income to Christian endeavours until his death in 1969.⁶² As a Korean-American Protestant businessman Ilhan New probably knew of LeTourneau's 'reverse tithing' (as it was reported in prominent popular American media sources)⁶³ and it may have been an inspiration for him to give away his wealth in his will, though there is no evidence of the two meeting or New mentioning LeTourneau in his writings. LeTourneau came to this financial arrangement with God after being convinced that his near bankruptcy in 1932 had been due solely and utterly to his reluctance to render unto God His monetary due, and that he had been punished for it. That hundreds of thousands of fellow entrepreneurs in the same year were going bankrupt in the face of the greatest downturn in American and world capitalist history apparently never entered LeTourneau's mind as relevant. His failure at that point and his subsequent success were simply a matter of his personal choices in regards to his relationship with God. With God and self-discipline, any businessman could triumph, even over a 'Great Depression'.⁶⁴

CBMC & R.G. LeTourneau: Reconciling with 'Pax Americana' for World Evangelism

The understanding of Letourneau and other major leaders of the CBMC was that business failures engendered by the Great Depression were entirely due to personal and collective spiritual crises.⁶⁵ The creation of the CBMC and the spiritual revival amongst businessmen it would foster was their solution. As a result, the New Deal, in their oft-expressed opinion, represented a completely unwarranted leftist intrusion of the government into the economy and

⁶² Hammond, "'God's Business Men'," 9.

⁶³ See for example Rufus Jarman, "LeTOURNEAU," 50.

⁶⁴ Hammond, "'God's Business Men'," 16.

⁶⁵ Hammond, "'God's Business Men'," 19, 97.

was an affront to ‘sound Christian economics’.⁶⁶ This provides an instructive contrast with the view, noted in Chapter Two, of self-reconstruction nationalist and Ilhan New mentor Sō Chae-p’il. Sō also saw the New Deal as the inevitable result of ‘sin’, but for him the sin was restricted to ‘evil’ American capitalists who had not curtailed their greed, and not to larger society.

Despite their animus towards the New Deal, with the start of WWII and the rise of the U.S. Cold War state, many CBMC associated business leaders, not least of which included LeTourneau, found themselves the beneficiaries of huge amounts of government spending and procurement contracts. While during the 1930s President Roosevelt often appeared to CBMCers as great a threat to freedom as Hitler and Stalin, the realities of WWII and then the onset of the Cold War convinced many that the American state was now being used by God to defend global civilization. The overall effect was to turn the CBMC and leaders such as LeTourneau into supporters of the U.S. Cold War state, particularly in its military dimensions.⁶⁷ By the end of WWII many CBMC leaders would forecast the rise of the global reach of *Pax Americana* and like the Roman Empire saw it as an originally pagan creation that God was now allowing Christians to use to evangelize the entire known world. To CBMC leaders, and in particular LeTourneau, the group of men God had called to use in this great purpose was self-evidently Protestant American businessmen such as himself.⁶⁸ In their hands lay not only the task of saving and extending the church but of saving civilization itself, as summed up in the following anonymous poem popular amongst CBMCers, and quoted by LeTourneau, during the 1930s and 1940s;

Leave it to the ministers,
And soon the church will die,

⁶⁶ Dochuck, “Moving Mountains,” 77; Hammond, “‘God’s Business Men’,” 39.

⁶⁷ Dochuck, “Moving Mountains,” 85.

⁶⁸ Hammond, “‘God’s Business Men’,” 10-11, 81, 133-135.

Leave it to the women-folks,
 And the young will pass you by,
 For the church is all that lifts us from the coarse and selfish mob,
 And the church that is to prosper needs the layman on the job.⁶⁹

During the 1940s and 1950s with the vast expansion of the U.S. military into a global gendarme the CBMC started to focus on the military as it managed roughly a dozen ‘Service Men’s Centers’ across North America.⁷⁰ The CBMC made much of the ‘first’ prominent evangelical military leader, Lt. Gen. William K. Harrison, who also spoke at CBMC meetings.⁷¹ Harrison was a decorated WWII veteran who became famous as the head of the U.N. armistice delegation during the Korean War and signed on behalf of the U.N. the truce agreement that curtailed the conflict. Korea, as the site of the first ‘hot’ war that solidified the global battle lines of the Cold War, a war that in the words of Winston Churchill, led to the “re-arming of America” was not surprisingly, one of the first non-Western countries in the world to see the creation of a local CBMC.⁷²

The ‘American’ Founding of the KCBMC

The KCBMC started off in the 1950s with Committees in four cities, namely Kyongju, Pusan, Seoul, and Taegu. The Kyongju and Taegu Committees were founded by Colonel Cecil R. Hill, a U.S. Army officer stationed in Korea from 1954 to 1956. Pusan and Seoul were founded by Hwang Söng-su, then a National Assemblyman in the Liberal Party of President Rhee. In the KCBMC’s own ‘official’ account, ‘Col. Hill’ gets the most attention as the founder,

⁶⁹ Quoted in Hammond, “‘God’s Business Men,’” 80-81.

⁷⁰ CBMC, *75 Years of Ministry: 1930-2005*, 6.

⁷¹ *CBMC Contact*, Dec. 1955, 2; Also see for example, the March 1956 *CBMC Contact*.

⁷² Churchill quoted in Jon Halliday and Bruce Cumings, *Korea, the Unknown War* (London: Viking, 1988), back cover.

with the timing of his stay in Korea starting in 1954 conflated with the KCBMC's actual start in 1952. As I.D. Kim wrote in 1982, Hill was the “never to be forgotten...apostle of the Gospel...and founder of KCBMC” in “Pusan, Taegu, and Kyongju.”⁷³ The emphasis on Hill over Hwang as the founder of the KCBMC highlights the American roots and connections of the KCBMC and the ‘soft power’ of Protestant America within South Korea.

Hwang actually first introduced the idea of CBMC to Korea in a front-page article of the *Christian News* on July 21, 1952.⁷⁴ Edited by Hwang, the *Christian News* was a leading Protestant newspaper of the time, and the most influential amongst Protestant businessmen in the 1950s.⁷⁵ The article consisted of a translated letter from Donald MacDonald, the Executive Secretary of CBMC, welcoming the start of the KCBMC in Pusan, and an overview of the CBMC's history, activities, goals, and non-denominationalism.⁷⁶ Hwang, a frequent traveler to the U.S., visited the CBMC headquarters in Chicago in early August, 1952, and came back to preside over the newly begun Pusan Committee.⁷⁷ Even though Seoul had been recaptured for the last time from the North Koreans and Chinese in March, 1951, the South Korean government stayed in Pusan for the duration of the war, and Hwang stayed with it. After the war in 1953 the government moved back to Seoul and Hwang followed suit by moving the Pusan Committee to Seoul in mid-1954. Not only was this the start of KCBMC in Seoul, a follower of Hwang

⁷³ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen's Committee], 54.

⁷⁴ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen's Committee], 80.

⁷⁵ Gyurng-Rae Kim, interview by author.

⁷⁶ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen's Committee], 80 – 82. In various CBMC materials Donald MacDonald is described as business executive from Detroit and not the later American historian of Korea, the Boston born and raised Donald Stone MacDonald.

⁷⁷ *CBMC Contact*, September-October, 1952, 34.

described it as a movement of the “headquarters of the Korean CBMC” with Hwang as Chairman.⁷⁸

Hill was sent to Korea just before this move in the first half of 1954. A zealous CBMC member since 1948, Hill planned from the start to spread the gospel of the CBMC to Korea.⁷⁹ Limited to speaking through a translator or to those few Koreans who spoke English, Hill first set up a thriving Committee in Taegu in February 1955. CBMC granted this Committee official status in September of that year. He then set up another active Committee in Kyongju that was officially recognized in April 1956. In 1955 he revived the KCBMC in Pusan, left inactive after Hwang’s departure, though with less success than in Taegu or Kyongju.⁸⁰

Colonel Hill in Korea: The Personification of the CBMC Utilizing American Influence

We thought America was the most powerful nation on Earth because it was the most Protestant nation on Earth.⁸¹

– Former YMCA national youth leader of the early 1960s

One [Korean] pastor told me that in Korea America is considered a completely Christian nation where everyone has already been converted. I tried to explain to him that this was not the case, but he found it hard to believe.⁸²

– Billy Graham, 1953

⁷⁸ *CBMC Contact*, September-October, 1954, 39-40.

⁷⁹ *CBMC Contact*, May-June, 1954, 48; Enlow, 1962, 61.

⁸⁰ *CBMC Contact*, August, 1955, 32; *CBMC Contact*, September, 1955, 2; *CBMC Contact*, November, 1955, 35, 37; *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen’s Committee], 82, 157, 168.

⁸¹ Jason Choi (former YMCA youth leader), in discussion with the author, Seoul, Korea, October, 2007.

⁸² Billy Graham, *I Saw Your Sons at War: The Korean Diary of Billy Graham* (Winona Lake, Indiana: Light and Life, 1953), 26.

Every single American, from GI to Ambassador, possessed more than virtually any Korean. . . .Koreans therefore attached themselves to Americans by any means necessary, hoping against hope to get to America – uniformly conceived as a country where the streets were paved with gold, a fabulous PX in the sky.⁸³

– Bruce Cumings

Hill was born sometime around 1910. He grew up in Knoxville, Tennessee, gained a legal education, and had an extensive career as an officer in the U.S. Army from the late 1930s to 1959, seeing combat service in Europe in W.W.II.⁸⁴ Hill came into professional contact with two famous American generals of the time. One was Lt. Gen. William K. Harrison, the signer for the U.N. of the armistice agreement ending the Korean War. Harrison was later the President of the Officer’s Christian Union (now Fellowship) from 1954 to 1972, an organization encouraging Christian faith and activities in the U.S. military.⁸⁵ Another was Maj. Gen. W.C. (‘Westie’) Westmoreland, the commander of Ft. Campbell, Kentucky while Hill served there from 1957 to 1959, and later famous for commanding U.S. forces during the Vietnam War.⁸⁶

Hill described his introduction to CBMC as follows:

My fondness for Christian Business Men’s Committee was almost a case of love at first sight. . . .I had never seen a group of men so devoted to the Lord. The annual convention of CBMC came to Washington in October of 1948, and what I saw and experienced there thrilled me beyond measure.⁸⁷

Within CBMC Hill had a high profile, being friends with top CBMC leaders in the 1950s.⁸⁸

Hill’s major effort to help the CBMC was founding the Christian Military Men’s Committee (henceforth ‘CMMC’) in 1951, of which Hill became the first and only leader. Akin to the many

⁸³ Cumings, *Korea’s Place in the Sun*, 304.

⁸⁴ “Colonel Cecil R. Hill New ROA President,” *Ft. Campbell Courier*, Oct. 23, 1957, 1, 10; Harold Witmer (former head of Clarksville Christian Military Men’s Committee [CMMC], ‘protégé’ of Col. Hill), interviews by author, Clarksville, Tennessee, U.S., July-August, 2008; “Mid-Year Directors’ Meeting, Orlando, Florida, April 17-19, 1959,” CBMC USA head office, Chattanooga, Tennessee, U.S., archived records.

⁸⁵ Randall Herbert Balmer, *Encyclopedia of Evangelicalism* (Waco: Baylor Univ., 2004), 325.

⁸⁶ “CMMC Banquet,” *Ft. Campbell Courier*, Oct. 1, 1958, 9; Harold Witmer, interviews by the author.

⁸⁷ Hill quoted in Enlow, *Men Aflame*, 61.

⁸⁸ Harold Witmer, interviews by the author; see chapter on Robert P. Woodburn in David R. Enlow, ed., *Men Twice Born: Remarkable True Stories on Lives Transformed* (Grand Rapids: Zondervan, 1963).

Service Men's Centers the CBMC ran in the 1940s and 1950s (and to Harrison's Officer's Christian Union), the goal of the CMMC was to convert servicemen who would then join the CBMC when they left military service.⁸⁹ The CBMC newsletter, *CBMC Contact*, covered CMMC activities extensively. Hill claimed hundreds of servicemen were converted by the CMMC, and it won the public encouragement of Gen. Westmoreland while Hill was at his last posting as Comptroller at Ft. Campbell, Kentucky from 1957 to 1959.⁹⁰ Despite this, the CMMC never extended much beyond Ft. Campbell and was quietly terminated by the CBMC in 1962. Hill himself had less involvement with the CBMC following military retirement. He lived in Knoxville until his death near the turn of this century. Except for sponsoring a young Korean officer's U.S. education in the late 1950s Hill seemed to have no further contact with Korea or the KCBMC.⁹¹

Theologically Hill was the very model of a modern U.S. military evangelical, sharing with his acquaintance Lt. Gen. William K. Harrison⁹² a decided interest in dispensationalist premillennialism. Hill shared CBMC's bias against denominationalism.⁹³ Hill's formal theological and pastoral studies were limited to a night studies certificate gained at the Washington Bible Institute (henceforth 'WBI'; now the Washington Bible College) in 1951 which he often cited. The 1950 WBI Doctrinal Statement, that faculty had to sign allegiance to every year, is similar to the CBMC "Statement of Doctrine" noted above, but with an explicitly spelled out dispensationalist eschatology and a vision of the Church's mission to be exclusively

⁸⁹ Enlow, *Men Aflame*, 62.

⁹⁰ Enlow, *Men Aflame*, 62; "CMMC Banquet," *Ft. Campbell Courier*, Oct. 1, 1958, 9.

⁹¹ Harold Witmer, interviews by author; "Minutes, Annual Board of Directors' Meeting, Miami, Florida, Oct. 15-21, 1962," CBMC USA head office, Chattanooga, Tennessee, U.S., archived records.

⁹² See William K. Harrison, *Hope Triumphant; Studies on the Rapture of the Church* (Chicago: Moody Press, 1966).

⁹³ "A Colonel Sees Victory in Korea," *CBMC Contact*, Feb. 1957, 25.

one of proselytizing.⁹⁴ In an extensive address Hill gave not long after returning from South Korea, he describes from various passages from Daniel, II Timothy 3:1-5 (which alludes to ‘the last days’), and Ezekiel, how the world of 1957 had been foretold. Hill stressed that the creation of Israel especially was challenging the CBMC “to a major effort for the Lord.”⁹⁵

Hill’s first posting in Korea was as Inspector General of the Korean Military Advisory Group (KMAG). Previously he had been based at Camp Atterbury, Indiana. As its name suggests, the KMAG, headquartered in Taegu, was the U.S. military’s organization for providing training to the South Korean army.⁹⁶ Hill’s next position, assumed no later than December 1955, was Commanding Officer of the field team for South Kyöngsang province of the Korea Civil Assistance Command (KCAC), headquartered in the provincial capital of Pusan.⁹⁷ Kyongju, the third city where Hill set up a Committee, was linked by rail and close to Taegu.

The KCAC was a major part of an immense stream of American economic aid that flowed into South Korea throughout the 1950s. Before and during the Korean War \$1.2 billion worth of economic aid had been channeled through the UNKRA (United Nations Korea Reconstruction Agency) and UNCAACK (United Nations Civil Assistance Corps Korea), both nominally United Nations organizations but overwhelmingly manned and funded by the U.S.⁹⁸

⁹⁴ *The Milestone*, Yearbook (Washington, DC: Washington Bible Institute, 1951, no pagination; Washington Bible Institute, “Doctrinal Statement,” 1951-52 *Catalog*, 2. Point 9. of the Doctrinal Statement: “I believe the Church is an elect company of believers baptized by the Holy Spirit into one body; its mission is to witness concerning its Head, Jesus Christ, preaching the Gospel among all nations; it will be caught up to meet the Lord in the air ere He appears to set up His Kingdom.”

⁹⁵ “Christian Military Invited to CBMC,” *Ft. Campbell Courier*, Dec. 11, 1957, 6.

⁹⁶ Stanley Sandler, ed., *The Korean War: An Encyclopedia* (N.Y.: Garland, 1995), 166-167; United States, Military Advisor Group to the Republic of Korea, *United States Military Advisory Group to the Republic of Korea: 1945-1955* (Tokyo: Daito, 1955), 62.

⁹⁷ Photo of Col. Hill with his KCAC staff in *CBMC Contact*, Dec. 1955, last page; “Colonel Cecil R. Hill New ROA President,” *Ft. Campbell Courier*, Oct. 23, 1957, 10; “A Colonel Sees Victory in Korea,” *CBMC Contact*, Feb. 1957, 23.

⁹⁸ Edward S. Mason et al., *The Economic and Social Modernization of the Republic of Korea* (Cambridge: Harvard Univ., 1980), 175, 176, 180.

After the War ended UNKRA became less important and the large majority of aid flowed through UNCACK, which was renamed the KCAC and was run as a unit of the U.S. Army. Such a direct involvement of the U.S. Army in purely economic foreign aid was unprecedented in history. Between 1953 and 1962 the U.S. provided a total of \$2 billion in economic aid to South Korea, most of which was through the KCAC. This \$2 billion amounted to 70% of South Korea's imports over the period and 8% of GNP. It is estimated that if this aid had not been forthcoming, South Korea's anemic per capita growth of 1.5% per year over this period would have been at least zero, or even negative.⁹⁹

During the 1950s, American aid was "essential to the survival of South Korea as an independent [sic] country."¹⁰⁰ The scope of the KCAC's activities covered all segments of the economy. Within the KCAC there was a fundamental split between "planners" in the headquarters and "do'ers" in the field teams.¹⁰¹ There were roughly ten field teams, one for each province and Seoul. There could be one to three layers of staff officers between Col. Hill, commander of a field team, and the commanding general of the KCAC, though field team leaders often communicated directly with the commanding general. Below Hill was a team of roughly forty (not counting Korean employees) serving the entire province, half American junior officers and support soldiers and half non-Korean civilian specialists, primarily in public health and agriculture. During the Korean War UNKRA and UNCACK effectively displaced the functioning work of South Korean government ministries, in planning and even in implementation. After the armistice, the KCAC worked as a parallel government bureaucracy to

⁹⁹ Mason et al., *The Economic and Social Modernization*, 181, 185, 187, 204; see also David I. Steinberg, *The Republic of Korea: Economic Transformation and Social Change* (Boulder: Westview Press, 1989).

¹⁰⁰ Mason et al., *The Economic and Social Modernization*, 203.

¹⁰¹ Headquarters, United Nations Civil Assistance Command, Korea, "Data Concerning Civil Relief Activities in Korea," RG338, U.S. National Archives.

the South Korean system and, considering the importance of American funding, most likely the dominant one. A Commanding Officer such as Hill was expected to have close relations with the corresponding South Korean provincial government and governor as the official liaison for CKAC at that level.¹⁰²

It is possible Col. Hill was at some time the field team commander for yet another province, likely North Kyōngsang with its capital of Taegu, as he identified himself in the U.S. as “advisor to the governors of two Korean provinces.”¹⁰³ He also won the South Korean government’s second highest military award, the Ulchi Medal, though it may have been routine for CKAC field team commanders to get such an honour.¹⁰⁴ Whatever the details, there is no doubt that for a limited time within his local sphere, simply due to his position Col. Hill enjoyed enormous prestige and hegemonic power within a South Korean society and economy prostrate from a devastating war and overwhelmingly dependent on American aid. Naturally enough, this prestige carried over into Col. Hill’s efforts to promote the CBMC and CMMC. This is exemplified by Hill’s attendance with the mayor of Taegu at a KCBMC ‘ceremony’ held by the Taegu group around December 1955.¹⁰⁵ Though there is no evidence that LeTourneau ever had any contact with or knowledge of Col. Hill’s existence, the phenomenon of an ardent CBMC supporter such as Hill in a position to proselytize Protestantism to the regional political and social leaders of tens of millions of ‘un-saved’ non-Americans, all courtesy of the U.S. post-war ‘superpower’ state, is precisely the reason anti-New Dealers such as LeTourneau were able to be reconciled with and even supported a vastly expansive post-war U.S. government.

¹⁰² Headquarters, United Nations Civil Assistance Command, Korea, “Letter from Homer Case, Brigadier General, USA Commanding, 25 March 1953,” RG 554, U.S. Archives; Headquarters, Korea Civil Assistance Command, “General Orders, 1 July 1953, Organization Chart,” RG 554 U.S. Archives.

¹⁰³ “Colonel Cecil R. Hill New ROA President,” *Ft. Campbell Courier*, Oct. 23, 1957, 10.

¹⁰⁴ “Colonel Cecil R. Hill New ROA President,” *Ft. Campbell Courier*, Oct. 23, 1957, 10.

¹⁰⁵ Photo in *CBMC Contact*, Dec. 1955, last page.

Hill was fortunate in the interpreter the army assigned to him. Chung Hae-Chun, a Captain in the South Korean army, had just returned from a two-year posting as a translator at Fort Benning, Georgia. Not only was Chung at least proficient in English, while in the U.S. he met a number of evangelicals friendly to CBMC as well as Hill's personal friend Jack Wyrzten,¹⁰⁶ a colleague of Billy Graham and a prominent evangelist to youth.¹⁰⁷ Chung had also been exposed to a number of American evangelical organizations such as the Officer's Christian Union, Youth for Christ, and IntersVarsity Fellowships.¹⁰⁸ Armed with such personal insight into the milieu from which Hill had come, Chung could convey Hill's message into Korean with a minimal loss of meaning.

Hill first promoted CBMC and CMMC at an address to South Korean army chaplains near the end of 1954 where he described the former as "an international organization of Christian business men.... [It] is one of the strongest and most effective laymen's organizations in the world."¹⁰⁹ Chung Hae-Chung was instrumental in getting the CBMC in Taegu started with Hill. Chung was a member of the Daegu Tong-Moon Presbyterian Church (now the Munhwa Church), founded in 1948. Chung introduced the idea of CBMC to elders in his church, and they and other Presbyterian elders in various professions formed the majority of the 1950s Taegu committee's executive.¹¹⁰

Besides Hill, other Americans gave their imprimatur to the first meetings of the Taegu committee. The earliest recorded "organizational meeting" was addressed by Hill, a Korean

¹⁰⁶ *CBMC Contact*, June, 1955, 2.

¹⁰⁷ Graham, *Just As I Am*, 93; "Collection 446 - Jack Wyrzten. T3 Transcript," Billy Graham Center Archives, <http://www.wheaton.edu/bgc/archives/trans/446t03a.htm>.

¹⁰⁸ *CBMC Contact*, June, 1955, 2.

¹⁰⁹ *CBMC Contact*, Nov.-Dec., 1954, 4.

¹¹⁰ *Hanguk kidok sirŏp inhoe 30-nyŏnsa* [Thirty year history of the Korea Christian Businessmen's Committee], 82.

elder, and Everett Swanson.¹¹¹ Swanson had first come to Korea to evangelize the Korean military. By the time he addressed the Taegu committee Swanson had been raising funds in the U.S. for orphaned Korean children for several years and was soon to set up what became a global charity for children.¹¹² In the words of Chung, the visit of another charity dispensing American, a “Mrs. Lloyd W. Doughty of Dallas Texas,” provided a “very proper opportunity” for the ‘official’ “charter granting” meeting of the Taegu committee.¹¹³

While Hill routinely addressed KCBMC meetings he attended there is no record of what he said beyond his statement to the Korean military mentioned above. To a great degree, who he was – a Protestant emissary of the God-blessed greatest power on earth benevolently overseeing the local economy and government – was as important as what he said. As his statement to the Korean army chaplains would indicate, he most certainly enthusiastically conveyed the message and culture of the CBMC as well as anyone. His enthusiasm was helped by what seems to be a genuine respect for the piety and energy of Protestant Koreans.¹¹⁴ Though ensconced in the south-east, Hill did meet Hwang Söng-su at least once when Hill addressed the Seoul CBMC in mid-1955.¹¹⁵ Personal memories of Hill and his legacy lingered on with the top leadership of KCBMC until at least the early 1980s as exemplified by his relationship with Lee Söng-wön. Lee was a financial executive and a member of the founding executive of the Taegu committee, featured in several existing pictures sitting or standing immediately beside Hill. As one of the youngest founders of the Taegu committee Lee survived to become a top board member of the

¹¹¹ *CBMC Contact*, Aug. 1955, 32.

¹¹² “Compassion International – 1950s,” Compassion International, <http://www.compassion.com/about/history/1950s/default.htm>.

¹¹³ *CBMC Contact*, Sept. 1955, 2; “Texas Woman Ships Clothes to Koreans, Nov. 13, 1953,” Korean War Children’s Memorial, City of Bellingham, <http://www.koreanchildren.org/docs/PSS-312-Q.htm>.

¹¹⁴ *CBMC Contact*, Feb. 1957, 24, 25.

¹¹⁵ *CBMC Contact*, June 1955, 2.

KCBMC throughout the 1970s and early 1980s, serving as its Vice-Chairman in 1974-1975 and from 1978 to 1982.¹¹⁶

The CBMC-KCBMC Relationship: Visitors Back and Forth

After Hill's departure, the KCBMC was visited often through the late 1950s and into the 1960s by the top leader of the CBMC, the Executive Secretary, first T.E. McCully and then Waldo Yeager. McCully visited Korea in 1959, and Yeager in 1960, 1964, and 1967.¹¹⁷ During their visits both attended assemblies held in prestigious Presbyterian churches in Seoul founded by American missionaries in the 19th century; McCully in the Seung Dong Church (the church attended by I.D. Kim, the founder of Byucksan and later Chairman of the KCBMC), and Yeager in the Saemoonan Church.¹¹⁸ Both received lavish receptions, addressing meetings that were attended by hundreds and in McCully's case attracting Korean media attention and a visit from the Mayor of Taegu. Both addressed meetings beyond the KCBMC, including hospitals, new churches, and one by McCully at what may be either Seoul National University or Soongsil University. Hwang Söng-su in Seoul and Dr. Lee in Kyongju (to be described shortly) were their primary KCBMC hosts during their visits.¹¹⁹

Outside of CBMC Waldo Yeager was President of Cortland Produce Company, or "Toledo's 'chicken and egg' man." He was noted for providing voluntary weekly religious

¹¹⁶ See Table 1.

¹¹⁷ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen's Committee], 150; *CBMC Contact*, August, 1964, 9; "Timeline History of CBMC – Waldo Yeager," n.d., CBMC USA head office, Chattanooga, Tennessee, U.S., archived records.

¹¹⁸ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen's Committee], 150; Jason Choi, conversations with the author; Chang Sung Kim, interview by the author.

¹¹⁹ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen's Committee], 8, 150; multiple issues of *CBMC Contact*: March, 1959, 5, May, 1959, 1-8, August, 1960, 12, March, 1961, 13, August, 1964, 9.

meetings during lunch hours open to all employees, and for writing a best-selling tract.¹²⁰ He may have been an inspiration for I.D. Kim's later promotion of workplace worship within Byucksan. T.E. McCully was and is relatively more famous in U.S. and global evangelical circles. Owner of a Milwaukee baking business, a week after he became head of the CBMC his son and four other American missionaries were killed by members of the so-called 'Auca' (Huaorani) people of Ecuador. McCully's stoic Christian acceptance of his son's death and the eventual conversion of most of the Huaorani, including some of the killers, received extensive contemporary coverage in both evangelical and secular media, and formed the basis of McCully's 'Christian witness' from that time onwards.¹²¹ The experience of his son's death on an international missionary project motivated McCully to become the first head of the CBMC to vigorously promote overseas expansion, including a tour of East and South Asia in 1959 that included the stop in Korea mentioned above. McCully called for a "spiritual unity" with "born-again men in all areas of the world" led by "Men with a Vision" who "think big, ask big, and pray big!"¹²²

Until the 1960s the flow of personnel between the CBMC and KCBMC remained almost completely one-way. Besides Hwang Sŏng-su mentioned above practically the only exception was Chung Hae-Chun, Col. Hill's translator, who shows up in 1957, now a Colonel himself, giving an "outstanding testimony" to a 'Southwestern Regional CBMC Family Conference' in Georgia.¹²³ From 1966 onwards the KCBMC made a commitment to send a delegation to every

¹²⁰ Enlow, *Men Aflame*, 76-77.

¹²¹ David Enlow, *Men Made New* (Grand Rapids, MI: Zondervan, 1964), 86-89; "Ecuador: Mission to the Aucas," *Time*, Jan. 23, 1956. The martyrdom story of the missionaries remains the topic of innumerable American evangelical articles, books, and movies to the present time. See for example "End of the Spear," a 2006 'docudrama' film of the incident.

¹²² Philip J. Steer, *A Band of Men: C.B.M.C. in Australia 1950-1975* (Bentleigh, Victoria: Christian Business Men's Committees – Australia, 1982), 22-23.

¹²³ *CBMC Contact*, October, 1957, 15.

annual CBMC national convention. Through the 1970s and 1980s an extensive number of Koreans interacted with CBMC in the U.S., in contingents that were relatively larger than those from any other country. The overall success and engagement of the KCBMC with the CBMC eventually resulted in Seoul being the site of the first CBMC World Conference in 1977.¹²⁴ Up until the early 1980s, Hwang Söng-su remained the most prominent ‘emissary’ of the KCBMC to the U.S., a ubiquitous presence heading up KCMBC delegations to the U.S. and bringing back ‘the latest’ ideas and trends from the U.S at KCBMC conventions.¹²⁵

The CBMC ‘Contact’ and Paraphernalia Adopted by the KCBMC

The importance of personal contacts in conveying the ethos of CBMC to the KCBMC is underscored by the fact that as a matter of policy CBMC provided practically no money or materials to overseas *affiliates* such as the KCBMC, and only extremely sporadically some literature. In the early to mid-1960s CBMC published in Korean tens of thousands of so-called ‘Salvation’ and ‘Little’ ‘Bibles’; that is, two page leaflets with a few paragraphs of Scripture. Besides these, primarily due to cost considerations, in 1959 CBMC’s board explicitly limited the translation of other CBMC literature to a short pamphlet explaining what the CBMC was. Though in the early 1960s CMBC may have relented on this decision somewhat with respect to

¹²⁴ CBMC, *75 Years of Ministry*, 14.

¹²⁵ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen’s Committee], 141-147. See for example on page 143 where Hwang Söng-su introduces ‘Operation Timothy’ to the KCBMC annual convention in 1978; CBMC, *75 Years of Ministry*, 13, Operation Timothy is a key CBMC Bible study customized for business men introduced in 1970s and still prominently featured in CBMC to the present.

vaguely described later materials, it is not clear if the aforementioned pamphlet or later materials were ever translated into Korean.¹²⁶

There was a Korean appetite for the CBMC periodical, the *CBMC Contact*. In 1962 the Pusan Committee was noted for publishing its own large edition of *CBMC Contact*, using a number of reprints from the US publication.¹²⁷ What did a Korean CBMCer read in this reprinted *CBMC Contact*? An exact answer is not known, but a sampling of various front cover articles from the *CBMC Contact* in the early 1960s and late 1950s, include stirring addresses regarding the future or faith from CBMC leaders (“Make Thy Petition Deep” by T. E. McCully, July 1962), news of exciting events in glamorous America (“25th CBMCI Convention, Miami, Florida,” same issue), confirmation that his beliefs were ‘modern’ (“Why a Psychologist Believes the Bible” by Dr. Clyde Narramore, April 1960), and direction as to his role as a godly businessman. (“God’s Assignment for Business Men” November, 1959).¹²⁸

The latter article is suggestive of the overall message of the CBMC and the KCBMC to Protestant American and South Korean businessmen in the 1950s and 1960s. The author was a Robert J. Willey, a mid-level manager at Hayes Aircraft Corporation in charge of ‘missiles’, presumably for the U.S. military.¹²⁹ Throughout this time period Hayes Aircraft Corporation’s primary business was maintaining and repairing U.S. military aircraft.¹³⁰ Throughout his article Willey identifies the readers of his article, Protestant businessmen, as the same as biblical

¹²⁶ “Mid-Year Directors’ Meeting, Orlando, Florida, April 17-19, 1959,” “Annual Board of Directors’ Meeting, Montreal, Quebec, October 16-October 21, 1961,” “Mid-Year Directors’ Meeting, French Lick, Indiana, April 26-28, 1963,” CBMC USA head office, Chattanooga, Tennessee, U.S., archived records; “The Little Bible Ministry,” The Little Bible Ministry: Pottstown, PA, <http://www.littlebibleministry.com/products/product.htm>.

¹²⁷ *CBMC Contact*, August, 1962, 6.

¹²⁸ *CBMC Contact*, issues cited.

¹²⁹ *CBMC Contact*, November, 1959, 25.

¹³⁰ Jim Rasenberger, *The Brilliant Disaster: JFK, Castro, and America’s Doomed Invasion of Cuba’s Bay of Pigs* (New York: Simon & Schuster, 2011), 288.

‘stewards’ such as Joseph when in charge of Potiphar’s and then the Pharaoh’s household, and the ‘stewards’ of the faith that the apostle Paul identifies as responsible for the promulgation of the faith.¹³¹ ‘God’s assignment for business men’ is to recognize that God wants them to use their organizational, analytical, and human management skills as business executives to fulfill the ‘great commission’ of evangelizing the world.¹³² “God is seeking: He wants a man. *Will you be that man?*”¹³³

The start of the Kyongju CBMC illustrates the importance of personal contact, the influence of *Contact* and the paucity of material support the CBMC provided the KCBMC. The Kyongju CBMC started under the leadership of Dr. Kyung W. Lee. During the Korean War, Dr. Lee started a Christian medical missionary group in the Korean military. Aware of his work, Col. Hill introduced him to the idea of the CMMC and CBMC, along with several issues of the *CBMC Contact*. With the backing of Dr. Lee’s group and the support of local (Presbyterian) churches, Dr. Lee became the Chairman of CMMC in Korea and Chairman of the Kyongju CBMC committee.¹³⁴ For years, Dr. Lee’s Kyongju Committee constantly asked for material support from the CBMC in the form of items such as a movie projector and an ambulance, with almost no success.¹³⁵

¹³¹ *CBMC Contact*, November, 1959, 23-25.

¹³² *CBMC Contact*, November, 1959, 23, 26.

¹³³ *CBMC Contact*, November, 1959, 26.

¹³⁴ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen’s Committee], 83; *CBMC Contact*, Feb., 1956, 29.

¹³⁵ *CBMC Contact*, October, 1958, 8; “Annual Meeting of International Board of Directors, Hotel Westward Ho, Phoenix, Arizona, 2 P.M., Monday, October 21, 1957,” “Annual Board of Directors’ Meeting, Philadelphia, Pennsylvania, October 13-19, 1958,” “Annual Board of Directors’ Meeting, Minneapolis, Minnesota, September 28-October 4, 1959,” “Annual Board of Directors’ Meeting, Seattle, Washington, October 17-October 22, 1960,” “Mid-Year’s Directors’ Meeting, St. Louis, Missouri, April 21-23, 1961,” “Annual Board of Directors’ Meeting, Montreal, Quebec, October 16-October 21, 1961,” “Mid-Year’s Directors’ Meeting, French Lick, Indiana, April 26-28, 1963,” “Annual Directors’ Meeting, New York, New York, October 5-11, 1964,” CBMC USA head office, Chattanooga, Tennessee, U.S., archived records.

Even if money, material goods, and literature were not forthcoming, paraphernalia of identity such as membership cards, badges, plaques, and wall hangings were. The CBMC, like the Lions or the Rotary, was an organization replete with self-identifying pins and ‘emblems’. During the official “charter-granting” for the Taegu Committee described above, Chung Hae-Chun notes that the meeting reached its climax when Col. Hill “personally fixed the CBMC badges to each member’s coat.” CBMC stressed that only dues-paying members had the privilege of receiving and wearing the badge, which was relatively expensive, ornate, and small, being only half the circumference of a dime.¹³⁶ On the same page of the *CBMC Contact* where Hill’s pinning is recorded, an obscure member from Pennsylvania attests to the importance of what is titled “Lapel Pin Testimony”: “Since the Lord opens the way of witness through the CBMC lapel pin, it sure hurt to learn that...many members [in Atlantic City] do not wear lapel pins.” He then equates a failure to wear the CBMC pin with being ashamed of being Christian and inadvertently supporting communism.¹³⁷

The grainy nature of the few extant black and white photos does not allow for any definite conclusion as to how popular the small CBMC pin was amongst contemporary Korean members. One photo from approximately the early 1960s does show a visiting CBMC leader from Canada pinning the Chairman of the Pusan Committee in a ceremonial manner.¹³⁸ Ironically, the universal wearing of a pin in public to show ideological allegiance has proven effective in instilling group cohesiveness in Korea, albeit in the communist north, where since the 1960s every citizen is required to wear a lapel pin with a portrait of a present or past ruling

¹³⁶ *CBMC Contact*, March-April, 1954, 25.

¹³⁷ *CBMC Contact*, September, 1955, 2.

¹³⁸ *Hanguk kidok sirŏp inhoe 30-nyŏnsa* [Thirty year history of the Korea Christian Businessmen’s Committee], 84.

member of the Kim family.¹³⁹ In overall design the CBMC membership pin was a small version of the then official emblem, which ranged in length from one half to one meter, proudly displayed in photos of events sponsored by the various committees of the KCBMC.¹⁴⁰

‘Men of Vision’: A K/CBMC Biblical Exegesis Valorizing the Role of Businessmen

In 1957 and 1958 photos of Hwang Söng-su and Dr. Lee with the Kyongju Committee, a wall sign that combines the CBMC emblem with the English words “Men of Vision – ProVerb [sic] 29:18” hangs prominently by itself in a position where it will be clearly caught by the camera.¹⁴¹ The phrase ‘Men of Vision’, in English no less, would certainly have come to the KCBMC from the CBMC. As noted above, at that time the phrase was being championed by T.E. McCully as a slogan summing up the heroic quality of CBMC men as leaders possessing global vision. This reinforcement of CBMCers as the ‘elite’ of the Church Universal has purported Scriptural backing from Proverbs 29:18. This flattering exegesis relies on the use of the King James Version of the Bible as the verse’s origin (and ignoring the last half of the phrase): “Where there is no vision, the people perish: but he that keepeth the law, happy is he.” Beyond McCully and the CBMC it is contended that this is a ‘misinterpretation’ common to American Protestant lay people in the latter part of the 20th century because it can be used to encourage a like-minded audience (often business people) to see themselves as the source of the ‘vision’. The ordinary masses will perish (or the company will go bankrupt) without their leadership. The argument that this is a ‘misinterpretation’ is that in the original Greek as

¹³⁹ Don Oberdorfer, *The Two Koreas: A Contemporary History* (New York: Basic Books, 2001), 20.

¹⁴⁰ *Han’guk kidok siröp inhoe 30 nyönsa* [Thirty year history of the Korea Christian Businessmen’s Committee], 6, 7, 9, 10, 11, 12; *CBMC Contact*, July, 1958, 36; *CBMC Contact*, May, 1959, 2,5; *CBMC Contact*, January, 1962, 10.

¹⁴¹ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen’s Committee], 6; Kyung Wha Lee, “Blessings Continue in Korea,” *CMMC Sentinel*, October, 1958, 27.

reflected in modern English translations ‘vision’ is actually ‘revelation’. By definition revelation comes only from God, not from Protestant businessmen.¹⁴²

What would a Korean Protestant businessman read in the 1950s and 1960s when he looked up this verse? He would have looked up a Korean Revised Version Bible (*Kaehyök han'gŭlp'an*)¹⁴³ where he would have read “*Muksika öpsŭmyön paeksöngi pangjahi haenghagöniwa yulböbül chik'inün chanün pogi innünira*” for which coincidentally the English New International Version provides a good translation: “Where there is no revelation, the people cast off restraint; but blessed is he who keeps the law.” In other words, without the influence of the CBMC he would probably have understood it to mean that where God’s revelation is not being adhered to or is unknown, people commit sin; not that ‘men of vision’ such as him need to provide leadership or ‘the people will perish’, literally or figuratively. It would appear though, that through the influence of the CBMC, the more ‘heroic’ interpretation of this verse prevailed in the understanding of KCBMC members. The misspelling of ‘Proverbs’ and the rough nature of the sign seen in the photos indicates that it was made by KCBMC members and represents an inculturation of the contemporary American Protestant lay exegesis of the scripture into Korean culture, driven by the sheer strength of American ‘soft power’ as filtered through the CBMC.

Probably the first ever Scriptural slogan of the KCBMC, it has remained popular through the decades. The KCBMC website ‘still’ (the footnoted example below is from 2007) highlights

¹⁴² Dave L. Bland, *The College Press NIV Commentary: Proverbs, Ecclesiastes, & Song of Songs*, (Joplin, MO: College Press, 2002), 265; “Where There is No Vision... (Proverbs 29:18) - Wednesday March 19, 2005,” Challies.com, Informing the Reforming by Tim Challies, <http://www.challies.com/archives/articles/where-there-is.php>; Tremper Longman III & Peter Ens, ed., *Dictionary of the Old Testament: Wisdom, Poetry, and Writings, (A Compendium of Contemporary Biblical Scholarship)* (Downers Grove: InterVarsity Press, 2008), 568.

¹⁴³ “About our language Bible translation,” Korean Bible Society, <http://www.bskorea.or.kr/about/owntrans/about/bibabout02.aspx>. The first Korean Revised Version was published in 1938 and has become by far the most ubiquitous version of the Bible amongst Korean Protestants.

its applicability to Korean businessmen as an encouragement to social leadership.¹⁴⁴ By this time however, the circulation of this scriptural evidence for the ‘truth’ of the K/CBMC’s mission has become global, with the KCBMC reiterating its applicability to the CBMC as much as the other way. This is shown by a fiery 50 minute headliner address given by Billy Kim to the CBMC’s 50th anniversary national convention in 1987. Kim starts his address by identifying himself as speaking for the KCBMC. He finishes his speech by saying that “where there is no vision the people perish” and then quotes Winston Churchill asking Americans during WWII to ‘give us the tools to finish the job.’ Kim then says that the audiences’ ‘job’ is to “fulfill the Great Commission [e.g. evangelize the world] in this generation.” Kim is making it clear that similar to it being human agency (e.g. Churchill) through which the war was won preventing more people from perishing, American, Korean, and businessmen from all over the world are going to provide the ‘vision’ so ‘the people’ do not ‘perish’ spiritually. The unique task God has given every believing businessman was for them to evangelize the entire world.¹⁴⁵

Billy Graham, the CBMC, and Korean Protestants: Reinforcing the Message

Billy Graham is widely considered as the most globally famous and influential Protestant evangelist of the 20th century; ecumenical in approach with a simple evangelical message, equally adept at addressing millions through television broadcasts, hundreds of thousands in stadiums, and witnessing ‘man-to-man’ to world statesmen and U.S. Presidents. Responsible in their minds for ‘saving’ the world, the CBMC had sought a globe-trotting *Pax Americana* ‘giant’

¹⁴⁴ “MONDAY MANNA - A service to the business community - April 9, 2007; WE NEED VISION TO MOBILIZE US INTO ACTION, By: Robert J. Tamasy,” KCBMC website, http://www.kcbmc.org/board/board.php?id=manna&page=2&page_num=20&select_arrange=headnum&desc=&n=off&ss=on&sc=on&keyword=&category=&no=30 .

¹⁴⁵ Billy Kim, Adolph Coors IV, *CBMC 50th Anniversary Conference 1987*, (Chattanooga, TN: CBMC, 2008), DVD.

of evangelizing such as Billy Graham. Spiritually and materially, the CBMC saw Billy Graham as their ‘creation’ to fulfill the CBMC’s mission. Graham was ‘born-again’ at the age of twelve at an all-day fast and prayer meeting run by local businessmen on his father’s land in North Carolina. In the CBMC understanding of Graham’s conversion, it was significant that the prayers of businessmen had ‘saved’ him and foretold the rise of businessmen as the leaders of Protestantism.¹⁴⁶

By his early twenties in the late 1940s Graham was famed amongst evangelical leadership circles as an up-and-coming ‘star’ evangelist though unknown to the wider public. CBMC material support was critically important at several times in Graham’s career; before his ascension to national and international fame through his successful 1949 ‘crusade’ in Los Angeles, and in later years right into the 1960s.¹⁴⁷ R.G. LeTourneau was a substantial donor before Graham became famous. He stated that Graham would ‘one day be evangelist to millions.’¹⁴⁸ Graham’s relationship with CBMC remained friendly thereafter. The CBMC newsletter, the *CBMC Contact*, featured articles on Graham on the covers for April 1957 and March 1958.¹⁴⁹ Graham promoted the CBMC in foreign countries such as the U.K.¹⁵⁰

No non-Western country looms as large in Billy Graham’s life as Korea. Korea book-ends (almost literally in his autobiography) his career, as he evolved from a dedicated Cold-War supporter of Syngman Rhee in the 1950s to a ‘good friend’ and unofficial American envoy to North Korea’s leader Kim Il Sung in the early 1990s.¹⁵¹ His wife Ruth Graham, the daughter of

¹⁴⁶ Hammond, “‘God’s Business Men’,” 73-76.

¹⁴⁷ Hammond, “‘God’s Business Men’,” 137, 278.

¹⁴⁸ John Pollock, *Crusades: 20 Years with Billy Graham* (Minneapolis: World Wide, 1969), 40, 43; *CBMC Contact*, Nov.-Dec. 1950, 14

¹⁴⁹ *CBMC Contact*, April 1957, 1; *CBMC Contact*, March 1958, 1.

¹⁵⁰ Hammond, “‘God’s Business Men’,” 137.

¹⁵¹ Graham, *Just As I Am*, vii-xii.

American missionaries based in China, received her high school education in Protestant institutions in Pyongyang in the 1930s,¹⁵² and Graham preached to his largest ever one time audience, over a million people in Yoido Plaza, Seoul in 1973.¹⁵³ During his first trip to Korea in 1952 his first-hand experience of the horrors of the War was unlike anything he had ever seen before and in his estimation resulted in him going into Korea as “a boy and... Come Out a Man.”¹⁵⁴

While Korea looms large in the life of Billy Graham, Graham looms large in reputation with Korean Protestants from the 1950s to the present. While Col. Hill possessed great prestige for a short time in a limited area as a ‘Protestant emissary of the God-blessed greatest power on earth,’ Billy Graham enjoyed an immeasurably greater standing from the 1950s onwards amongst many South Koreans, particularly fellow Protestants, refugees from the north, and anti-communists (often the same people). One noted Korean historian of Korean Protestantism asserts that Graham’s prestige was so large as to mostly attribute the explosion in the number of Korean Protestants in the 1970s and 1980s to the aforementioned 1973 rally.¹⁵⁵ This is certainly overstated, but gives another indication of Graham’s stature amongst Koreans.

Even in the 1950s Graham was clearly a known figure to most Korean Protestants. His fame rubbed off by association with the KCBMC, Han Kyung-Chik, and their ideas. Graham, in conjunction with other American and Korean evangelicals, started the first privately owned radio station in Korea, HLKY in Seoul in 1954, which was the start of the now extensive CBS (Christian Broadcasting Service) media group (*Kidokkyo pangsŏng*). Amongst its content were

¹⁵² Graham, *Just As I Am*, 617

¹⁵³ Sherwood Eliot Wirt, *Billy: A Personal Look at Billy Graham, the World’s Best-Loved Evangelist* (Wheaton: Crossway, 1997), 156; Park, *Protestantism and Politics*, 185.

¹⁵⁴ Graham, *I Saw Your Sons at War*, 55. Capitalization in original.

¹⁵⁵ In-su Kim, *Hanguk kidokkyohoe ūi yŏksa* [History of the Christian church in Korea] (Seoul: Presbyterian College and Theological Seminary, 1997), 665.

translated Christian materials from American evangelicals such as Graham, including a broadcast of Graham's translated sermons during his 1956 tour.¹⁵⁶ Throughout the 1950s and 1960s Graham's various radio shows could be picked up in Seoul, broadcast in English for the benefit of stationed American troops. Ilhan New was a faithful and enthusiastic listener of these broadcasts.¹⁵⁷

Graham visited Korea twice in the 1950s, first in 1952 for ten days from December 15-25 and then in 1956 for two days starting February 26, his last visit before 1973. The large-scale, 'revival'-type meetings he held during both of these visits were practically the first held in South Korea in the post-Liberation era. They were a precedent for a stream of lesser-known American visiting evangelists who followed in the 1950s and for Korean-run mass religious meetings held thereafter.¹⁵⁸ Both his visits received prominent coverage from one of Korea's oldest and most prestigious dailies, the *Chosŏn Ilbo*. The articles note President Syngman Rhee's attendance at Graham's sermons and their meetings afterwards.¹⁵⁹ The most influential Christian newspaper amongst Seoul-based Protestant elites in the 1950s was the *Kidok Kongbo*, edited by the ubiquitous Hwang Sŏng-su. In this paper Graham's visits not only merit front page coverage, but he is further honored by the paper as the only individual over most of the 1950s to have his portrait printed above the accompanying articles.¹⁶⁰ In an era when Korean newspapers were relatively small due to the scarcity of paper, illustrations were rare and one for Graham must have underscored his importance to readers.

¹⁵⁶ Kyoung Bae Min, *Wŏltŭ pichŏn hanguk 50-nyŏn untongsa: 1950-2000* [Fifty Years of World Vision in Korea: 1950-2000] (Seoul: Wŏltŭ Pichŏn Hanguk, 2001), 114, 195-196; "Transcript from Tape Recording of Pre-Service Ceremonies, Billy Graham Rally, Seoul City Stadium, Seoul, Korea," circa 1956, document, Box 6, Folder 5, Collection 74 "Billy Graham Ephemera," Billy Graham Center Archives, Wheaton University.

¹⁵⁷ *Nara sarangŭi ch'am kiŏpin: Yu Il-han* [A Truly Patriotic Businessman: Ilhan New], (Seoul: Yuhan Yanghaeng, 1995), 476.

¹⁵⁸ Kang, *Hanguk ūi kaesingyo wa pangongjuŭi* [Korean Protestantism and anti-communism] 125-126.

¹⁵⁹ *Chosŏn Ilbo*, December 17, 1952, 1; February 28, 1956, 3.

¹⁶⁰ *Kidok Kongbo*, December 17, 1952, 1; February 28, 1956, 1.

The 1956 tour in particular was covered by a huge array of Korean media.¹⁶¹ During the 1956 trip Graham was very public endorsed by ‘Protestant President’ Syngman Rhee. He (and his entire cabinet) appeared on the stage in Seoul where Graham preached and shook his hand before the gathered crowd of fifty thousand.¹⁶² The imprimatur of Graham as a Pro Nuncio of the American Protestant Republic was enhanced by the U.S. military handling all logistics, transportation, planning, and security for Graham’s 1952 trip, and the presence of the U.S. military at the 1956 rally.¹⁶³ Graham also benefitted from the support of Han Kyong-Chik, his translator on the podium for both trips. Han’s Youngnak Church was the only venue Graham preached in, while in Seoul for half his trip in 1952, filling it for five nights.¹⁶⁴ The association with Graham where he earned particular praise for the excellence of his translation in turn enhanced Han’s reputation in South Korea.¹⁶⁵ This association became the start of a close, life-long friendship between Graham (and Graham’s father-in-law) and Han.¹⁶⁶ Han initiated Graham’s 1973 visit but due to age begged off translation duties. Instead Graham chose Billy Kim, making Kim instantly famous within South Korea, and known within American evangelical circles.¹⁶⁷

¹⁶¹ “Transcript from Tape Recording of Pre-Service Ceremonies, Billy Graham Rally....”

¹⁶² British Pathe, *50,000 Hear Billy Graham in Korea*, newsreel (Seoul: British Pathe, 1956), <http://www.britishpathe.com/record.php?id=59473>; Min, *Wöltü pichön hanguk 50-nyön untongsa: 1950-2000* [Fifty Years of World Vision in Korea: 1950-2000], 164.

¹⁶³ Graham, *I Saw Your Sons at War*, 20. Part of the reason the U.S. military went to such efforts for Graham was because Graham spent around half his time in Korea in 1952 visiting and speaking to U.S. troops. Pollock, *Crusades*, 105, Graham’s status as unofficial diplomat seems confirmed by his informal meeting with then President-elect Eisenhower soon after returning from Korea.

¹⁶⁴ Graham, *I Saw Your Sons at War*, 44.

¹⁶⁵ Min, *Wöltü pichön hanguk 50-nyön untongsa: 1950-2000* [Fifty Years of World Vision in Korea: 1950-2000], 164-165.

¹⁶⁶ Lee, Lee, and Han, *Just Three More Years to Live!*, 229-231; “General Correspondence – Han, Kyung-Chik, 1963-1973,” Folder 4, Box 28, Collection 318, “Papers of Lemuel Nelson Bell,” Billy Graham Center Archives, Wheaton University.

¹⁶⁷ John Charles Pollock, *Billy Graham, Evangelist to the World: An Authorized Biography of the Decisive Years* (San Francisco: Harper & Row, 1979), 49.

With a wide and ardent Korean Protestant audience listening, what was Graham's message? Throughout his career, but most particularly in his earlier decades, Graham was an extremely pro-Republican Party, anti-communist, individualist, free enterprise and businessmen exalting Cold War warrior.¹⁶⁸ In the 1950s he featured in films produced by the oil industry extolling free markets developing and exploiting God-given natural resources,¹⁶⁹ a sentiment Soo Keun Kim, the founder of the energy focused Daesung group must have appreciated. Graham equated economic 'laws' (meaning the neo-classical economic laws of the market) with God's laws. He believed that capitalism meant freedom but that it needed Christian capitalists or it would fall into immorality.¹⁷⁰ In a short film from the early 1950s called "With God on Our Side" Graham states: "Jesus taught the value of private property."¹⁷¹ Another typical quote regarding riches for Graham at the time was "There is nothing in the Bible that says it is wrong to be rich if you have gained it honestly." The sin laid in squandering money on self-gratification instead of Christian work,¹⁷² a sentiment that was practically the same as Han Kyung-Chik's attitude towards business. Businessmen were to work hard and earn a profit but then were to save their riches and forswear excessive personal consumption. To Graham any critique of an economic system was on the level of individual souls; if capitalism in a particular context was producing evil and sin, the solution was to turn the offending capitalist into a believer.¹⁷³

¹⁶⁸ William G. McLoughlin, Jr. *Billy Graham: Revivalist in a Secular Age* (New York: The Ronald Press, 1960), 83, 91, 97, 101, 102-103, 108-109, 218.

¹⁶⁹ Jeff Sharlet, *The Family: The Secret Fundamentalism at the Heart of American Power* (N.Y.: HarperCollins, 2008), 196.

¹⁷⁰ T. Jeremy Gunn, *Spiritual Weapons: The Cold War and the Forging of an American National Religion* (Westport, CN: Praeger, 126-127).

¹⁷¹ Billy Graham quoted in Gunn, *Spiritual Weapons*, 107.

¹⁷² McLoughlin, *Billy Graham*, 83.

¹⁷³ Douglas Sturm, "You Shall Have No Poor Amongst You," in *The Legacy of Billy Graham: Critical Reflections on America's Greatest Evangelist*, ed. Michael G. Long (Louisville, KY: Knox, 2008), 72.

The KCBMC and Pioneering Corporate Philanthropy and Business Ethics

From its start the KCBMC undertook social outreach and philanthropic activities, intermixed with its evangelical activities. This pioneered such activities by the Korean corporate sector. More than just “works of charity” as Chung-Shin Park describes them they were in part a strategy of rehabilitating the overall negative image of businessmen in South Korea.¹⁷⁴ In a KCBMC bulletin in 1974 I.D. Kim told fellow members,

When Protestant businessmen get organized together to do good works, it is through this group effort that the bad image of business caused by non-Protestant businessmen, that Protestant businessmen are also ensnared in, is improved. First every KCBMC member has to develop their conscience and then each can use their business activities to do heaven’s business.¹⁷⁵

Throughout the 1950s and into the 1960s hundreds of members in Seoul, Taegu, and Kyongju, though the numbers fluctuated, would meet (semi-)regularly to fraternize, undertake bible studies, pray, and recruit new members.¹⁷⁶ In the early to mid-1950s the Seoul Committee led by Hwang Söng-su undertook social welfare activities helping students and supporting public health.¹⁷⁷ Amongst other activities, the Seoul Committee continued with Monday and Wednesday night Bible studies through the 1950s and 1960s and organized hundreds to attend receptions for visiting CBMC leaders (as mentioned previously).¹⁷⁸ In the mid to late 1950s the Taegu Committee undertook regular evangelist activities aimed at imprisoned criminals, workplaces, and the general public.¹⁷⁹ One of the sermons given to an audience of prisoners focused on the centrality of Protestantism within the historic struggle for Korean

¹⁷⁴ Chang Sung Kim, interview by author.

¹⁷⁵ “Midümüro mungch’icha” [“Bind Together with Faith”], article in KCBMC internal newsletter, Aug. 19, 1974, reproduced in In-dük Kim, *Namboda apsönün sarami twerira* [Become a person ahead of the rest] (Seoul: Samhwa, 1975), 283.

¹⁷⁶ Gyurng-Rae Kim, interview by author.

¹⁷⁷ *CBMC Contact* [multiple issues], Sept.-Oct. 1952, 34; Nov.-Dec. 1952, 26; Nov.-Dec. 1953, 43, 45; Dec. 1955.

¹⁷⁸ Gyurng-Rae Kim, interview by author; Chang Sung Kim, interview by author.

¹⁷⁹ *CBMC Contact*, April 1956, 43; May 1956, 31; June 1956, 3; Oct. 1956, 36; Nov. 1957, 30.

independence.¹⁸⁰ The Taegu Committee apparently had the resources and influence for some quite showy efforts in evangelizing the general public, including the use in 1956 of an “Army plane [that] dropped several hundred thousand tracts from the air.”¹⁸¹

The Kyongju Committee founded by Dr. Kyung W. Lee and led by him until his death in late 1964 also undertook numerous social welfare activities.¹⁸² During this time the Kyongju Committee undertook a constant stream of activities such as provision of medical care to orphans through a free clinic (that burnt down and was rebuilt at least once), church building construction, elementary school, hospital and prison visits, outreach to veterans (some outside the immediate Kyongju area), helping farmers plant, building a public Bible Club, providing temporary accommodation to Western missionaries, and maintaining regular correspondence and occasional visits with fellow CBMCers in Japan, the Philippines, and the U.S.¹⁸³ From the beginning members were encouraged to set aside ten to twenty percent of their income to be donated to the poor, Christian hospitals, and/or church operations. Partly inspired by Ilhan New’s famous will, from the 1970s onwards members were exhorted to have legally sanctioned wills ready with a generous bequest for society on their person at all times, both as a *memento mori* and to ensure the disbursements of their estates without complication.¹⁸⁴

At one of the first national conferences of the KCBMC in 1974 attended by over 200 businessmen, a major portion of the scheduled seminars and lectures centered on business ethics.

Byucksan founder and KCBMC Chairman I.D. Kim stated to the leading Korean daily *Chosun*

¹⁸⁰ *CBMC Contact*, May 1956, 31.

¹⁸¹ *CBMC Contact*, June 1956, 3.

¹⁸² *CBMC Contact*, Dec. 1964.

¹⁸³ *CBMC Contact*, Feb. 1956, 29; March 1956, 32-33; May 1956, 31; Oct. 1956, 32-33; Feb. 1957, 25; July 1957, 32-33; Aug. 1957, 32-33; Nov. 1957, 30; March 1958, 32; April 1958, 24-25; July 1958, 36-37; Aug. 1958, 3; Oct. 1958, 8; July 1959; Nov. 1959, 30; April 1960, 30; Aug. 1960, 28-29; March 1964, 40; Lee Kyung Wha, “Report from Korea,” *CMMC Sentinel*, Summer-Fall, 1959, 29.

¹⁸⁴ Gyurng-Rae Kim, interview by author.

Ilbo that Protestant businessmen alone were dealing with the ‘wretched’ state of South Korean business ethics. Improving corporate ethics was closely linked to God’s salvation. With God’s love the ‘saved’ businessman purportedly had a unique recognition that they had the ability to in turn ‘save society’ through ethical businesses where all employees received business ethics training. Kim suggested in his comments that non-Protestant businessmen were oblivious to the entire issue.¹⁸⁵

In these activities, and of course Ilhan New’s charitable acts in the 1960s and in his will, Protestant businessmen, usually through the KCBMC and Rotary Korea, were the pioneers of business philanthropy and teaching business ethics in Korea. Institutionalized concern with business ethics across the South Korean business sector only became widespread in the 1990s.¹⁸⁶ Philanthropy by Korean conglomerates in general only became a significant factor in overall Korean charitable giving in the 1980s. Driven to a great degree by a need to appease anti-business sentiments amongst the general population, a very few non-Protestant related conglomerates set up the first tax-free private social welfare foundations in the mid-1960s. The large majority started in the 1970s and 1980s. Throughout this period, however, these foundations were used not for their ostensible purpose of providing charity but instead as a vehicle for transferring funds between group companies, and to younger members of a founder’s family.¹⁸⁷ One of the earliest Foundations provides a case-in-point starkly highlighting the difference between the non-Christian first generation capitalists and the Protestants highlighted in this study. In the mid-1960s Byung-Chull Lee, the founder of Samsung, set up the Samsung

¹⁸⁵ “Kidoksilopinun Sahyeruruie Huisaenghalchul Anun Chasei Chinyoya” [“Christian Businessmen Must Commit Their Lives to Helping Society”], *Chuil Chosun*, Nov. 17, 1974, reproduced in Kim, *Namboda apsönün sarami twerira* [Become a person ahead of the rest], 304.

¹⁸⁶ Robert W. Kolb, ed., *Encyclopedia of Business Ethics and Society*, Vol. 1 (Thousand Oaks, CA: Sage, 2008), 223.

¹⁸⁷ Kim, *Bureaucrats and Entrepreneurs*, 171-172.

Cultural Foundation, ostensibly for charitable purposes, but actually, in the analysis of most observers, to transfer group company ownership amongst his family. This was not remedied until the government passed a law banning this use of Foundations in 1975, with the Samsung case as the main spur to action.¹⁸⁸

'Industrialists Have Become the Leaders of the Nation'

To KCBMC leaders the present world and Korea had entered the age of the businessman, so it was uniquely up to Protestant businessmen to demonstrate model social behaviour by pioneering corporate philanthropy, and then, to take on the role of evangelizing the nation, which they, and they alone, had to initiate or the Korean people would perish.¹⁸⁹ In the mid-1970s as the Chairman of the KCBMC, I.D. Kim communicated aspects of this message repeatedly. Business was the 'mainstay' of society and Protestant businessmen in particular had a responsibility to direct profits 'first' to social welfare activities and to be pioneers in business philanthropy.¹⁹⁰ For Protestant businessmen 'faith in Jesus' was not just a one-day a week event on Sundays but needed to permeate every aspect of their business lives. They were not just 'Protestant businessmen' but activists creating a Christian society. As such they needed to have regular habits and vigorous health, perhaps like Kim himself rising every day at 5 a.m. to do

¹⁸⁸ Eckert, "The South Korean Bourgeoisie" 123-124; Tae-Kyu Park, "The Role of Non-Profit Corporate Foundations in Korea: Positive and Negative Perspectives," *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 7, no. 1, (March 1996), 58, 63.

¹⁸⁹ It has been suggested to the author that an idea of a 'proto-prosperity gospel' may have motivated KCBMC members to practice philanthropy, in a belief that God would directly reward their charitableness with material riches and business success. This is not reflected in CBMC or KCBMC sources. The rise of a 'Koreanized' prosperity gospel did not occur until widely popularized by Yonggi Cho of the Yoido Full Gospel Church, the famed 'largest church in the world', from the late 1960s onwards. In other words, well after the businessmen focused on in this study had already started their charitable efforts in the early 1950s. See Brian Gold, "Ikeda Daisaku Compared to Cho Yonggi: Insight into Post-War Japanese and Korean History," *Past Imperfect* 11, (2005), 22-23.

¹⁹⁰ "Midümüro mungch'icha" ["Bind Together with Faith"], article in KCBMC internal newsletter, Aug. 19, 1974, reproduced in Kim, *Namboda apsönün sarami twerira* [Become a person ahead of the rest], 282-283.

physical exercises.¹⁹¹ Protestant businessmen were the leaders of society and needed to use their skills and connections to lead society to the Gospel. In an address to KCBMC members at a national conference Kim told attendees that as members of the KCBMC they were a unique model of ecumenical unity for the entire church which was riven with denominational divisions and ‘exclusionism.’ This unity showed that Korean Protestant businessmen, and their brother businessmen across the globe, were the “most efficient tool” in the church for evangelizing.¹⁹²

The leading role of Protestant businessmen was echoed by clergy in the congratulatory addresses placed at the front of the *Hanguk kidok siröp inhoe 30-nyönsa*, or the *Thirty year history of the Korea Christian Businessmen’s Committee* published by the KCBMC in 1982. The first address was written by Han Kyung-Chik. He congratulates the KCBMC for thirty years of charity work on behalf of the Korean church and society. According to Han this pioneering work and its non-denominationalism, free of strife, made Protestant businessmen the leading model for the Korean Protestant church as a whole.¹⁹³ Throughout his career, Han stressed that businessmen earning a great deal of money was not in itself evil, as long as they saved the money, and used it for the ‘glory of God,’ which included supporting the church and sharing it with the poor, the latter partly as a means of ensuring social peace. The role of businessmen in providing the resources needed by the church made them indispensable.¹⁹⁴ In 1984 Han provided Choi Tae-sup, I.D. Kim, Chung Ju-yung, and Kim Woo Choong with the opportunity to put their riches to a ‘good end’ by successfully soliciting from each tens of thousands of dollars for the

¹⁹¹ “Naüi sanöpköngyönggi” [“My Business Management Story”], address given to the KCBMC, Jan. 31, 1974, reproduced in Kim, *Namboda apsönün sarami twerira* [Become a person ahead of the rest], 226.

¹⁹² An address to the second national KCBMC conference given by I.D. Kim, published in KCBMC internal newsletter, Dec. 28, 1974, and reproduced in Kim, *Namboda apsönün sarami twerira* [Become a person ahead of the rest], 286.

¹⁹³ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen’s Committee], 52.

¹⁹⁴ Lee, Lee, and Han, *Just Three More Years to Live!*, 179-180.

‘100th anniversary of the Korean church’ (meaning the Korean Presbyterian church).¹⁹⁵ To Han the ‘model’ businessman foreswore individual gain as motivation and instead studied the Bible and made money for the ‘glory of God,’ who was the ultimate owner of whatever a man possessed.¹⁹⁶ In a sermon written even before the KCBMC started, but in line with its spirit, Han called on everyone to witness to their countrymen and turn Korea into a Christian nation, for the betterment of the nation itself:

...to [too many] Korean Christians politics and social activism means only campaigns to abstain from liquor and tobacco. My fellow countrymen, is there not any Christian patriots such as William of Orange and George Washington in Korea? ...To our friends and acquaintances, what do we have to do? We have to witness to them. Witnessing is the greatest political action that anyone can and must do. If we instigate a thoroughly Christian missions movement and change the mindset of the people to a Christian one then we can be truly assured of creating a just society in a Christian, independent Korea.¹⁹⁷

The address following Han’s in the *Thirty Year History of the Korea Christian Businessmen’s Committee* was another paean to the KCBMC from a conservative clergyman, Cho Hyang-nok.¹⁹⁸ In his statement Cho compares the first thirty years of the KCBMC’s existence to the thirty years of Christ’s life before He started His ministry. Having undergone this preparation in philanthropy, the KCBMC was now ready to answer the call to lead Korea to Christ:

In the past as a peasant society the robustness of the national consciousness (*minjok chongsin*) was determined by the peasantry’s consciousness....Now we are becoming an industrial society so the natural leaders of society, of the nation and its people, has become industrialists. However, if these leaders choose not to evangelize, history shows that the future is bleak. This historical shift has been foreseen by the Lord and in the Lord’s name your calling is to dedicate your life as God’s servant to take charge of ushering in this new era. From the Lord of salvation moving in history everyone has a role in a new society, a new history where all of you will take the lead in evangelizing the

¹⁹⁵ Lee, Lee, and Han, *Just Three More Years to Live!*, 225-226.

¹⁹⁶ Lee, Lee, and Han, *Just Three More Years to Live!*, 36.

¹⁹⁷ Han Kyung-Chik, “Kidokkyowa chŏngch’i” [“Christianity and Politics”].

¹⁹⁸ Park, *Protestantism and Politics*, 259, n8.

people (*minjok*). With the aid of the Holy Spirit from this time on all of you have the task of being witnesses.¹⁹⁹

Cho's historiography is a unique KCBMC re-telling of *minjok* historiography, the most ubiquitous understanding of Korean history within Korean nationalism. The *minjok*, or 'the Korean race/the 'people'' are the core of the Korean nation and their history and the 'national/racial consciousness' (*minjok chongsin*) is Korea's history.²⁰⁰ Yu Kil-chun popularized its use around the time of Japanese annexation to allow Koreans to understand themselves as still existing as a national people even without independence.²⁰¹ Prior to modern nationalism, Chosen era historiography identified Korea as part of an East Asian Confucian civilization and the key agents of history were Confucian literati and monarchs.²⁰² Instead Cho identifies the 'race' and its 'consciousness' during the Chosen era as being led primarily by peasants. With the advent of industrialization in the 20th century leftist nationalist thought, particularly in South Korea in the 1970s and 1980s, identified the 'spirit' and racial core of the nation in the common 'masses' or *minjung*, which by definition excluded the elite from membership in the nation.²⁰³ The Park regime used *minjok* to contrast the Korean people with more developed nations.²⁰⁴ Contrary to both of these uses, Cho, reflecting the mindset of the KCBMC, identifies the leaders of the nation, its people, and its 'national spirit' as being 'industrialists'.

In Cho, and the KCBMC's understanding, God's providential plan for the world had foreseen the present industrial age and in this age Korean industrialists must choose to become Protestant and then choose to recognize that God has given them the unique task to devote their

¹⁹⁹ *Hanguk kidok siröp inhoe 30-nyönsa* [Thirty year history of the Korea Christian Businessmen's Committee], 53.

²⁰⁰ Gi-Wook Shin, *Ethnic Nationalism in Korea: Genealogy, Politics, and Legacy* (Stanford: Stanford Univ., 2006), 4-6, 36-37, 88-89.

²⁰¹ Schmid, *Korea Between Empires*, 174.

²⁰² Shin, *Ethnic Nationalism*, 26-27.

²⁰³ Shin, *Ethnic Nationalism*, 168,181.

²⁰⁴ Schmid, *Korea Between Empires*, 267.

lives to evangelizing the nation. Only Protestant large business founders could lead this effort, which they had to undertake. If they did not accept and act on their role as the pre-eminent leaders of the nation, its future was 'bleak'. No-one else could take on this role, not the clergy, not the ordinary believer, and certainly not the government. On this final point, the message of the KCBMC was a novel and unique one amongst South Korean business associations. In its broad strokes, Cho's description of the task at hand was identical to the CBMC's understanding of the role of American Protestant business leaders, except that Americans had to evangelize the world as well as the U.S. While the broader South Korean culture provided ambivalent evaluations of the role of the businessman in society, KCBMCers knew that they in fact were the absolute leaders of the nation and its only hope.

The Korean Rotary: Another Protestant Venue for Philanthropy and Business Ethics

Rotary International first set up in Korea with a Club in Seoul in 1927. However, the establishment of Rotary in Korea was initiated and led by top Japanese businessmen and professionals resident in the colony, with the blessings of the Governor-General of Korea Saito Minoru. Of the twenty-one founding members of the Seoul Club, only four were Koreans, a ratio indicative of the token participation of Koreans in Rotary during the colonial period.²⁰⁵

Rotary restarted as a predominantly Korean run organization in Korea in 1949, only three years before the start of KCBMC and on the eve of the Korean War, making its de facto start in a reconquered Seoul simultaneous with KCMBC in 1952.²⁰⁶ Its origins, activities in its first

²⁰⁵ Hanguk Rotari, 1927 – 1977 *Hanguk rotari 50-nyönsa ROTARY Fifty years of service in Korea* (Seoul: Hanguk Rotari, 1979), 13-18.

²⁰⁶ Hanguk Rotari, 1927 – 1977 *Hanguk rotari 50-nyönsa*, 19.

decades, and outlook were quite similar to KCBMC, with many members and businessmen associated with both Rotary and KCBMC. Its impact on South Korean society can ultimately be seen as one that mirrored and amplified the KCBMC goals and message regarding the status of businessmen as ethical leaders of society.

Like the KCBMC, post-war Korean Rotary started with the close participation of Americans. Of its twenty-five founding members in 1949, seven were Westerners, all but one with names suggestive of American-British origins. The leading American amongst these seven was George A. Fitch, formerly the head of the YMCA in Nanjing (who provided one of the first eye-witness written and filmed records of the Nanjing Massacre), and who in 1949 was the head of the Seoul YMCA. Fitch is listed along with a Young-Seol Lee as the primary sponsors of the organization. Its first head was Choi Soon-Ju, who was then President of the Bank of Korea under President Rhee.²⁰⁷

Akin to the KCBMC, through the American parent organization Korean Rotary had close ties to some of the same specific circles of American Protestants as the CBMC. Rotary itself was the first of the service clubs of America, started in 1905. It retained an image as the most prestigious of all the clubs, having more exclusive criteria for membership than either the Lions or Kiwanis.²⁰⁸ Although Rotary in both the U.S. and Korea was strictly secular in operation and membership, open to males of all faiths, it, along with all of the service clubs in America, was, throughout most of the 20th century, “overwhelmingly Protestant.”²⁰⁹ Part of its superior prestige for American members was the fact that overall Rotary moved more aggressively and earlier into

²⁰⁷ Hanguk Rotari, 1927 – 1977 *Hanguk rotari 50-nyönsa*, 19.

²⁰⁸ Jeffrey A. Charles, *Service Clubs in American Society: Rotary, Kiwanis, and Lions* (Urbana: Univ. of Illinois, 1993), 9, 49.

²⁰⁹ Jeffrey A. Charles, *Service Clubs in American Society*, 169 n. 64.

overseas countries like Korea than other service clubs.²¹⁰ Rotary's single most influential member in its history was Herbert J. Taylor, a successful evangelical Protestant businessmen with many personal ties with prominent American businessmen supporting the CBMC. Taylor is noted for devising his "Four-Way Test" for improving business ethics within his own company and through his later leadership of Rotary became from the late 1930s onwards the core ethical principle of Rotary, reprinted prominently in all Rotary literature and posted on the walls of all Club facilities around the globe, including Korea.²¹¹

In Korea in the 1950s, the circles of the KCBMC and the Rotary ran very close to together. Most of the business founders that are the topic of this study had memberships extending back into the 1950s and early 1960s as members of the three oldest and most prestigious Clubs, all based in Seoul, namely the Han-Yang Rotary, the Seoul South Rotary, and the Seoul Rotary. This includes the active Rotarians Chŏn T'aek-bo, Choi Tae-sup,²¹² I.D. Kim, and Soo Keun Kim.²¹³ Who is missing from the rolls of Rotary in the 1950s and 1960s, namely any non-Protestant businessmen of similar stature, is also significant. (The rank of absent businessmen includes Chung Ju-yung and Kim Woo Chung.) Not surprisingly, no non-Christian major business founder such as Lee Byung-Chull joined the overtly Protestant KCBMC. What is surprising, perhaps, is that none during this time joined Rotary, the only other major charity organization run by elite businessmen. The Korean Rotary over these two decades provides yet

²¹⁰ Jeffrey A. Charles, *Service Clubs in American Society*, 126-127, 132-133.

²¹¹ Paul H. Heidebrecht, *God's Man in the Marketplace: The Story of Herbert J. Taylor* (Downers Grove, IL: InterVarsity, 1990), 56-57; *Hanguk Rotari, 1927 – 1977 Hanguk rotari 50-nyŏnsa*, 149. The quotation reads "The Four-Way Test of the things we think, say or do: 1. Is it the TRUTH? 2. Is it FAIR to all concerned? 3. Will it build GOOD WILL and BETTER FRIENDSHIPS? 4. Will it be BENEFICIAL to all concerned?"

²¹² *Kukje rotori 375-chigu hoewŏn myŏngnok: Directory District 375 Rotary International 1965 Korea* (Seoul: Rotary International District 375, 1965), 57, 70.

²¹³ *Kukje rotori 375-chigu hoewŏn myŏngnok*: 6, 50, 75; *Kukje rotori 375-chigu hoewŏn myŏngnok: Directory District 375 Rotary International 1967 Korea* (Seoul: Rotary International District 375, 1967), 10.

another instance of Korean Protestant businessmen being at the forefront of corporate philanthropy and business ethics.

The 'Second Generation' of Protestant Big Business Founders

I.D. Kim, Choi, and Kim Soo Keun's lives, business careers, and statements on Protestantism and its relationship to business behaviour and Korean economic development echo many of the same overarching themes and ideas of their Protestant large business founder predecessors, Ilhan New and Chon Taek-bo, and the economic thinking of 'self-reconstruction' nationalists from the colonial era before them. The primary difference between the 'second' generation of Protestant capitalists such as Kim, Choi, and Kim and the 'first' generation such as New and Chon was a more confident and outspoken advocacy of their Protestant faith as central to their identity. This was demonstrated by their championship and leadership of an organization such as the KCBMC, and any cursory examination of the primary sources related to the 'second generation' versus those of the first. Though it is not possible within this study to fully convey this difference directly without taking the reader off the central thesis and moving towards literary analysis, suffice it to say the comprehensive collections of writings and/or autobiographies that are cited in the following as sources on Kim, Choi, and Kim are vastly more awash with explicit Protestant apologetics than the comparable sources used for analyzing New and Chon.

As I.D. Kim's leadership role within the KCBMC lasted decades longer than his peers' an overview of his life and business career will be given first. In addition, his business career is the only one that significantly differs in a key aspect compared to the 'alternative capitalism' of

every other Protestant major business founder analyzed in this study. Choi Tae-Sup is described next as his northern upbringing and personal contact with Cho Man-sik in his youth relates his life and thought most closely with Chon's and to some extent New's. Soo-Keun Kim's biography is then presented, along with that of his wife Yeu Kwi-Ok who was enormously influential on his faith. Commonalities in their business approaches will be drawn from their biographies and from selected quotations of each to show their 'pedigree' as the second-generation business heirs of a Protestant 'alternative capitalism'.

I.D. Kim (Byucksan)'s Alliance with the Developmental State: Conclusions and Consequences

Unlike any of the others, Kim's group, Byucksan, fully integrated itself with Park Chung Hee's government's developmental economic policies. This meant, that like practically all large business conglomerates before the 1997 Asian Crisis, and unlike any of the other groups included in this study, Byucksan widely utilized government directed, below market cost credit to diversify expansion into a wide range of industries. As the emphasis of the developmental state was growth above market-driven, financially solvent new business entry, such groups ended up with relatively high and unsustainable debt ratios as their vast array of unrelated businesses were not competitive. As the Asian Crisis hit, in 1998 the government designated seventy-three firms, including three Byucksan related companies, in what was called a 'workout' where the government moderated creditors and the 'bankrupt' companies undertook a restructuring program. This usually ended up with non-core businesses and speculative assets (particularly real estate) being liquidated or sold off. The average starting debt ratio of 'workout' designated companies, including Byucksan's companies was 360% while for 'large' firms deemed stable

enough to not merit a ‘workout’ (571 companies met this definition) the average was 250%,²¹⁴ a still relatively large debt load by world standards. In 1995, Byucksan’s debt ratio was even worse than the average of ‘workout’ designated companies, at 486%.²¹⁵

I.D. Kim’s experience is a useful contrast that starkly shows the consequences of

Table 2: Size Ranking Amongst All South Korean Conglomerates of Byucksan, Daesung, HanGlas, and Chonusa, Late 1950s - 2007ⁱ

	Late '50s (Top 10) ⁱⁱ	1961 (Top 23) ⁱⁱⁱ	Mid '60s (Top 10) ^{iv}	'74, '83 (Top 10) ^v	'87 -'89 (Top 30) ^{vi}	'90 (Top 30) ^{vii}	'91 (Top 52) ^{viii}	'92 (Top 30) ^{ix}	'93 (Top 30)	'94 (Top 30)	'95 (Top 30) ^x	1998 - in 'Workout' (e.g. bankrupt so cutting non-core co.s) ^{xi}	'07 (Top 64) ^{xii}
Byucksan	-	-	-	-	-	26 th	25 th	27 th	29 th	28 th	29 th	Yes	-
Daesung	-	-	-	-	-	-	36 th	-	-	-	-	No	54 th
HanGlas	8 th	8 th	In top 10	-	-	-	50 th	-	-	-	-	No	-
Chonusa	-	22 nd	In top 3	-	No longer exists.								

ⁱ Various or unknown criteria for ranking size used in rankings before the 1980s, however probably primarily measured by total assets. From 1987 onwards rankings are by total assets. ‘-’ means that a conglomerate was too small to even rank within the sub-heading e.g. from 1987 to 1989 none of the selected groups were a ‘top 30’ conglomerate.

ⁱⁱ Eun Mee Kim, *Big Business, Strong State: Collusion and Conflict in South Korean Development, 1960-1990* (Albany: State Univ. of New York, 1997), 124.

ⁱⁱⁱ Chae-uk Kong, *1950-nyōndae hanguk ūi chabōnga yōngu* [Study of 1950s Korean Capitalists] (Seoul: Baeksan, 1994), 186.

^{iv} Sang-ch’ōl Yi, “1950-nyōndae ūi sanōp chōngchaek kwa kyōngje palchōn” [“1950s Industrial Policy and Economic Development”], in *1950-nyōndae hanguksa ūi chaechomyōng [Re-Evaluation of 1950s Korean History]*, eds., Chong-in Mun, Se-jong Kim (Seoul: Sonin, 2004), 175; T’aek-bu Chōn, *Sōlbong Chōn T’aek-bo Chōn’gi* [Biography of ‘Sōlbong’ Chōn T’aek-bo] (Seoul: Sōlbong Munhwa Chaedan Sōllip Chunbi Wiwōnoe, 1981), 254-255. Yi and Chōn’s sources rank Chonusa as a ‘top 3’ or at least a ‘top 10’ conglomerate in the mid to late 1960s. For a listing of ‘top ten’ conglomerates in 1965 that Eun Mee Kim cites, Chonusa does not appear. Kim states that the criteria for this ranking are not stated in the original source she is using. The discrepancy is probably that the source Kim is using is based on assets while probably Yi’s and certainly Chōn’s criteria is based on revenue. See Kim, *Big Business*, 124.

^v Kim, *Big Business*, 124.

^{vi} Fair Trade Commission, Republic of Korea, cited in Dong-Woon Kim, et al, *Chaebōl ūi kyōngyōng chibae kujowa inmaek hōnmaek, 4, hanguk ūi chaebōl [The Management Structure and Personal Network of Korean Chaebols, Vol. 4, The Chaebol of Korea]*, (Seoul: Naman, 2005), enclosed CD.

^{vii} Kim, et al, *Chaebōl ūi kyōngyōng chibae kujowa inmaek hōnmaek*, enclosed CD.

^{viii} Kim, et al, *Chaebōl ūi kyōngyōng chibae kujowa inmaek hōnmaek*, 335.

^{ix} Fair Trade Commission, cited in Dong-Woon Kim, et al, *Chaebōl ūi kyōngyōng chibae kujowa inmaek hōnmaek*, enclosed CD.

^x Fair Trade Commission, cited in Dong-Woon Kim, et al, *Chaebōl ūi kyōngyōng chibae kujowa inmaek hōnmaek*, enclosed CD. Includes 1993 and 1994 rankings.

^{xi} Kyung Suh Park, “Bank-led Corporate Restructuring” in *Economic Crisis and Corporate Restructuring in Korea*, Stephan Haggard, et al, eds., (Cambridge: Cambridge Univ., 2003), 185-187.

^{xii} Fair Trade Commission, website, 2007.

²¹⁴ Kyung-Suh Park, “Bank-led Corporate Restructuring,” in *Economic Crisis and Corporate Restructuring in Korea: Reforming the Chaebol*, ed. Stephan Haggard, Wonhyuk Lim, and Euysung Kim (Cambridge: Cambridge Univ., 2003), 185-194.

²¹⁵ Sung Wook Joh, “The Korean Corporate Sector: Crisis and Reform,” in *Korea’s Economic Prospects: From Financial Crisis to Prosperity*, ed. O. Yul Kwon and William Shepherd (Cheltenham, UK: Edward Elgar, 2001), 120.

abstaining from the government's 'easy credit' for the other two second generation self-reconstruction capitalists. Table 2 illustrates these differences and shows the relative size and peak moments of business success for all three business groups (and Chõn T'aek-bo's Chonusa) from the 1950s up to a decade after the Asian Crisis. (Note: as 'middle-sized' business groups there is little data as to their relative size ranking compared to other business groups before the late 1980s.)

First, the above table shows all three business founders created 'middle-sized' conglomerates, usually outside of the top ten through the 1980s, and then usually outside of the top thirty. The rankings are based primarily on assets, and much less, sales. They did rank however at least generally within the top 'roughly' sixty. (Though not included in the table, Ilhan New's Yuhan never qualified as one of the largest companies in terms of quantitative measures such as assets or sales after the late 1950s/early 1960s – instead, as mentioned, by the late 1950s onwards Yuhan was often the 'number one' company in South Korea in profitability, the criteria of business success New aimed for.)

Second, I.D. Kim's decision to follow the general direction and help that the developmental state offered large business founders such as himself clearly was a great aid in making his business, Byucksan, larger than either Choi's HanGlas, or Kim's Daesung throughout almost all of their lifetimes. Running a 'top ten' business in the late 1950s and the early 1960s just before Park Chung-Hee took over, Choi Tae-Sup's HanGlas was perfectly poised, (as were Samsung and LG, number 1 and number 5 respectively, on the same rankings at that time)²¹⁶ to grow into one of the 'top ten' Korean conglomerates of the present times. However, as will be

²¹⁶ Kong, *1950-nyõndae hanguk ïi chabõnga yõngu* [Study of 1950s Korean Capitalists], 185-186; Kim, *Big Business, Strong State*, 124.

shown, Choi chose to follow a different ‘capitalism,’ based more on Chon’s and New’s example. Choi left behind a solvent if relatively small conglomerate sold off by his heirs in 2005. While it could be argued that regionalism hindered Choi’s business prospects from the 1960s onwards, as he was born and raised in the north, such an explanation does nothing to explain Soo-Keun Kim and Daesung’s similar trajectory, as he was born and raised in the same most favored south-east region of Korea as was I.D. Kim.

Third, in the same way that the developmental state propelled Byucksan to greater size than Hanglas and Daesung pre-1997, the 1997 Asian Crisis and the end of the developmental order reversed the rankings as Byucksan was the only group of the three that required to be put in a ‘workout.’ Like Choi, Soo-Keun Kim chose not to build a business ‘empire’ based on low-priced government directed credit. The result was that Daesung was solvent enough in the 1997 Crisis to not be placed in workout, and by 2007 Daesung was the 54th largest group in an almost fully developed South Korea, while Byucksan, certainly still a big business, was not even within the ranks of the ‘top 64’.

Marrying into the Elite (I.D. Kim) vs. ‘Civilized Christian Marriages’ (Choi Tae-Sup & Soo-Keun Kim)

Why amongst the five Protestant capitalist big business founders in this study did I.D. Kim alone follow the state heavy capitalism of the South Korean regimes? The answer might well be related closely to the unique marriage patterns of his family in comparison to all of the other founders. He and his family, through marriages, created a complex mix of close familial ties with other prominent political and business elites of the 1960s onwards, (as did most of the

new top conglomerate founders of South Korea). This included a close marital link with Park Chung Hee's family and with one of the founding families of the LG group. Was this a deliberate strategy of Kim and his family? Was it simple happenstance of the sons and daughters of a new ruling class 'naturally' living out their lives in the same institutions and social spaces, or some indeterminable combination of both? While I.D. Kim and his family's motivations are not completely known, what is known is that in contrast both Choi Tae-Sup and Soo Keun Kim deliberately chose to allow their children to find their spouses on their own or through other intermediaries. This was from a desire to further the development of 'modern Christian civilization' in Korea. For Choi and Soo Keun Kim, abstaining from the developmental state and the new elite it was creating was not just a matter of choices regarding their business career but one that extended even to the most personal and life-long choices of their family.²¹⁷

In Korea throughout the 20th century the process by which marriages are set, and the family obligations and benefits that accrued from marriage has been in a state of flux. However, any change that has occurred had its starting point in the marriage practices established under the neo-Confucian Chosun dynasty. By the end of the dynasty the primary ancestral line was drawn through eldest sons. Daughters wed to other families were sent to them, and were lost to the family line. The eldest male in a family group nominally had complete responsibility for finding suitable marriage partners for all offspring, though in practice a wife or other elder women could

²¹⁷ Of course part of the motivation for Choi and Kim to allow their children marry who they wanted, even if not of the ranks of the elite, may have been a concern that the most important goal in Christian marriage was to find a spouse of equal or at least sufficient Christian belief and commitment. This is not a complete explanation however. There were Protestant founders of major businesses, who were not self-reconstruction capitalists, but who had at least some offspring who were presumably devout. One example was Park Too-byung, founder of Doosan (who later in life converted to Catholicism as it was more congenial to his business career as a founder of one of Korea's largest breweries; Korean Protestantism has historically been strongly influenced by temperance). Another example was Kim Chong-hui, founder of the Hanhwa, who has often been confused for a Catholic but was in fact a life-long Anglican. Choi and Kim could also have directed their children to marry the children of fellow KCBMC members, including each other's.

play the role of matchmaker. Martina Deuchler sums up the importance of marriage for entire family groups during the Chosun Dynasty:

Marriage strategy was...an intricate game that could be played well only under certain conditions. A successfully concluded match could establish alliances that bore rich social dividends. Marriage was not an affair between individuals, but between families.²¹⁸

In the late 19th and early 20th centuries Protestant missionaries and their converts were the first to call for a comprehensive overhaul of the ‘traditional’ marriage. Part of the overall ‘civilizing’ of Korea promoted by Western missionaries was improvement of the status of women, including brides. The ‘traditional,’ Neo-Confucian sanctioned role of the patriarch and by implication families in choosing marriage partners was seen as an intrusion on God’s prerogative to work within the hearts of two individuals a ‘kindred’ mind to get married. The Protestant critique of ‘traditional’ marriage was taken up in the early 20th century by the vast majority of leading Korean ‘modernizers,’ whatever their religious background and political leanings. As Kendall writes, “early Korean nationalists saw the absence of choice and consent in matrimony as an obstacle to individual development and social progress.” ‘Traditional’ marriage was seen as yet another example of Korean subservience to Chinese-derived Confucianism that had led the nation to disaster. The idea of spousal choice entered into the larger culture and surveys showed that from the 1960s to the 1980s most South Koreans preferred a mix of individual choice and family approval and support. However, the extent to which marriage was a family ‘strategy’ versus individual choice differed by class. In order to preserve and advance newly won wealth and power, the new South Korean elite has used marriages strategically to

²¹⁸ Martina Deuchler, *The Confucian Transformation of Korea: A Study of Society and Ideology* (Cambridge, MA: Harvard Univ., 1992), 240.

form alliances with other elites in a way more reminiscent of Chosun Dynasty norms than those of being ‘modern.’²¹⁹

A landmark 1991 study by a leading business newspaper of the marriage patterns of the South Korean business conglomerate founder families seems to bear this out.²²⁰ The study looked at the marriage patterns and family links created by the sons and daughters of the founders of the top one hundred business groups. The timing of the study was well chosen as by 1991 the rankings of many of the top conglomerate were relatively stable, (and the coming upheaval of the 1997 Asian Crisis unforeseeable) and the sons and daughters of the major conglomerate founders were all old enough that the vast majority had married. This allowed for some clear patterns to emerge. (It was also just before South Korean divorce rates started to rise from amongst the lowest in the world to some of the highest from the mid-1990s onwards.)²²¹

The study counted up the marriages enacted between the sons and daughters of the founders of the top one hundred business conglomerates and of the children of their brothers. (Sisters were excluded.) Approximately half of all marriages were concluded with the extended families of other top business founders or the top founders and executives of large public or financial sector businesses. Another quarter was with the families of top national political or civil service leaders. Of the remaining quarter, the large majority were with highly educated professionals such as physicians, lawyers, and university professors.²²² The marriage patterns of

²¹⁹ Lauren Kendall, *Getting Married in Korea: of Gender, Morality, and Modernity* (Berkeley: Univ. of California, 1996), 94, 63-64, 116-117, 229; quote on 64; the ubiquitous strategic use of marriage to form alliances with other elites amongst top capitalist families is also noted in Kim, *Bureaucrats and Entrepreneurs*, 180.

²²⁰ Seoul Kyöngje Sinmun [Seoul Economic Daily], *Chaeböl kwa kaböl [Conglomerate and Family Power]*, (Seoul: Chishik, 1991).

²²¹ Minja Kim Choe, “Modernization, Gender Roles, and Marriage Behavior in South Korea,” in *Transformations in Twentieth Century Korea*, ed. Chang Yun-Shik and Steven Hugh Lee (London: Routledge, 2006), 294-301.

²²² Seoul Kyöngje Sinmun, *Chaeböl kwa kaböl [Conglomerate and Family Power]*, 6.

the children of Protestant large business founders studied differs markedly from this general pattern.

Neither Ilhan New nor Chŏn T'aek-bo's children married into the new developmental state elite. This most likely does not represent any agency on their part as there were many reasons beyond their control affecting their marriage options. As bi-racial Chinese/Korean-Americans resident in the U.S., there was little likelihood of New's children marrying into the new, race-conscious South Korean elite. The precipitous fall of Chon's business status not that many years after it had risen would also most likely have greatly diminished his children's marriage prospects. However for I.D. Kim, Choi Tae-Sup, and Soo-Keun Kim, and their brothers, the marriage possibilities for their children were presumably equal to that of any other prominent businessman's children. (Choi's northern roots may have worked against his offspring's' possible universe of eligible mates, but this would not apply to the children of Taegu born and raised Soo-Keun Kim.)

The median decade for the birth of children born to these three and their brothers was the 1940s, meaning they were available for marriage in the 1960s and 1970s. Using the categories established above, five out of the nine children of I.D. Kim and his one younger brother married into families of the new elite – either conglomerate founding families or highly placed political and bureaucratic positions. Four married 'others.' In contrast, none of Choi Tae-Sup's three sons or two daughters married someone from the business and political elite – all married 'others.' (Choi had no brothers.) Soo-Keun Kim had three children while his two younger brothers had a total of nine children. All of Kim's children married 'others.' Out of the nine children of his

brothers, three married into the families of founders of conglomerates and a financial institution, all of which were much smaller than Daesung; the rest married ‘others.’²²³

Making the contrast between the marriage choices of I.D. Kim’s extended family versus the others even starker was the high status level of families Kim’s children and nieces and nephews married into. His second son married a daughter of President Park Chung Hee’s younger brother. With this link into the Park family, he was then connected to Park’s brother-in-law Kim Jong-Pil, Park’s closest political ally, head of the KCIA in the 1960s, and Park’s Prime Minister from 1971 to 1975. Kim Jong-Pil himself was related in marriage to the founder of the Kolon group, the fourteenth largest group in South Korea in 1991. I.D. Kim’s eldest son married a daughter of one of the founding families of LG, the second or third largest business group from the early 1960s to the present. In turn, this marriage link placed Kim within three or four orders of separation from the founders of numerous others groups, all larger than his own, including Lee Byung-Chull, the founder of Samsung, Chong Ju-Young, the founder of Hyundai, and the founders of Kumho (#7 in 1991), and Daesang (#18). The marriage of his third son placed him three orders of separation from the founder of Samhwan (#42). (His two daughters married ‘others’ e.g. a dentist and a traditional Korean medical practitioner.) The offspring of Kim’s brother also did their part. One nephew’s marriage linked the family with a top Presidential aide and one niece’s with the founder of the Samyang group (#23).²²⁴

While not every conglomerate founder had a child that married into Park Chung Hee’s family, the broadness of Kim’s links that extended from just a few of his children marrying peers

²²³ Dong-Woon Kim et al., *Chaeböl ūi kyöngyöng chibae kujowa inmaek hönmaek, 4, hanguk ūi chaeböl: The Management Structure and Personal Network of Korean Chaebols, Vol. 4, The Chaebol of Korea* (Seoul: Naman, 2005), 431-433, 458-459, 496-497.

²²⁴ Kim et al, *Chaeböl ūi kyöngyöng chibae kujowa inmaek hönmaek*, 432-433.

of their class suggests the extensive rate of intermarriage of the South Korean elite. This can be seen from a casual glance at the marriage links of dozens of conglomerate founders.²²⁵ The paucity of such ties for Choi Tae-Sup and Soo-Keun Kim stands out as being even more unusual considering their prominence in the business community of South Korea. The history of political and big business ties in South Korea suggest strongly that having a network linked to the President, the Prime Minister, and the largest group founders in the country must have provided I.D. Kim considerable business advantages. For example, marital ties with a founder of LG, who in turn had marital ties with the founder of Samsung, may have aided Kim in the take-over of a Samsung food company in the early 1990s.²²⁶ Another group that enjoyed marriage ties with Park Chung Hee was the Poongsan group, which perhaps not so coincidentally rose to become South Korea's leading armaments maker.²²⁷ In 1992 it was widely perceived that the primary attribute behind the SK group winning a much competed for mobile telecom license was its chairman's marriage to the daughter of then President Roh Tae-Woo. By that time however as South Korea had transitioned to democratic rule the license was revoked due to public criticism.²²⁸

One of the most famed policies, or to some critics, infamous propaganda, of the so-called economic 'miracle' of Park Chung Hee's rule was his full-scale rural improvement scheme over the 1970s called the *Saemaul Undong* [*New Community Movement*]. To Park it was one of the lynchpins of his development strategy, supposedly turning 'Confucian farmers into agrarian patriots.' The ultimate efficacy of the policy, and even if it actually caused more harm than good,

²²⁵ Kim et al, *Chaeböl üi kyöngyöng chibae kujowa inmaek hönmaek*, 338-501.

²²⁶ Seoul Kyöngje Sinmun, *Chaeböl kwa kaböl* [*Conglomerate and Family Power*], 281.

²²⁷ Kang, *Crony Capitalism*, 54.

²²⁸ Clifford, *Troubled Tiger*, 326.

has been debated, while it was underway and since.²²⁹ The most iconic image used to try and show it had actually materially improved the lives of South Korean farmers was pictures of traditional straw-roofed houses replaced by new homes proudly wearing modern roofs.²³⁰ The rhetoric surrounding this transition emphasized the modern materials used: “The thatch roofs...have been neatly replaced with slate and cement blocks.... The symbol of the movement in the country...is the slate roofs instead of the old, inflammable straw roofs.”²³¹ The slate made into the roofs that showed the entire world that Park had supposedly transformed the countryside was supplied by I.D. Kim’s Korea Slate, which was renamed ‘Byucksan’ (as it is known today) in 1983. The marriage that tied Kim with Park occurred in 1972,²³² just as the *Saemaul Undong* was getting started. Even before the *Saemaul Undong*, Korea Slate had enjoyed a few years of sales doubling, primarily through selling slate for farmers’ roofs. The 1970s saw sales skyrocket even more. Given that slate sales was the most important source of income to Kim,²³³ and that these sales were integral to one of the Park’s regimes most politically important development programs, the benefit of cementing his personal relationship with Park through a marriage must have seemed enormous to Kim. (It might have even seemed slightly important to Park.) Besides benefits, the marriage and the ties that came with it brought obligations. One concrete obligation for Kim was the chore of running one of Kim Jong-Pil’s ‘foundations’, or in the context of the time, a site for transferring political funds.²³⁴ Being so intimately thrust (most likely willingly) into Park’s personal and political orbit, it would seem unlikely that Kim and his business were

²²⁹ Sheila Miyoshi Jager, *Narratives of Nation Building in Korea: A Genealogy of Patriotism* (Armonk, N.Y., East Gate, 2003), 86-87; Lie, *Han Unbound*, 109-110; Song, *The Rise of the Korean Economy*, 171-172.

²³⁰ See for example Park Chung Hee, *Saemaul: Korea’s New Community Movement* (Seoul: Korea Textbook Company, 1979), 36; Hugh Dyson Walker, *East Asia: A New History* (Bloomington, IN: AuthorHouse, 2012), 615.

²³¹ Korea Herald, *Korea: Seem from Abroad, Vol. 6* (Seoul: Korea Herald, 1976), 256, 276.

²³² Seoul Kyöngje Sinmum, *ChaeböI kwa kaböl [Conglomerate and Family Power]*, 281.

²³³ Yi, *Hanguk chaebölsa [The history of the Korean conglomerates]*, 311.

²³⁴ Seoul Kyöngje Sinmum, *ChaeböI kwa kaböl [Conglomerate and Family Power]*, 281.

not also obliged to fully commit to the entire panoply of Park's developmental state and its policies.

That Choi and Soo-Keun Kim and their children made a conscious choice not to metaphorically or even literally get into bed with the Park Chung Hee family and the new elite can be shown by statements both made on the topic of their children's marriage. Reminiscent of the turn-of-the-century Protestant and nationalist understanding of the 'modern' marriage, and cognizant of the opportunities lost, Choi in 1991 stated

I have accepted whatever my children decided regarding study and marriage....Wishing to share the absolute freedom of being a Christian I have respected my children's wishes regarding marriage. This is the reason I do not have the political and business connections that other Korean businessmen have.²³⁵

Choi added that most of his children married people they had known for a long time through church connections. As they had known each other from youth, he was proud of the happy marriages that had resulted. To him, a common faith and personal compatibility was more important than the in-law's family status. In Choi's opinion this type of marriage was part of developing a 'Christian civilization in Korea.'²³⁶ Choi's outspokenness on the topic had a proselytizing timbre to it. While Soo-Keun Kim was more muted in his opinions, he stated that he never wanted to use his children's marriages as part of a 'political strategy.' Instead he said that he took a deliberately detached stance, allowing all of his children to be married by informal matchmakers. For example, his eldest son found his bride through a friend of his wife. Kim stated that compared to most people of 'his stature' he hardly had any 'famous' connections because his children had been free to marry outside of his counsel.²³⁷

²³⁵ Seoul Kyŏngje Sinmum, *Chaebŏl kwa kabŏl [Conglomerate and Family Power]*, 335-336.

²³⁶ *Chaebŏl kwa kabŏl [Conglomerate and Family Power]*, 335-336.

²³⁷ Seoul Kyŏngje Sinmun, *Chaebŏl kwa kabŏl [Conglomerate and Family Power]*, 421. The ramifications of their fathers' (and their own) marriage decisions carry down to the present day, to a point. The incumbent President of

Biographical and Business Career Overview: I.D. Kim, Choi Tae-Sup, and Soo-Keun Kim

The following relatively brief overviews of the lives, business careers, and business and religious philosophies of the second generation self-reconstruction capitalists will show commonalities and recurring motifs shared between all three and with the first generation self-reconstruction capitalists. This will include evangelical Protestant schooling and famed Protestant nationalist mentors, business careers that focused on one industry (with the notable exception of I.D. Kim), a belief that their companies were ‘owned’ by God with them as caretakers for society, a linkage of their vocation with developing the nation, personal philanthropy beyond their contributions through the KCBMC, and self-sufficiency and transparency in management, particularly in a conservative financial style that eschewed debt.

I.D. Kim (Byucksan):

I.D. Kim was born in 1915 in a village in South Kyōngsang Province to a struggling farming family. His two clearest early memories from the age of four or five were receiving a colorful card certifying his participation in a ‘mission’ from the minister of the church his family attended, and hearing the cries of ‘Korea, hurrah’ from demonstrators in the street during the March 1, 1919 protests.²³⁸ In 1923 he started attending a local government run elementary school and from 1931 to 1934 attended the Masan Commercial High School, where he excelled in

South Korea is Park Gyeun-He, the daughter of Park Chung Hee. Her circle of friends within the South Korean business community has been widely reported, resulting in increased investor interest in the related companies. Due to the marital link, Byucksan is seen as one of the newly favored groups. One of the daughters of Soo-Keun Kim, who leads her own fashion company, has, however, overcome her father’s deliberate lack of a marriage ‘strategy’ by becoming a close personal friend and campaign manager for Park in the 2012 election. See “President-elect’s Business Network,” Korea Times, Dec. 20, 2012, <http://www.koreatimes.co.kr/www/common/printpreview.asp?categoryCode=123&newsIdx=127356> .

²³⁸ Kim, *Nae chibŭl ch’aaura* [...That my house may be filled], 19-20.

academics, sports, and art.²³⁹ During this period he came to admire Cho Man-sik's Korean Products Promotion Society as a model of Korean economic nationalism.²⁴⁰ Following his marriage to a devout Protestant while at Masan his faith greatly increased. (This first wife died in 1982 and Kim remarried in 1986.)²⁴¹ Upon graduation he had a completely 'ordinary' career as a manager in a Masan-based Japanese owned financial institution until 1943. From 1943 to 1945, in work that foreshadowed his role at the KCBMC, Kim was a manager of the Chinju Chamber of Commerce.²⁴² During his professional life Kim encountered discrimination from his Japanese managers that he claims stoked his patriotism.²⁴³ Reminiscent of New Ilhan's later life MBA, in 1964, with a decade of business success already behind him, Kim earned an MBA from Korea University.²⁴⁴

After Liberation Kim moved to nearby Pusan and worked as a manager for a Korean resident in Japan who owned several movie theatres in Pusan. During the Korean War Kim set up his first company to import foreign films. Kim could see the great potential in films as the only mass media avenue for escapism from the grind of daily life in poverty stricken post-war South Korea. In his first year of operation he imported twenty films and hired over twenty employees. Over the 1950s he took over distressed theatres all over the country. By 1957 his company supplied 60% of foreign films in the country and he owned a national chain of theatres.²⁴⁵ Hollywood provided the vast majority of foreign films Kim showed, and he enjoyed the exclusive right to show in South Korea the output of most Hollywood studios. This monopoly of most Hollywood products was a significant cause of his business success.

²³⁹ Yi, *Hanguk chaebölsa* [The history of the Korean conglomerates], 306.

²⁴⁰ Kim, *Nae chibül ch'aaura* [...That my house may be filled], 1996, 31.

²⁴¹ Seoul Kyongje Sinmun, 27 *Chaeböl kwa kaböl* [Conglomerate and Family Power], 9.

²⁴² Yi, *Hanguk chaebölsa* [The history of the Korean conglomerates], 306-307.

²⁴³ Kim, *Nae chibül ch'aaura* [...That my house may be filled], 28.

²⁴⁴ Kim, *Nae chibül ch'aaura* [...That my house may be filled], 222.

²⁴⁵ Yi, *Hanguk chaebölsa* [The history of the Korean conglomerates], 307-309.

According to his autobiography, Kim felt he was performing a public service and historic role in showing American films. “Bringing in the culture of an advanced Protestant nation just naturally had an enlightening result.” In Kim’s telling, the ethics of Koreans had just started to improve during the turn of the century “era of *kaehwa*” or ‘enlightenment and civilization’. Then, it had deteriorated under Japanese colonialism and during the Korean War. Now, his films were helping to convey the ‘U.S. Protestant spirit.’ Through American films poor South Koreans could learn of the “pioneering spirit” of Westerners. They also saw Westerners go to church and not support other religions.²⁴⁶ Kim tried to differentiate his chain from the competition by showing more drama/romance films and films of ‘artistic quality.’²⁴⁷ He favoured films with happy endings and so did not import French or Italian neo-realist films as they were not uplifting to the national culture.²⁴⁸

There was no doubt in Kim’s mind that Protestantism was synonymous with a universal process of modernity that South Korea would need to be a part of. In 1975 Kim wrote an article for the business community entitled “The Humanly Causes for the Development of Industry and Entrepreneurs.” In it Kim describes approvingly his understanding of the research of Arnold McClelland, a psychologist at Harvard University famed in the 1960s for using behavioral science theory and empirical research to scientifically ‘prove’ the correctness of Max Weber’s thesis regarding the link between Protestantism and the rise of capitalism.²⁴⁹ McClelland’s work is now considered inadequate. The empirical research it was based on is extremely thin, self-circular in logic, and based on widely held assumptions regarding the universality of

²⁴⁶ Kim, *Nae chibül ch’aeura* [...That my house may be filled], 53.

²⁴⁷ Yi, *Hanguk chaebölsa* [*The history of the Korean conglomerates*], 307-309.

²⁴⁸ Kim, *Nae chibül ch’aeura* [...That my house may be filled], 54.

²⁴⁹ “Sanöpkwa kyöngyöngjarül söngjangsik’inün inkanjökyoin,” [“The Humanly Causes for the Development of Industry and Entrepreneurs”], 1975, reproduced in Kim, *Namboda apsönün sarami twerira* [Become a person ahead of the rest], 254.

modernization that are no longer shared in the academy.²⁵⁰ For Kim however, it showed that capitalist economic growth was driven by individuals with an ‘entrepreneurial spirit.’ This spirit consisted of a strong work ethic, a focus on the task at hand, and a desire to ‘achieve’ as opposed to bonding with others or seeking power over others. A strong Protestant faith was required to develop these components of the entrepreneur’s inner life.²⁵¹ I.D. Kim’s personal motto for achievement was that he wanted to be a “man ahead of the rest,” a motto he said came straight from his Christian faith.²⁵²

In 1954 Kim joined the Seung Dong Presbyterian Church in Seoul, one of the first Presbyterian churches ever established in Korea, and a meeting place for some of the leaders of the March 1st, 1919 Declaration of Independence.²⁵³ In the mid-1950s Kim instituted workplace Christian worship in his company, a practice he would continue for the rest of his career.²⁵⁴ Over the decade Kim became uneasy over the morality of the entertainment industry in general. He disliked the expectations of potential customers that his cinemas should be open on Sundays, which Kim would not do.²⁵⁵ As a result by the late 1950s he was searching for a route to become a more ‘respectable’ magnate of manufacturing and high tech. In 1956 he started importing UNIVAC computers from the U.S. company Sperry Rand (now Unisys). In 1962 he bought what

²⁵⁰ Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: Johns Hopkins University, 2007), 97-100.

²⁵¹ “Sanöpkwa kyöngyöngjarül söngjangsik’inün inkanjökyoin,” [“The Humanly Causes for the Development of Industry and Entrepreneurs”], 1975, reproduced in Kim, *Namboda apsönün sarami twerira* [Become a person ahead of the rest], 254.

²⁵² “Naüi sanöpkwöngyönggi” [“My Business Management Story”], address given to the KCBMC, Jan. 31, 1974, reproduced in Kim, *Namboda apsönün sarami twerira* [Become a person ahead of the rest], 225.

²⁵³ Kim, *Nae chibül ch’aeura* [...That my house may be filled], 64; Ung Kyu Pak, *Millenialism in the Korean Protestant Church* (New York: Peter Lang, 2004), 102.

²⁵⁴ Kim, *Nae chibül ch’aeura* [...That my house may be filled], 86.

²⁵⁵ Kim, *Nae chibül ch’aeura* [...That my house may be filled], 79, 102, 108.

became Korea Slate to move into the iron ore and mineral products business and sold off his cinema chain.²⁵⁶

Kim's slate business was an immediate success. Even before the full-scale government support for conversion of farmers' roofs from thatch to slate or iron in the 1970s, the increase in demand for slate from the rural sector grew tremendously throughout the 1960s. In the nine months before Kim took over the company that would become Korea Slate total sales had been 30 million won. In the first three months Kim owning the company sales doubled to 60 million won. Sales continued to double for a few years hence. While slate remained Kim's most overwhelmingly important earner, in 1964 he started a construction business specialized in building roads. By 1969 it was the fifteenth largest construction company in South Korea as measured by revenue. In 1968 Kim started a joint venture with a foreign company to manufacture cigarette filters. In 1969 he significantly boosted investment in his business importing UNIVAC computers.²⁵⁷

Unlike any other South Korean conglomerate, throughout the 1970s Kim and his companies frequently used the nascent stock market to raise funds by going public, rather than relying on funding from the group flagship company or the government.²⁵⁸ Chŏn T'aek-bo had wished to access the stock market for financing independent of the government to resuscitate his failing Chonusa group in the late 1960s and 1970s. However at that time the stock market was not adequate to this purpose for most large companies and Chŏn was not allowed to go public in any case. In his autobiography Kim says he was motivated to start taking his companies public in 1969 for two reasons. One was because the corporate sector was relying too much on debt for

²⁵⁶ Yi, *Hanguk chaebŏlsa [The history of the Korean conglomerates]*, 309-311.

²⁵⁷ Yi, *Hanguk chaebŏlsa [The history of the Korean conglomerates]*, 311-312.

²⁵⁸ Yi, *Hanguk chaebŏlsa [The history of the Korean conglomerates]*, 313.

financing. Second, asserting like other self-reconstruction capitalists that his companies were ‘gifts’ from God, they belonged to the people and the nation and the best way to demonstrate this was to go public and distribute ownership.²⁵⁹

Why did Kim avail himself of the stock market? Did it make him more independent of the developmental state, and if so, why did he get permission and not Chŏn? Ironically in the context of the 1970s, his access to the stock market was an indicator of just how closely allied Kim was with the Park Chung Hee regime. While Park disliked stock markets, South Korea had to have one to at least appear like a ‘normal’ market-driven economy. After the credit crunch of the late 1960s and early 1970s, the Park regime as of 1972 forced a number of high profile group affiliated companies to go public. However, the conditions under which companies were forced to go public were the antithesis of a free-market: group owners had no choice but to have companies, selected by the government, go public, the regime determined the (low) price of the issued stock, set dividends, and decided when a public company would issue more new shares. All facets of being public were orchestrated by the bureaucrats of the Park regime making it in fact a new intrusion of the state into their operations, not a move towards financial independence. Like export-led growth, what appeared to be a turn to free markets was actually another venue for the developmental state. Its appearance as a token of *laissez-faire* did make the regime look more liberal, and it reduced debt levels.²⁶⁰ As ‘going public’ served the interests of the regime more than, in most cases, the business concerned, the enlistment of all of Kim’s company in the public offering process can be seen as yet another way Kim and Park helped each other. None of this however ‘proves’ that Kim’s stated reasoning for going public was insincere. If going public under the auspices of the Park regime was not actually in his ‘self-interest’ as a profit or power-

²⁵⁹ Kim, *Nae chibŭl ch’aera* [...That my house may be filled], 127-128.

²⁶⁰ Woo, *Race to the Swift*, 174-175.

maximizing capitalist and was a ‘sacrifice’ for the betterment of the people and the state which he supported, then that was exactly a devout Protestant businessman such as himself should do.

Motivated by his marriage ties with the Park family, Kim vigorously defended the Park regime from his position as head of the KCBMC. In his autobiography first published in 1989, a decade after Park’s death, he devotes an entire chapter describing in minute detail how, partly as a representative of the KCBMC, he toured the U.S. at length in the mid-1970s. He met American and Korean-American religious, media, and political figures to defend the religious freedom record of the Park regime in response to criticism from anti-government South Korean and American clergy. Kim obviously saw his volunteer efforts in this regard as one of the proudest moments of his life, and he conflates defending the Park regime with defending the international image of Korea as a whole.²⁶¹

After Park’s death and the saturation of the rural sector’s demand for slate roofs, there was no longer any reason for Kim to focus his business efforts on slate or to retain a group name signaling such a focus. In 1983 he renamed the group ‘Byucksan.’ From this point until the Asian Crisis in 1997 Kim took full advantage of government mediated low cost credit to pursue growth by diversification of business lines, just like the vast majority of other business groups. Even while the group was still focused on slate, Kim was running businesses with little obvious relationship to his main product line, in sectors such as mainframe computers and cigarette filters. Over the 1980s and 1990s the group’s focus turned to construction, but over the same period Kim created a group with more companies in industries unrelated to each other either horizontally or vertically than practically any other group in South Korea. By the early 1990s the

²⁶¹ Kim, *Nae chibŭl ch’aera* [...That my house may be filled], see Ch. 9, “Tonŭro kyesanhal su opnun kot” [“Something That Cannot Measured in Money”], 144-175.

Byucksan group boasted eighteen companies in very diverse areas.²⁶² One very loose ranking for the early 1990s based on total sales placed Byucksan as the 28th largest groups out of 43.

Excluding the top twelve ranked groups, in other words looking only at groups ranked from thirteen to forty-three, with eighteen companies Byucksan had far more companies than any other middle-ranked conglomerate. Of the fifteen groups larger than Byucksan, the next highest group company count was 13. (For comparison sake, the Daesung group, ranking close in size to Byucksan, yet smaller, had only 8 group companies.)²⁶³

What is more, Byucksan's eighteen companies were in such varied industries that they apparently could have very little to do with each other. Many may have had little sales, and existed to give the impression of a vast corporate empire. As of the mid 1990s for example the business lines in the group included those already mentioned, and also items such as farm machinery and electronic components.²⁶⁴ Before 1997, a South Korean conglomerate following the developmental model typically had a high level of total sales arising from sales within the group e.g. one group company selling an input to the other. Such sales were typically not priced at full free market values and constituted another method by which the group informally subsidized its weaker companies. As much as possible therefore, inter-group sales were pursued. One important limit on the amount of inter-group sales was the practical one of the utility of a product vertically within an industry. For example, a group company making cars could buy all its paint from another group company making paint, force its auto employees to buy life insurance from an affiliated life insurance company, and tie consumer purchase of its cars to a

²⁶² Seoul Kyōngje Sinmun, *Chaeböl kwa kaböl [Conglomerate and Family Power]*, 277.

²⁶³ Gary G. Hamilton and Robert C. Feenstra, "Varieties of Hierarchies and Markets: An Introduction," in *The Economic Organization of East Asian Capitalism*, ed. Marco Orru, Nicole Woolsey Biggart, and Gary G. Hamilton (Thousand Oaks, CA: Sage, 1997), 87.

²⁶⁴ *Korean Company Handbook* (Sydney: Asia Pacific Infoserv, 1995), 295, 356, 523; Seoul Kyōngje Sinmun, 282.

bargain on gasoline sales from a group chain of gas stations. However, no matter what the group ties, a group car company would have no use for the services of a group company that specialized in building oil refineries.

Of the 'top 43' groups listed, the average rate of total purchases of intermediate products that were sourced from other companies within the group was over a fifth, or 21.98%.²⁶⁵ Byucksan's equivalent rate of internal sales was extremely low, almost the lowest of all groups listed, at 0.95%.²⁶⁶ There are two possible explanations for why Byucksan group companies practically never bought products from each other. One is that Kim, unlike the vast majority of group founders before 1997, encouraged his groups companies to buy their inputs from any company, even a competitor, on the basis of the most competitive price and quality. The second, and far more likely, is that his eighteen companies produced such a varied line of products that they could not use each other's products. In other words, Kim sought to increase the total size of Byucksan group in any manner and into any industry possible, without any thought to the long-term market competitiveness of his group. This was a pattern consistent with most groups following the direction of the developmental state before 1997, but not for the other self-reconstruction capitalists of this study.

Besides his involvement with Rotary and the KCBMC, Kim participated in a wide variety of charitable and religious activities and organizations as a volunteer leader, though his emphasis was definitely more on religious activities than charitable. Often Kim's involvement lasted his entire life. In 1962 he became an elder at his church. In 1961 and through the 1990s he served with the YWCA. He was involved with the evangelist radio station Far East Broadcasting from

²⁶⁵ Hamilton and Feenstra, "Varieties of Hierarchies and Markets," 77.

²⁶⁶ Hamilton and Feenstra, "Varieties of Hierarchies and Markets," 87.

1976 and through the 1990s. The station was founded and run by KCBMC stalwart Billy Kim. From the 1980s on Kim was involved in the urban version of the *Saemaul Undong*. From 1986 to the end of his life Kim held top positions within his church's national denominational headquarters, The Presbyterian Church of Korea,²⁶⁷ the most conservative of Presbyterian denominations and the one from which Col. Hill first found Koreans interested in helping him set up the KCBMC. Along with promoting evangelistic activities amongst businessmen through the KCBMC and providing workplace services within his companies, Kim was a leader from the 1990s to the end of his life in the Korea Christian Work Mission Council, which exists to promote workplace evangelism. In 1985 he set up the Byucksan Foundation for charitable works. Finally, along with Choi Tae-Sup, Kim participated in the Han Kyong-Jik related Military Evangelical Association of Korea.²⁶⁸ Kim died in 1997.

Choi Tae-Sup (HanGlas):

As a northerner much of Choi Tae-Sup's early life and career closely echoes that of Chŏn T'aek-bo, while his later life comes close to Ilhan New's in philanthropic scope. Choi Tae-Sup was born in 1910 and raised in Chongju, North Pyongan Province in north-west Korea. His parents were farmers who had a strong interest in education. As a Protestant his mother brought Choi regularly to Sunday school and made certain Choi received a 'modern' e.g. Protestant education.²⁶⁹

Chongju was an ideal place for Choi to receive a Protestant/'modern' education, being the location of the Osan School. By his own and his son's account, Choi's attendance from the

²⁶⁷ Kim, *Nae chibül ch'aeura* [...That my house may be filled], 222-223.

²⁶⁸ Kim, *Nae chibül ch'aeura* [...That my house may be filled], 222-223.

²⁶⁹ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]* (Seoul: Agape, 1995), 13-15.

age of 12 to 16 at the Osan School was by far the most important formative influence of his youth, and confirmed Choi's Protestant faith.²⁷⁰ At Osan Choi learned the basis on which society should be run: "a Christian spirit and nationalism."²⁷¹ This shorter phrase is similar to that of his more loquacious fellow Osan alumni Han Kyung-Chik, who attended the School three years before Choi. Presumably, given his own statement, Choi would have agreed with Han's summation of what Osan had meant to him (Han):

I remember that they always emphasized three things [at Osan School]. First, it was the instilment of patriotism...Second, they taught us modern education...especially the sciences. Third, they taught that it was not enough to just have patriotism and scientific knowledge; that we must first become virtuous people, and they encouraged us to believe in Jesus.²⁷²

While at the school Choi became a fervent supporter of Cho Man-sik's Korean Products Promotion Society and saw it as a model of nationalist economics for the rest of his life.²⁷³ While Choi describes all his Osan teachers, including Cho, as "heroes" the greatest by far to Choi was the school's businessman founder and head, Yi Sŭng-hun. Yi was a prosperous and well known Protestant businessman who dedicated his fortune to creating the Osan School and was one of the 'patriots' of the '105-Man Incident' of 1911, where that number of Korean Protestants were spuriously sentenced to prison (from which most were soon released) for a supposed plot to assassinate the then Japanese Governor-General of Korea.²⁷⁴ To Choi what was most admirable about Yi was that he was a model of modesty, self-initiative, and self-reliance. A nation of such individuals would in turn be self-reliant.²⁷⁵ In this Choi would have found agreement with his

²⁷⁰ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]*, 16-18, 214; Yong-chung Choi, interview by author.

²⁷¹ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]*, 17.

²⁷² Han Kyung-Chik, quoted in Man-yŏl Yi, "Han kyung-chikmoksarul mannam" [Talk with Rev. Han Kyung-Chik], *Hanguk kidokkyowa yŏksa* [Korean Christianity and Its History] 1, no. 1, (July, 1991), 137-138.

²⁷³ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]*, 18.

²⁷⁴ Hanguk Kidokkyo Yŏksa Yŏnguso, *Pukhan kyohyesa* [History of the North Korean church], 250.

²⁷⁵ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]*, 17.

fellow KCBMC leader Han Kyung-Chik, who also revered Yi as a patriot and model businessman.²⁷⁶

Upon leaving Osan School Choi wished to enter law school to fight for the rights of Koreans but believed the legal and other barriers of the Japanese Empire to hamper Koreans from receiving a law degree and then practicing were insurmountable.²⁷⁷ Instead he decided to start a business, not surprising considering his Osan schooling. Though many advised him that the best way to make money was to sell alcohol, with the encouragement of his minister and a desire to help farmers his first business was rice milling.²⁷⁸ Though initially successful, his first business venture failed within two years and Choi left Chongju to make his fortune in Manchuria. There, like Chŏn T'aek-bo, he found his first business success in the early 1930s. His successful laundry soap business led to an escalating scale of business ventures, including trade intermediary in agricultural goods between large Japanese trading companies and Chinese consumers.²⁷⁹ Business generally thrived until he had to flee the north in 1946 with the advent of communist rule. As Chŏn had initiated South Korean-Japanese trade via Hong Kong, Choi started a trading business that initiated South Korea-mainland Chinese trade via Macao.²⁸⁰

From his experience importing glass products and seeing the devastation of post-war Korea, Choi saw the business potential of domestic glass production in the reconstruction of South Korea. In 1957 he started HanGlas in partnership with two Presbyterian elders. The company successfully bid for ownership of the only major up-to-date glass factory in South Korea that was owned by the (overwhelmingly U.S. funded) United Nations Korean

²⁷⁶ Lee, Lee, and Han, *Just Three More Years to Live!*, 36.

²⁷⁷ Yong-chung Choi, interview by author.

²⁷⁸ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]*, 26-27.

²⁷⁹ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]*, 29, 43, 214.

²⁸⁰ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]*, 69-73, 214.

Reconstruction Agency (UNKRA). Funding for UNKRA in general was ending and the Agency had to divest itself of all its properties.²⁸¹ A beneficiary of aid for the rebuilding of South Korea, the company almost immediately became one of the ten largest in the country and remained a relatively large concern until the mid-1970s,²⁸² after which it ‘fell’ somewhat in stature.²⁸³ Throughout its existence the group was known for its Christian and conservative management style that always focused on just one product area, glass, and on profitability. This allowed it to survive the Asian Crisis relatively unscathed, with revenues of approximately half a billion dollars per year.²⁸⁴ Still the leading glass company in Korea, it was sold to the French construction multi-national Saint-Gobain in 2005.

In his autobiography Choi outlines several key beliefs regarding business that place him firmly within self-reconstruction capitalism. First was a belief that he did not own his companies but that in fact they were given to him by God so he was a custodian of the wealth of the company to use for God’s purposes. No large company could exist without the support of numerous facets of society so while profitability was the primary business goal the ultimate goal of a Protestant businessman was to be of service to society. That included charity as Jesus had helped the poor. As a result 20% of profits at minimum should be given back to society.²⁸⁵ Second, despite constantly being asked why he never diversified into other business areas, Choi believed it was better to stay focused on one industry, in his case glass. The quickest way to achieve world-class excellence in an industry was by focusing on it alone and mastering it. In

²⁸¹ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God’s love]*, 80-85; Yong-Jung Choi, interview with author; David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order* (Princeton: Princeton Univ., 2010), 134, 138, 157.

²⁸² Yi, “1950-nyöndaëüi sanöp chöngchaek kwa kyöngje palchön” [“1950s industrial policy and economic development”], 175.

²⁸³ Yi, “1950-nyöndaëüi sanöp chöngchaek kwa kyöngje palchön” [“1950s industrial policy and economic development”], 175.

²⁸⁴ “This Glassmaker Sees a Window of Opportunity,” *Bloomberg Businessweek*, April 29, 2001.

²⁸⁵ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God’s love]*, 110-111, 148.

addition, Choi did not like the negative effect an economy filled with huge conglomerates such as South Korea's had on the livelihood of small businesses.²⁸⁶ Third, Choi believed in transparency and independence from the government. In regards to the former Choi claimed that HanGlas, unlike practically all other large conglomerates, never speculated in South Korean real estate and had no 'hidden' assets, real estate or otherwise. In terms of the latter, Choi claimed it was 'Biblical' that as much as possible HanGlas bypassed loans from government controlled banks and sought debt financing when needed from foreign banks.²⁸⁷

Unlike Chŏn T'aek-bo, Choi survived the vicissitudes of changing political regimes. He was briefly imprisoned under Park Chung-Hee's sweeping arrest of Rhee era large business owners. From 1964 until his death he was an elder at Sudo Presbyterian Church in downtown Seoul. Well known for its political liberalism, the Church, its minister, and its elders, faced some measure of political oppression during Chun Doo Hwan's regime but nothing that ultimately effected Choi's business.²⁸⁸ Choi remained a devout Protestant carrying out daily prayers and Bible studies throughout his later life, with a decidedly ecumenical bent both theologically and politically.²⁸⁹ Besides his leadership roles in the KCBMC and Rotary, Choi participated at a top leadership position in a number of other Christian and Christian influenced philanthropic and/or evangelizing associations, often for decades until his death.²⁹⁰ Examples include the Korean Y.M.C.A., the Korean Red Cross, the 'liberal' Christian Academy,²⁹¹ the 'conservative'

²⁸⁶ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]*, 114-115.

²⁸⁷ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]*, 112, 146.

²⁸⁸ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]*, 93-98, 214; Yong-Jung Choi, interview by author.

²⁸⁹ Yong-Jung Choi, interview by author.

²⁹⁰ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God's love]*, 214-215.

²⁹¹ Paul Yunsik Chang, "Carrying the Torch in the Darkest Hours: The Sociopolitical Origins of Minjung Protestant Movements," in *Christianity in Korea*, ed. Robert E. Buswell and Timothy S. Lee (Honolulu: Univ. of Hawaii, 2006), 210.

Christian Council of Korea,²⁹² and, along with I.D. Kim, in the Han Kyong-Jik related organizations such as the Military Evangelical Association of Korea,²⁹³ and the Rev. Kyung-Chik Han Memorial Foundation. In 1995 he was awarded the first ever ‘Ilhan New Award’ from the Yuhan Foundation,²⁹⁴ given to recipients who in the judgment of the Foundation have lived exemplary lives of widely acknowledged service to society and achievement akin to Ilhan New’s ‘noble’ spirit.²⁹⁵ Choi died in 1998.

Soo-Keun Kim (Daesung Energy):

Kim, first son of his parents, was born in 1916 and raised in Taegu, North Kyöngsang Province in south-west Korea. His father was a well-off landlord of Confucian scholarly background. His father and grandfather encouraged his early schooling. At the age of eight he entered a public elementary school. When he was ten his father died prematurely at the age of 48, bringing financial hardship to the family and forcing Kim to work while going to school. He attended Taegu Commercial High School (part of the Japanese colonial government’s school system) until he was 16. Kim had to quit despite taking many part-time jobs because of lack of funds to support himself and his younger siblings.²⁹⁶ He then worked his way up to various positions, including sales and accounting, in the Taegu branch of a Japanese run coal briquette

²⁹² Kang, *Hanguk üi kaesingyo wa pangongjuüi* [Korean Protestantism and anti-communism], 90, 604.

²⁹³ Myöng-Hyök Kim, *Mokhwaja Han kyung-chik moksa, puhüngsa Yi song-sa moksa* [Reverend Han Kyung-Chik, Reverend Yi Song-sa] (Seoul: Söngkwang Munhwasa, 2003), 80.

²⁹⁴ Tae-sup Choi, *Choi Tae-sup: Sarange pitchinja [Choi Tae-Sup: A debtor to God’s love]*, 215.

²⁹⁵ “Che 10-hoe ‘yuilhansang’ susangjae pak hae-sim ajuüidae kyosu sönjöng” [Ajou University Professor Hae-sim Pak chosen for tenth ‘Ilhan New Award’], Newswire, Jan. 16, 2013, <http://www.newswire.co.kr/newsRead.php?no=674680&ected=> .

²⁹⁶ Yi, *Hanguk chaebölsa [The history of the Korean conglomerates]*, 429; Soo Keun Kim, *Üne wie üne: Kim Su-kün daesöng gürup ch’angöphwechang hyekorok*; Grace Upon Grace: Memoirs of Soo Keun Kim, Founding Chairman of the Daesung Group (Seoul: JCR, 2007), 17; Kwi Ok Yeu, *Arümdaun ch’uök: pitül ttara kölöttöni: Yö Kwi-ok daesöng gürup myöngyehwejang yekorok*; Beautiful Memories: Walking After the Light: Memoirs of Kwi Ok Yeu, Honorary Chairwoman of the Daesung Group (Seoul: JCR, 2007), 55

company. He found a job there for one of his brothers.²⁹⁷ Despondent at the lack of funds to continue his education he started attending a Presbyterian church and convinced his mother to become a Protestant also.²⁹⁸ After several years working, Kim met the person who was to be his most important formative influence in terms of Protestantism and nationalism – his wife, Kwi Ok Yeu. They married when he was of 25 in the midst of studying for a law degree in Japan at Nihon University, which he started in 1938 and completed four years later.²⁹⁹ His in-laws paid for part of his studies.

Kwi Ok Yeu was raised and educated in a staunchly Protestant milieu. Kwi was born in 1923 and raised in Taegu. Her father's family was 'upper-class'. He was a successful businessman and Presbyterian deacon. Her mother taught Sunday school and worked on various 'missions' with Western missionaries.³⁰⁰ After graduating from a local missionary run high school Yeu briefly attended the Pyongyang Theological Seminary (PTS) in 1938 just before it was closed for not conducting rituals honoring the Emperor.³⁰¹

While at the Seminary her two most favored models for Protestant faith were the famed revivalist Kil Son-ju and the much less famous 'street preacher' Choi Kwon-nŭng, both of whom she claimed to have seen or met in person.³⁰² The careers of both Kil and Choi reflect about as much emphasis on personal salvation and evangelization over any other societal or nationalist

²⁹⁷ Yi, *Hanguk chaebŏlsa [The history of the Korean conglomerates]*, 430.

²⁹⁸ Yi, *Hanguk chaebŏlsa [The history of the Korean conglomerates]*, 430; Kim, *Ŭne wie ũne*, 19, 227; Yeu, *Arŭmdaun ch'uŏk: pitŭl ttara kŏlŏttŏni: Yŏ Kwi-ok daesŏng gŭrup myŏngyehwejang yekorok*, 57.

²⁹⁹ Kim, *Ŭne wie ũne*, 227; Yeu, *Arŭmdaun ch'uŏk: pitŭl ttara kŏlŏttŏni: Yŏ Kwi-ok daesŏng gŭrup myŏngyehwejang yekorok*, 59.

³⁰⁰ Yeu, *Beautiful Memories*, 9, 14, 15.

³⁰¹ Yeu, *Arŭmdaun ch'uŏk: pitŭl ttara kŏlŏttŏni: Yŏ Kwi-ok daesŏng gŭrup myŏngyehwejang yekorok*, 40, 42; Park, *Protestantism and Politics*, 100-101.

³⁰² Yeu, *Beautiful Memories*, 32-33, 35; Yeu, *Arŭmdaun ch'uŏk: pitŭl ttara kŏlŏttŏni: Yŏ Kwi-ok daesŏng gŭrup myŏngyehwejang yekorok*, 43; Park, *Protestantism and Politics*, 62. While Yeu somewhat vaguely asserts that Kil was "still alive and actively preaching" when she was attending a church in Pyongyang, which would seem from her narrative to have been no earlier than 1938; according to Park Kil died in 1935.

concerns as can be found in the early 20th century Protestant Korean church. Kil, a graduate of the PTS, was perhaps the most famous revivalist of his time, seen as the major figure behind the Great Revival of 1907.³⁰³ Choi, a minister and church founder, was known for wandering the streets of Pyongyang daily, loudly yelling at everyone he met (which once included Yeu)³⁰⁴ the simple warning: “Jesus - heaven!! No belief - hell!!”³⁰⁵ However, even someone as salvation-oriented as Kil integrated nationalism within his religious beliefs. Along with An Ch’ang-ho, Kil had organized the Pyongyang branch of Sŏ Chae-p’il’s Independence Club in 1897, and was one of the signatories of the Korean Declaration of Independence of 1919.³⁰⁶ As Kenneth Wells has pointed out, the emphasis on personal salvation of figures such as Kil did not mean that Kil, (or, by extension, Yeu, or her husband) lacked a social philosophy, but instead that national problems were related to individual weaknesses, and remedying the latter would solve the former. This became a “basic premise of Protestant self-reconstruction nationalism”³⁰⁷ and fit well with the CBMC/KCBMC worldview.

Kil Son-ju named smoking and alcohol the two most ‘evil’ habits that Satan had ever ‘invented,’ and that both were “the curse of Korea.”³⁰⁸ Accordingly, throughout her life, and well before Kim’s business started to take off, Yeu was a dedicated and successful ‘social

³⁰³ Byong-suh Kim, “Modernization and the Explosive Growth and Decline of Korean Protestant Religiosity,” in *Christianity in Korea*, ed. Robert E. Buswell and Timothy S. Lee (Honolulu: Univ. of Hawaii, 2006), 316; Timothy S. Lee, “Beleaguered Success,” 332; Park, *Protestantism and Politics*, 62. The ‘Great Revival of 1907’, was an almost fortnight of spontaneous continuous revival meetings and mass conversions in Pyongyang involving approximately one thousand participants. There followed a significant increase in memberships in Protestant denominations across the country at this time, and within Korean church historiography it is often equated to being a ‘Pentecost’, or the beginning of significant growth in the number of believers for Korean Protestantism. See Young-Hoon Lee, “Korean Pentecost: The Great Revival of 1907,” *Asian Journal of Pentecostal Studies* 4 (2001) 73-76; Ung Kyu Pak, *Millennialism in the Korean Protestant Church*, (New York: Peter Lang, 2004), 124.)

³⁰⁴ Yeu, *Beautiful Memories*, 33.

³⁰⁵ Souk-Ki Choung, *Segye sogŭi hanin kyohye 8* [The Korean Church in the World, Vol. 8] (Seoul: K’umnan, 2004), 303.

³⁰⁶ Wells, *New God, New Nation*, 40; Park, *Protestantism and Politics*, 62-63.

³⁰⁷ Wells, *New God, New Nation*, 40.

³⁰⁸ Kil quoted in Ung Kyu Pak, *Millennialism*, 123.

entrepreneur' in the Korean temperance movement. While her focus remained on alcohol, her ventures included a wide variety of activities including a related retail business and a shelter for rescuing young women from prostitution.³⁰⁹ For Yeu, 'temperance' was a watchword for all aspects of life and the solution to Korea's problems. In a 1979 speech Yeu linked temperance to reunification, economic nationalism and development, reducing crime, and 'restoring' Korea's international image. According to Yeu rich people needed to realize that all their wealth came from God and that they needed to be modest in consumption to prevent class resentment. By sharing wealth all South Koreans could be prosperous, the appeal of communism would vanish, and the country would be politically unified. If Koreans in general practiced temperance in buying luxurious foreign goods, the national economy would prosper. Buying foreign goods was sinful 'worldliness' and the damage inflicted on the national economy was morally on the level of theft. If the money Koreans spent on alcohol and tobacco was invested in new factories and health care crime would soon disappear and the jails and mental asylums would be empty. Finally, to improve Korea's international image, businessmen needed to spend social time for business over alcohol free dinners (like Western businessmen supposedly did) rather than partying lewdly with hired women, particularly when overseas. Similarly the international outflow of Korean 'working girls' had to stop.³¹⁰

Both Kim and Yeu in their memoirs see Kim's commitment in the early 1950s to forswear tobacco and alcohol as an indispensable cause of his eventual business success. While Kim's first competitors allegedly died prematurely from smoking and carousing to all hours with

³⁰⁹ Yeu, *Arūmdaun ch'uŏk: pitŭl ttara kŏlŏttŏni: Yŏ Kwi-ok daesŏng gŭrup myŏngyehwejang yekorok*, 95, 121; Yeu, *Beautiful Memories*, 69-118, 212-270.

³¹⁰ Speech given to the Korean Women's Christian Temperance Union entitled "In Order to Become a Triumphant Nation," Yeu, *Beautiful Memories*, 335-342.

alcohol,³¹¹ Kim sagely realized that “I was born to work, not to smoke.”³¹² Kim never practiced law. He worked as the manager of various rural finance co-operative branches from 1943 to 1947 after successfully passing the colonial government’s test for financial management.³¹³ In 1947 with his (and his brother’s) past experience in the Japanese coal company Kim started Daesung, a coal-briquette manufacturing company in Taegu.³¹⁴ His brother’s experience and connections in managing a coal briquette company in the city of Pohang nearby helped considerably in getting the company going.³¹⁵

Throughout the 1950s and into the early 1960s Kim grew his business. While initially his company focused only on the sale of coal briquettes, early on Kim (and his brothers, who soon all worked with him) expanded his operations vertically, first in production facilities to make the coal briquettes, and then in cannily buying up undervalued coal mines to secure his raw materials. This successfully differentiated his company’s competitive possibilities in terms of both pricing and service from his competitors. He also expanded geographically, first selling coal in Seoul in 1954 and acquiring a major production facility there in 1958.³¹⁶ Coal briquettes as a fuel for residential heating had been introduced by the Japanese in the 1920s. Throughout the colonial era and through the 1950s the primary residential heating fuel was wood. In the 1960s as

³¹¹ Yeu, *Beautiful Memories*, 121-122.

³¹² Kim, *Ŭne wie ũne*, 51.

³¹³ Yi, *Hanguk chaebŏlsa [The history of the Korean conglomerates]*, 430.

³¹⁴ Kim, *Ŭne wie ũne*, 43.

³¹⁵ Yi, *Hanguk chaebŏlsa [The history of the Korean conglomerates]*, 431, 432.

³¹⁶ Yi, *Hanguk chaebŏlsa [The history of the Korean conglomerates]*, 432–434; *Kaboni kili ittŏra 2: Enŏchi sanŏpŭi sŏnguja: haekang Kim su-kŭn*, [The way forward 2: energy industry leader: ‘Haekang’ Soo Keun Kim] (Seoul: Hongik, 2011), 136.

part of reforestation, the Park Chung Hee regime forbade the gathering of wood. With the rise of the economy coal briquettes became the primary fuel for heating until the 1980s.³¹⁷

From the 1980s onwards natural gas became the primary heating fuel, a transition Kim foresaw and started preparing for in the 1970s. By the early 1980s Daesung supplied 20% of all natural gas consumed in South Korea and was one of its largest conglomerates.³¹⁸ Relative to most other conglomerates of its size, Kim kept Daesung relentlessly focused on one sector, namely energy and related industries. ‘Diversification’ from the late 1960s onwards was almost completely limited to energy related fields. In 1968 he started a chain of gas stations. In the early 1970s Daesung imported energy related machine tools from Japan. In the 1980s Daesung started to invest in overseas energy properties in countries such as Australia, the U.S., and Canada. A construction wing specialized in building the infrastructure necessary to deliver natural gas to customers. Another subsidiary manufactured fuel related car and other components such as carburetors, fuel pumps, and fuel monitoring equipment. As of 1990 approximately seventy percent of sales for the entire group were directly from fuel, and most of the rest from related equipment.³¹⁹ However in the 1970s the group did make a brief and unsuccessful foray into shipbuilding that was bought out by Samsung.³²⁰ As of 2007, the consolidated sales of the Daesung group made it the 54th largest in South Korea.³²¹

³¹⁷ Kim, *Ŭne wie ũne*, 61, 63, 67; Tu-yŏng Chŏng et al., “Yŏnd’anjaerŭl iyonghan sŭllŏji chŏgam hasuch’ŏli yŏngu,” [Research into managing reduced sludge in briquette materials], *Yugisŏngjawonhakhwe* [Korea Organic Resource Recycling Association Journal] 16, no. 2, (2008.6). Beginning of this article has brief history of coal briquette use in South Korea.

³¹⁸ Kim, *Ŭne wie ũne*, 79.

³¹⁹ Yi, *Hanguk chaebŏlsa* [The history of the Korean conglomerates], 436–441.

³²⁰ Edward Montgomery Graham, *Reforming Korea’s Industrial Conglomerates* (Washington, DC: Institute for International Economics, 2002), 34.

³²¹ South Korea Fair Trade Commission, “Top 100 Groups,” 2007; more recent rankings are no longer compiled by the Fair Trade Commission.

In his business philosophy Kim held several beliefs which place him in self-reconstruction capitalism. First, he stated that his company was owned by God and that it prospered only because Kim had stepped out ‘in faith’ in building it, and so had received what he called the ‘blessings of Abraham.’ This was proven by what he called the greatest trial of his business career, namely a gas line explosion in Taegu in 1995 that killed approximately one hundred people. An incompetent construction crew working nearby Daesung gas lines was proven to have caused the explosion. The miracle was that even though the explosion reportedly tossed hundreds of steel plates into the air, somehow none landed on the adjacent gas pipelines. Had any plates landed on those pipelines they would have certainly also been breached causing a much larger ongoing explosion that would have reached a nearby subway station and killed many more people.³²²

Second, for Kim the most important guiding watchwords for his business were ‘self-sufficiency’ and ‘independence.’ This not only included vertical integration within one general business sector, in his case energy, but also keeping the government at a distance whenever possible by keeping meticulous accounting and regulatory records.³²³ Most of all it meant an extremely conservative financial style, where debt was ‘abhorred.’ This was based on Romans 13:8, “Let no debt remain outstanding....”³²⁴ The result was that before, during, and after the 1997 Asian Crisis Daesung was noted as one of the most financially secure companies in South Korea. This was achieved mostly by having relatively low levels of debt overall. It was also partly because being specialized in only one sector, energy, Daesung had developed unique debt

³²² Kim, *Ŭne wie ũne*, 45, 81-91, 97, 101.

³²³ Daehan Sangkong Hyeŭiso, *Enŏchi sanŏpŭi sŏnguja: haekang Kim su-kŭn*, [Energy industry leader: ‘Haekang’ Soo Keun Kim] (Seoul: Hongik, 2010), 130-131, 147; Kim, *Ŭne wie ũne*, 159; *Kaboni kili ittŏra 2: Enŏchi sanŏpŭi sŏnguja: haekang Kim su-kŭn*, [The way forward 2: energy industry leader: ‘Haekang’ Soo Keun Kim], 263.

³²⁴ Kim, *Ŭne wie ũne*, 113.

financing techniques specifically optimal for stabilizing the credit needs of an energy company, which its creditors' acknowledged and encouraged.³²⁵ At the time of the 1997 Asian Crisis global financier George Soros met with Kim, attracted to Daesung's financial solidity. According to Kim, Soros proposed that they jointly enter the financial business in South Korea, buying up businesses. Kim claims, boastfully, that Soros was absolutely astonished when he turned the famed Soros down, due to Kim proudly retaining his faith in financial conservatism and also to a dislike of Soros' style of short-term profit-taking.³²⁶

At the time of his death in 2001 Kim left behind a solvent group which, as mentioned, in 2007 was the 54th largest group in South Korea, centered on the flagship company Daesung. This was despite the fact that after Kim's death his several sons took over different parts of the group, split it up and sued each other for control of more of the group.³²⁷ Its high ranking despite the inadvertent efforts of the sons to weaken it was a further testament to Kim's business achievement.

In life and death Kim was a faithful Presbyterian. He set up and supported charitable institutions (beyond the KCBMC and Korean Rotary), tithed ten percent of his income and had his funeral presided over by Han Kyung-Chik.³²⁸ Kim was active in supporting right-wing governments and political parties beginning in the 1980s and into the early 1990s. He held a top volunteer leadership position in the 1980s in the Democratic Justice Party, which started as the party vehicle for the military dictatorship of Chun Doo Hwan. After the transition to democratic rule, in the early 1990s he held a similar position in the party that succeeded the Democratic

³²⁵ Kim, *Ŭne wie ŭne*, 113; *Kaboni kili ittŏra 2: Enŏchi sanŏpŭi sŏnguja: haekang Kim su-kŭn*, [The way forward 2: energy industry leader: 'Haekang' Soo Keun Kim], 116.

³²⁶ Kim, *Ŭne wie ŭne*, 133. Business media reports of the time confirm that Soros did meet with the Daesung Group. Soros has not commented on the meeting.

³²⁷ "In Corporate Asia, a Crisis over Succession Is Looming," *The Wall St. Journal*, Aug. 7, 2003.

³²⁸ Yeu, *Beautiful Memories*, 290-292; Kim, *Ŭne wie ŭne*, 229, 231.

Justice Party, the New Korea Party.³²⁹ The New Korea Party in turn is the ancestor of the present ruling conservative party the Saenuri Party. The Saenuri Party is the party of former President Lee Myung-bak and the incumbent Park Geun-hye.

Lee Myung-bak: a Self-Reconstruction President's 'True' Capitalism vs. Neoliberalist Reality

Born in 1941, Lee's childhood was marked by grinding poverty and wartime tragedy. Two of his younger siblings were killed from stray fire during the Korean War. He was born into a Protestant family, the father a farming employee living near Pohang and the mother a particularly devout believer. In 1959 he joined his parents in a small shanty in Seoul where they barely eked out an existence peddling. Through much deprivation and actual malnutrition Lee nonetheless found a way out by being 'top of his class' throughout his education. He earned a business degree at Korea University. In 1965 he joined Hyundai when the group had ninety employees. When he left it in 1992 it had more than 160,000. Quickly noticed by Chung Ju-yung for his superlative ability to manage overseas construction projects Lee was the first professional manager hired by a major conglomerate to rise swiftly up the ranks while relatively young. He was President by age 35 and Chairman by age 46. He achieved this with no familial or marriage ties to the founder. To be a major group company President without such ties at the age of 35 in the 1970s was so out of step with the then age hierarchical nature of South Korean corporations as to make him nationally famous and the subject of soap operas based on his life.³³⁰

³²⁹ Kim, *Ŭne wie ũne*, 229.

³³⁰ Myung-bak Lee, *Sinhwanŭn ōpta [No 'Legend']*, (Paju: Kimyōngsa, [1995] 2010), 40-41, 44-45; Lee, *The Uncharted Path*, 5-6, 9, 11, 17, 26, 50, 59, 78, 85, 186-187.

While Hyundai group President, Lee and his mentor Chung joined the KCBMC. Meanwhile, just as Hyundai's automobile group was breaking through in advanced overseas markets, he succeeded in preventing what he saw as an overly interventionist and economically illiterate Chun Doo Hwan administration from forcing Hyundai to sell it to prevent 'over-competition.' Lee vigorously defended the merits of market competition to government officials.³³¹ This was the second time in Lee's telling that he was incensed and horrified by the coercive power of the dictatorial South Korean state, the first when as a Korean University student leader he had been imprisoned for three months for participating in peaceful opposition to the resumption of formal Japanese-South Korean diplomatic relations in 1965.³³²

From the beginning of his time in the KCBMC Lee would have found many kindred souls equally appalled by the perceived lack of economic freedom for capitalists under the military dictatorships. He would have learnt that as a businessman he was a 'natural leader of the nation.' Lee took this lesson to heart and after retiring from the Hyundai group entered politics. He became a member of the National Assembly in the late 1990s, Mayor of Seoul from 2002 to 2006, and then President of South Korea, serving the constitutionally mandated single term from 2008 to 2013.³³³ Throughout his political career Lee has been known for his Protestant faith and his recruitment of political allies and advisors at Somang Presbyterian Church in the wealthy Seoul neighbourhood of Kangnam where he is an elder.³³⁴ No doubt following the example of Ilhan New and other self-reconstruction capitalists in the KCBMC, in 2009 after becoming President Lee donated the vast bulk of his personal fortune to a charitable foundation for

³³¹ Lee, *The Uncharted Path*, 120-130.

³³² Lee, *The Uncharted Path*, 39-45, 52.

³³³ Lee, *The Uncharted Path*, 255, 270.

³³⁴ Youngmi Kim, *The Politics of Coalition in Korea: Between Institutions and Culture* (Abingdon, Oxon: Routledge, 2011), 184, 186.

providing scholarships, stating that his wealth ‘belonged’ to society. While certainly seen as extremely generous and still a very rare type of philanthropy within South Korean corporate circles, Lee’s divestment of his wealth did nonetheless come with the suspicion of ulterior motives as he made this pledge while running for President.³³⁵

Assessments of the actual achievements of the Lee’s Presidency are decidedly mixed. Like any incumbent in 2008 he had to deal with the fall-out of the global recession. Beyond this there was the further tension of his self-reconstruction vision of bringing classical liberal economics to South Korea meeting the reality of a private sector still vastly dominated by huge conglomerates operating within a neoliberal paradigm. This paradigm was hostile to government attempts to ‘over-regulate’ their arguably oligopolistic position. (As seen with the FKI functionary Kim Ip-Sam, there was a personal link between the large conglomerates’ business association, the FKI, and the neoliberal Mont Pelerin Society.) Within this reality, much of the South Korean public did not see his cutting of regulations and corporate taxes as freeing up more wealth to be pursued by everyone on the basis of equal opportunity within a ‘free market.’ Instead, the large conglomerates were seen as having an insurmountable head start on taking over whatever economic power the government gave up, and his policies were criticized for either by design or through naiveté as being effectively ‘pro-big business’ rather than ‘pro-market.’³³⁶ Some scholars have pointed out this contradiction between classical liberal intention and neoliberal reality as predating Lee’s administration, starting as early as the 1980s where even

³³⁵ “Lee Myung-bak announces he will donate ‘all of his assets’ to society,” *The Hankyoreh*, Dec. 8, 2007; “South Korea’s Leader Donates \$26 Million for Scholarship Foundation,” *The New York Times*, July 6, 2009.

³³⁶ Kyunga Ru and Yeonho Lee, “The Dilemma of a Pro-Business State: The Government-Chaebol Relations of the MB Lee Government in Korea,” *Sahoe kwahak yǒngu [Social Science Research]*, 24, no. 3, (2013), 285-308.

the slightest retreat of the developmental state from controlling the financial sector resulted in related markets and institutions being taken over exclusively by the largest conglomerates.³³⁷

However, for the purposes of this study, the significance of Lee is as a present-day proponent of self-reconstruction capitalism, carrying on a current of Korean thought that originated in the late 19th century's self-reconstruction nationalism. For this, an analysis of his incoming administration's proposed policies is sufficient, however much political or neoliberal realities may have altered or nullified their implementation. In Lee's inaugural address as President he outlined in very general terms a key theme of his administration: "Economic revival is our most urgent task. ... We will increase our effectiveness by abiding by the small-government, big-market principle.... Corporations are the source of national wealth and the prime creator of jobs."³³⁸

Lee's incoming administrative team published a 2008 summary of the policies that the Lee administration ideally wished to implement entitled (translated from Korean) *Growth and then Share*.³³⁹ This summary encapsulated a number of self-reconstruction ideas, even in its very title. In *Growth and then Share* economic development is the key priority, both in amount of policies dedicated to it, and in order of presentation. Repeatedly a more market-based economy is touted as the key to economic development, in line with a trend set by 'advanced economies'

³³⁷ Kim, *Bureaucrats and Entrepreneurs*, 130-134; Lim, "The Emergence of the *Chaebol*," 48.

³³⁸ Myung-bak Lee, "Together We Shall Open a Road to Advancement: President's Inaugural Address, February 25, 2008," in *A Success Story Goes On*, 171-172.

³³⁹ *Sönggong kürgo nanum [Growth and then share]* is the Korean title to the Korean text outlining Lee's policies. References used will actually cite the English translation of the Korean original as the translation is, for the purposes of analysis, close enough to be interchangeable. Also, the Korean title, in hangul, is present as a design motif in the cover and backside of the front cover of the English translation cited below. The title 'Growth and then share' is preferred to the English title as in the view of the author it much more accurately conveys the gist of Lee's economic policies as presented. The English language text cited is: *A Success Story Goes On: Lee Myung-bak Administration's Governance Philosophy and Key Economic Policies*, (Seoul: Korean Overseas Culture and Information Service, 2008), prepared by The 17th Presidential Transition Committee, Republic of Korea.

that represents global “civilizational change.”³⁴⁰ South Korea is ‘close’ to being advanced but will not quite make it unless it is coupled with “increased liberalization of the private sector, activation of market function, and the quest for smaller governments.”³⁴¹ Unleashing the economic dynamism of the market is so critical that even though “experts have estimated Korea’s potential annual growth at 4%, the incoming administration firmly believes that an additional 2-3% growth can be achieved...”³⁴² by market liberalization.

A thumbnail historical sketch given at the beginning of the text identifies the legacy of the developmental state as the culprit that has held the market economy back. 1948 to 1962 is dubbed the “foundation stage” where South Korea was just trying to survive. 1963 to 1986 was the “industrialization stage” where spectacular industrialization was achieved, but under the auspices of a “developmental” state. From 1987 to the beginning of Lee’s administration is called the “democratization stage” where democracy was established.³⁴³ Overall, “although industrialization has been brought about, Korea’s market power remains relatively weak.”³⁴⁴ This odd result was because the ‘conservatives’ in charge of South Korea during the ‘industrialization phase’ were of a different sort from what Lee considers conservative: “Contrary to established notions the conservatism that prevailed during [the industrialization phase] can be labeled as a ‘developmental’ form of conservatism...”³⁴⁵ and not the self-reconstruction capitalism, with its implication of *laissez-faire*, that Lee represents. Within the

³⁴⁰ *A Success Story Goes On*, 13.

³⁴¹ *A Success Story Goes On*, 16; other examples of similar phrases can be found on 7, 23, 26-27, 31.

³⁴² *A Success Story Goes On*, 93-94.

³⁴³ *A Success Story Goes On*, 17-18.

³⁴⁴ *A Success Story Goes On*, 18.

³⁴⁵ *A Success Story Goes On*, 17.

government the mentality of this competing conservatism remains: "...the bureaucratic authoritarianism of the developmental era continues to permeate governmental organizations."³⁴⁶

While reducing taxes and shrinking the size of the government are two solutions offered to dispel the 'developmental' state,³⁴⁷ the most ubiquitous solution offered throughout *Growth and then Share* to dispel developmentalism and to free the market is deregulation.³⁴⁸ It is here that the reader of *Growth and then Share* starts to feel as if they are reading Ilhan New's section on post-war Korea in *Korea and the Pacific War*. To New, the evils of the Korean economy were brought about by the distortions of the Japanese developmental colonial state, remedied by going through every sector post-independence and eliminating Japanese-era regulations. Similarly, a great deal of *Growth and then Share* goes through an almost entirely different set of industries, reflecting a very different Korean economy, but the essential remedy is the same: dismantling the regulatory legacy of the South Korean developmental state, which was itself a copy of Japanese developmentalism. Industries where deregulation is the first and often the primary 'solution' that the Lee administration will tackle are agriculture, finance, services, cultural, telecommunications and broadcasting, universities, and housing.³⁴⁹ In addition, a variety of regulations restricting the large conglomerates also need to go.³⁵⁰ Lee's focus on de-regulation would have been applauded by Chŏn T'aek-bo, who saw excessive government regulations as a symptom of a Korea with low levels of social trust.

To the incoming Lee administration, a deregulated South Korea would have been better at engaging the North to 'denuclearize' and to set up more points of a free market economy

³⁴⁶ *A Success Story Goes On*, 21.

³⁴⁷ *A Success Story Goes On*, 31, 148.

³⁴⁸ *A Success Story Goes On*, examples of general prescriptions for deregulation or regulatory 'harmonization' not linked to a specific industry can be found on 7, 39, 48, 55, and 153.

³⁴⁹ *A Success Story Goes One*, 59, 77, 78, 84, 86, 97, 103 145.

³⁵⁰ *A Success Story Goes On*, 48.

within North Korea with South Korean help.³⁵¹ The southern portion of a more united, more free-market Korea will also, under Lee's vision, vigorously pursue as many international free trade agreements as possible, in order to fully advance to the rank of advanced nation.³⁵² In doing so, the nation will follow what *Growth and then Share* calls 'creative pragmatism,' a non-ideological, non-theoretical focus on facts and objectivity, "integrating Western pragmatism with the Silhak or Practical Learning school of thought developed during Korea's Joseon [Chosŏn] dynasty."³⁵³ 'Silhak' refers to a brilliant group of late 18th century *yangban* Neo-Confucian scholars who were inspired to seek innovative observational approaches to finding answers to the increasing problems facing society. They were inspired to do so both by their philosophical tradition, and from knowledge of Western science and religion that were penetrating into Korea.³⁵⁴ A popular 'mainstream' view of Korean history posits that in Korea's independent striving towards the universal modernity first fostered and promulgated globally by the West, the *silhak* school would have, on its own, eventually brought Korea to modernity. However, the paradigm goes, Japanese imperialism and its brute force destroyed this purely indigenous path to modernity and an earlier Korean industrial revolution.³⁵⁵ Lee's policy document implicitly describes *silhak* as a solely 'Korean' phenomenon, complimentary with, but not influenced by 'Western pragmatism.' Invoking *silhak* leaves an irresolvable musing of what might have been, an 'alternative' historical path never taken. Similarly, in 2008, Lee was intending to 'correct' South Korean history, leaving behind developmentalism, finally placing the nation on the way

³⁵¹ *A Success Story Goes On*, 110-111.

³⁵² *A Success Story Goes On*, 118.

³⁵³ *A Success Story Goes On*, 25.

³⁵⁴ Donald N. Clark, *Korea in World History* (Ann Arbor, MI: Association for Asian Studies, 2012), 29-30.

³⁵⁵ Ki-baik Lee, *A New History of Korea* (Cambridge, MA: Harvard Univ., 1984), 235-236; James B. Palais, *Confucian Statecraft and Korean Institutions: Yu Hyŏngwŏn and the Late Chosŏn* (Seattle: Univ. of Washington, 2002), 388; Gi-Wook Shin, "Neither 'Sprouts' Nor 'Offspring': The Agrarian Roots of Korean Capitalism," in *Transformations in Twentieth Century Korea*, eds. Chang Yun-Shik and Steven Hugh Lee (Abingdon, Oxon: Routledge, 2006), 48-50.

towards self-reconstruction capitalism, an ‘uncharted path’ that Lee’s Protestant forbearers in economic thought never could have imagined Korea straying from.

Conclusion

The KCBMC was a critical and unique forum for personal contact between three generations of self-reconstruction capitalists and with a network of sympathetic clergy, like-minded American Protestants, and others such as Chung Ju-yung and Kim Woo Joong who found it advantageous at the time to claim a Protestant identity. It reached a peak of significance to Korean business and religious history in the 1970s, though this peak would not have been reached without the work done since its founding in 1952. Many familiar features of the self-reconstruction capitalist viewpoint can be found in the lives and business careers of its Protestant business leaders. These include a desire to be independent of the developmental state by focusing on one industry, avoiding as much as possible debt financing from state-directed financial institutions, and focusing on profitability rather than quantitative growth. It also includes a belief that their companies were ‘owned’ by God, which meant they were working not only for profits but also for society and for the church. As with the first generation of self-reconstruction capitalists, the second generation of capitalists, I.D. Kim, Choi Tae-sup, and Soo Keun Kim, saw their business prospects enhanced if they complied with the developmental state, and conversely suffered relative limitations on how extensive their businesses could be compared to their non-self-reconstruction capitalist peers if they did not.

On top of these features of self-reconstruction capitalism familiar to the first generation, the second generation faced new opportunities and challenges in defining themselves as

‘Protestant businessman,’ distinct from non-Protestant ones. The first was in rehabilitating the low status of businessmen. An answer to this was found through the example of the CBMC, from which came the idea that not only were Protestant businessmen following an honorable profession, promoting *laissez-faire* economics, they were in fact ethical leaders of society, and, using the power of the U.S. Cold War state, the vanguard of the church universal leading the drive to evangelize the world. The immense prestige and ‘soft power’ of the U.S. in the post-war period was reflected in the positive reception this idea received in the form of the KCBMC and its American founder, Col. Hill. This was magnified by support for the idea of the ‘ethical businessman’ from a transnational grouping of ‘august’ clerics associated with the K/CBMC including Hwang Söng-su, Billy Graham, and his two translators, Han Kyung-Chik and Billy Kim. With decades of support in terms of ideas and personal links from the CBMC, the KCBMC, particularly under the leadership of I.D. Kim, brought forth the idea that the Protestant businessman was the ‘natural leaders of society’ but only if they showed signs of their ethical superiority. For the church that meant being committed to evangelism, and for society that meant being pioneers in corporate philanthropy and business ethics. Besides the KCBMC another important forum for self-reconstruction capitalists to pioneer corporate philanthropy and business ethics was the Korean Rotary, even though it was nominally not a Protestant organization.

The second was in their marriage strategies for their children and their brothers’ children. A challenge not faced by the first generation of self-reconstruction capitalists, the second had the option of being like all other big business founders and marrying off children to the new business and political elite created by the developmental state. If they did they reaped the benefits and obligations that ensued, namely from ‘going along’ with the developmental capitalism instead of self-reconstruction capitalism. This is seen from I.D. Kim’s business career. Choi Tae-sup and

Soo Keun Kim instead consciously chose to further the cause of ‘Korean Christian civilization’ by allowing their children to marry whom they liked. They also avoided any chance of inter-familial pressure challenging their self-reconstruction mode of doing business.

I.D. Kim primarily expressed his self-reconstruction orientation through his statements and activities related to the KCBMC. Choi Tae-sup, thanks partly to an Osan School education in the presence of self-reconstruction nationalist Cho Man-sik, followed a path and expressed ideas most similar to that of the first generation, particularly Chŏn T’aek-bo. Through the influence of his wife, Soo Keun Kim’s vision of self-reconstruction capitalism focused more on individual salvation and personal temperance but still firmly illustrated this ‘alternative’ type of capitalism. Finally, Lee Myung-bak represents a third generation of self-reconstruction capitalism that carries on to the present. However much neoliberalism and political reality played havoc with its implementation, self-reconstruction capitalism informed his efforts as President to give up the bulk of his personal wealth, and to try and place Korean capitalism ‘back’ on the path of ‘universal’ (e.g. Western) modernity that the first self-reconstructionist nationalists of the late 19th and early 20th century and Ilhan New always assumed it would follow, ‘back’ before the developmental states of the Japanese imperialists and the military dictators had led the nation away from *laissez-faire*.

Chapter Five: Conclusion - The Dream Deferred

This study has traced the existence and evolution of a Korean ‘self-reconstruction’ discourse stretching effectively from the 1890s to the present. It focuses on the latter part of this time period, when this discourse was carried on and used as a practical guide to their careers by self-reconstruction capitalists. Kenneth Wells first traced the influence of Protestantism and its interaction with the Enlightenment and cultural movement thought of the first, non-radical Korean nationalists, a perspective which he called self-reconstruction nationalism. Building on Wells’ narrative that the first appearance of self-reconstruction nationalism practically disappeared in the Korean War era, this study shows that its proponents were creating protégés for this brand of Korean nationalism in the ranks of businessmen, whom this study calls ‘self-reconstruction capitalists.’

In post-war South Korea, self-reconstruction capitalist thought and practice kept alive a marginalized Korean tradition of classical economic, *laissez-faire* liberalism, inextricably ‘mixed’ from the beginning with Korean Protestant ethical thinking. Its ‘practice’ resulted in the creation of some of the largest business groups in South Korea, but beyond that, generated a variety of legacies impacting the relation of capitalism and the larger society in areas such as employee ownership, the launch of South Korean export-led growth, management and financial transparency, the status of businessmen, corporate philanthropy and ethics, and even ‘Protestant’ marriage strategies amongst the elite. The contributors to ‘self-reconstruction’ thinking, from Yu Kil-chun in the 1890s (practically the first Korean to ever assimilate Western economic thinking), to South Korean President Lee Myung-bak in 2008, always saw its economic vision as part and parcel of a universal standard of civilizational progress that (South) Korea was expected to embrace in the early 20th century and needed to ‘return’ to in the last decade. Its ‘natural

course,' interrupted for most of the 20th century by the developmental state, represented an 'alternative capitalism' that akin to the dog in Sherlock Holmes' story is conspicuous for its seemingly silent absence.

The first and 'model' self-reconstruction capitalist Ilhan New was influenced by his parents, an American (missionary) upbringing and education, and mentorship by Protestant Korean nationalists to follow his calling as a Protestant businessman. Approaching commerce as akin to war, New saw himself as a physically fit 'hero' for Korea, excelling in his schooldays as much in athletics as letters, trained in youth to be a soldier by Park Yong-Man and ready to fight and die for his country as a top-secret commando leader even in middle age. As a healthy 'hero' New sought the same for Korea and Koreans. His ultimate calling, after precocious success in American 'Chinese' food, became the provision of top quality medicines and daily necessities as he linked the healthiness of each Korean with the independence of the nation.

As a hero in the new age of commerce, there was no greater calling than to be an entrepreneur. This was a calling from God as the missionary textbooks and his mentor and life-long friend, the self-reconstruction nationalist Sō Chae-p'il told him. But like any calling, trade carried with it its own temptations that would render its practice and gains harmful to the greater good if tempered by selfish, un-Protestant motives. New had to do whatever he could to avoid corrupting ties with developmental states, whether colonial or post-war dictatorial. That meant exile in the U.S. when the pressures of the colonial system were becoming unbearable in the late 1930s and avoiding the siren call of diversification and empire-building, with its attendant corruption, under the South Korean developmental state.

Ilhan New sought to be a model businessman. He avoided bribes and tax audits with a transparency in financial accounts that was 'legendary.' As a self-reconstruction capitalist, New

focused on placing his group Yuhan in the ‘top ten’ of profitability rather than sales. Disinterested in denominational differences due to the variety of Protestant influences on his upbringing, New demonstrated in his Prayer a layman’s grasp of a fairly simple theology that emphasized ‘this-worldly’ social harmony. Exiled at a young age as part of a plan to save the nation, and with Sŏ as a mentor and fellow ‘custodian,’ New knew he was part of an elite in the Protestant and blessed land of America that was to come to the nation’s rescue. Echoing the viewpoint of self-reconstruction nationalism that his mentor Sŏ exemplified, to New education was the solution to so much that ailed Korea, including ‘leftism.’ His efforts to spread stockholding ownership to the public and employees were his practical means of implementing his oft-expressed view that companies belonged ultimately to society, and not their owners. It also placed him within the ranks of those seeking a ‘third-way’ between capitalism and socialism.

While capitalism overseen by the ruthless and unethical was untenable and evil, just as any human enterprise without God’s guidance would turn evil, to New a fairly run *laissez-faire*, free trading market economy was the most efficient and socially harmonious political economy possible and was part of the course of the ‘universal’ development of ‘civilization.’ The capitalist class, though profit-seeking, was to be individually guided by a set of spiritual ethics (optimally Protestant) that made them put the overall interests of their nation and society over individual self-interest.

Chŏn T’aek-bo’s business career exemplified his advocacy in numerous writings of the classical economic liberalism of self-reconstruction nationalists such as Ch’oe Namsŏn. Chŏn is perhaps one of the few influential Koreans of his generation to have studied in any capacity in Japan and come away from the experience immune to the appeal of the heavily statist Japanese

economic model. His studies at Kobe Higher Commercial School, a haven of free-market economic thought may have solidified Chŏn's life-long beliefs prior to his studies in Japan.

Chŏn's youth and early business career in Kando were central to the formulation of his viewpoint. The influence of Ch'oe Namsŏn and the unique Korean Protestant community that flourished in Kando brought Chŏn to the view that he was at the very centre of the Korean nation. An abundance of role models and free-trade market opportunities demonstrated that 'Protestant' was synonymous with 'patriot', and that capitalist 'modernity', non-revolutionary change, and his Protestantism were the best solution for Korea's problems in reaching its rightful place in the world.

For Chŏn, Protestantism, imbibed from an early age and reinforced throughout his life by family and business colleagues such as Ilhan New, was the prism through which he understood his role as a businessman in a capitalist society. Chŏn acknowledged there was no worldly answer to a man who insisted on using his property as he saw fit and pursuing profit above all else. The riddle of how such an economic system could actually benefit Korean society and promote harmony came from a religious base, shared by men such as himself anchored by Protestant ethics to put the social good first, out of their own freewill and self-restraint. Working towards full employment for all classes, practicing a frugal and healthy lifestyle, practicing charity, educating others on the importance of 'social trust' and other issues related to Korea's economic competitiveness, and building numerous modern social institutions related to the economic sphere were all ways in which Chŏn demonstrated and lived out his belief in a market capitalism with 'Korean Protestant characteristics'.

As an individual trained with unique skills and experiences for promoting international trade, Chŏn saw himself and other businessmen as the natural leaders of South Korean economic

development. Hong Kong was already showing the world what a tiny overpopulated bulwark against communism with no natural resources could achieve in a new world trading order. The prize still went to the most competitive but for the first time the outcomes could be ‘win-win’ for everyone. Through exported low-wage manufactured goods Korea would reach the ranks of truly civilized and economically developed countries. Chŏn was the first to tell President Park Chung-Hee the good news of ‘Export First-ism.’ Chŏn then lived it out by using his company Chonusa to become South Korea’s first top exporter for four years from 1964 to 1967. These were the first four, critical years of the adoption of export-led growth by the South Korean government and Chŏn was the leading private sector figure who successfully implemented it and put South Korea on the course towards its ‘economic miracle.’

Chŏn, perhaps confident that he had already made himself indispensable to South Korean export-led development, tried through independent financing to retain complete independence from the government, grow along with the economy, and remain a major player on his own terms. He did this out of a life-long conviction that self-reconstruction market-led capitalism was the most efficient, most harmonious, and, most of all, the *inevitable* path South Korea would *have* to take to reach the status of a developed economy. After all, was not the undisputed greatest economic power in the world, the U.S., an example of this? In any case, Chŏn found that ultimately there was no place in Park’s Japan-inspired vision of developmentalism for someone like him and he became the first big business owner put out of business deliberately by the South Korean government. The disappearance of his company and the resulting lack of any institution to promote his memory shows the truth of the hoary old cliché that history is written by the winners, or perhaps, the survivors, despite the undeniable pioneering accomplishments of this almost completely forgotten private-sector ‘father’ of South Korean export-led growth.

The KCBMC (the Korean Christian Businessmen's Committee) was a critical and unique forum for personal contact between three generations of self-reconstruction capitalists and a network of sympathetic clergy, like-minded American Protestants, and others such as Chung Ju-yung and Kim Woo Joong who found it advantageous at the time to claim a Protestant identity. It reached a peak of significance to Korean business and religious history in the 1970s, though this peak would not have been reached without the work done since its founding in 1952. Many familiar features of the self-reconstruction capitalist viewpoint can be found in the lives and business careers of its Protestant business leaders. These include a desire to be independent of the developmental state by focusing on one industry, avoiding debt financing from state-directed financial institutions, and focusing on profitability rather than quantitative growth. It also includes a belief that their companies were owned by God, which meant they were working not only for profits but also for society and for the church. As with Ilhan New and Chŏn T'aek-bo, the first generation of self-reconstruction capitalists, the second generation of capitalists, I.D. Kim, Choi Tae-sup, and Soo Keun Kim, saw their business prospects enhanced if they complied with the developmental state, and conversely encountered limitations on the extent of their businesses, compared to their non-self-reconstruction capitalist peers, if they did not.

On top of the features of self-reconstruction capitalism familiar to the first generation, the second generation faced new opportunities and challenges in defining themselves as 'Protestant businessman', distinct from non-Protestant ones. The first was rehabilitating the low status of businessmen. An answer to this was found through the CBMC, which fostered the idea that not only were Protestant businessmen following an honorable profession, they were in fact ethical leaders of society, and, using the power of the U.S. Cold War global order, the vanguard of the church universal leading the drive to evangelize the world. The immense prestige and 'soft

power' of the U.S. in the post-war period was reflected in the positive reception this idea received from the KCBMC through its American founder, Col. Hill. This was magnified by support for the idea of the 'ethical businessman' from a transnational grouping of 'august' clerics associated with the K/CBMC including Hwang Sŏng-su, Billy Graham, and Graham's two translators, Han Kyung-Chik and Billy Kim. With decades of support in terms of ideas and personal links from the CBMC, the KCBMC, particularly under the leadership of I.D. Kim, brought forth the idea that Protestant businessmen were the 'natural leaders of society' but only if they showed signs of their ethical superiority. For the church that meant a commitment to evangelism, and for society that meant pioneering corporate philanthropy and business ethics. The Korean Rotary was also an important forum for self-reconstruction capitalists to pioneer corporate philanthropy and business ethics.

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most similar to that of the first generation, particularly Chŏn T'aek-bo. Through the influence of his wife Soo Keun, Kim's vision of self-reconstruction capitalism focused more on individual salvation and personal temperance but still firmly illustrated this 'alternative' type of capitalism. Finally, Lee Myung-bak represents a third generation of self-reconstruction capitalism that carries on to the present. Self-reconstruction capitalism informed his efforts as President to place Korean capitalism 'back' on the path of 'universal' (e.g. Western) modernity that the first self-reconstructionist nationalists of the late 19th and early 20th century and Ilhan New always assumed it would follow, 'back' before the developmental states of the Japanese imperialists and the military dictators had led the nation away from the 'dream' of *laissez-faire*.

Further Questions: Self-Reconstruction Capitalism vs. Lee Byung Chull & Horizontal Histories: Identity, Gender, and 'Alternative Alternative' Histories

Unlike other historical actors such as intellectuals, clergy, or political figures, large business founders do not necessarily leave behind a copious record of their viewpoints on society, economic development, or religion. Practically any South Korean capitalist of note has published at least one tome of their life and thoughts but the relative abundance of writings left behind by Ilhan New and Chŏn T'aek-bo are exceptional cases. It would be an instructive comparative exercise to take a major South Korean capitalist-founder who grew his business in sync with the developmental state but who also clearly articulated a religious/philosophical viewpoint and identity other than Protestant and linked it explicitly with his business and economic philosophy and career.

A possible candidate for this is Chŏn's friend Lee Byung-Chull, the founder of South Korea's largest group, Samsung. Lee consciously put forth a Confucian identity (and admiration

for Japanese economic development) articulated it in his autobiography¹ and was a patron of the arts and culture. One ‘preliminary’ comparative observation is suggestive. Numerous quotations of New and Lee on the surface seem to show both saying that their companies were not theirs, but were ultimately ‘owned’ and dependent on the larger public or nation. So when self-reconstructionist capitalists talk about not ‘owning’ their businesses, is this but a nice platitude that non-Protestant capitalists also employ? At least in New’s case, with the introduction of employee stock ownership and the bequest of his wealth to society, it is a platitude backed up with action. There is also no reason to doubt Chŏn T’aek-bo sincerity in wishing to take his beleaguered Chonusa public and sharing the stock with employees, if the Park regime had allowed him to. But even as a platitude there is a suggestive difference in the exact Korean words each uses to define the collective that ‘owns’ their companies, and the relationship between this collective and their company.

Throughout New’s ‘canonical’ list of quotes his favorite word for this collective (perhaps originally expressed in English) is *sahoe* or ‘society.’² Throughout a similar list of Lee’s quotes, the Korean words that keep coming up are much more often *nara*, or ‘nation’, and *kukka*, which can mean ‘nation,’ but usually means ‘the state.’ Two examples will suffice. Lee links the fortunes of the company as being dependent on the state, which his friend Chŏn must have disagreed with: “If the state does not develop, the company cannot develop either.”³ Further, speaking in 1980, Lee states that the two are joined in a symbiotic relationship, and what counts is having large multinationals: “Companies are state-national power [*kungnŏk*]. The state power

¹ Yi Pyŏng-ch’ol, *Hoam chajon* [Lee Byung Chull autobiography] (Seoul: Chungang Ilbo, 1986).

² *Nara sarangŭi ch’am kiŏpin: Yu Il-han* [A truly patriotic businessman: Ilhan New], 537 – 541.

³ Yi Pyŏng-ch’ol, *Hoam ŏrok: kiŏpŭn saramida* [Writings of Lee Byung Chull: A man of business] (Seoul: Ch’op’an, 1997), 32.

of a great nation [*k' ūn nara*] is dependent on there being many big business conglomerates [*tae kiōp*]. In our nation what we call 'big business conglomerates' are still merely small businesses compared to foreign nations."⁴ This is a far cry from New's idea of the 'company being owned by society.'

This study has provided a 'vertical' history tracing the existence and evolution of a Korean (and American) self-reconstruction discourse stretching effectively from the 1890s to the present. All along this time-path there are numerous jumping off points for further study on a more 'horizontal' basis. The question of why there was a disproportionate number of Protestants at the helm at the beginning of South Korean big business in late 1950s is discussed in Chapter One. The exact nuances of differences between theologies, denominations, and political leanings is another. For example, it could be explained why two otherwise very similar self-reconstruction capitalists such as Choi Tae-sup and Soo Keun Kim could work amicably together in the KCBMC while the former attends a 'liberal' church openly hostile to the Chun Doo Hwan military dictatorship and the latter an ardently pre-millennialist one that actively supports that same dictatorship. What does it say, if anything, about Korean Protestant and religious identity that two of the most powerful South Korean capitalists, Chung Ju-yung and Kim Woo Chung took on, even if temporarily, a Protestant identity?⁵

This study has made a first attempt, but the task of restoring and fully evaluating Chōn T'aek-bo's place in the story of one of the biggest 'miracles' of the 20th century, while defying the age-old adage that 'losers' are lost to history, remains incomplete. Other questions come to

⁴ Yi, *Hoam ōrok: kiōpŭn saramida* [Writings of Lee Byung Chull: A man of business], 30. '*Tae kiōp*' is most literally translated as 'big business'. I have translated it as 'big business conglomerate' as it is commonly used as the 'polite' version of the word *chaebŏl*. The large Korean business conglomerates and figures associated with them such as Lee always use it instead of the term *chaebŏl*.

⁵ See for example Gold, "The 'Invisible Church'."

mind: what was the relative importance of South Korean regionalism, e.g. northerners versus southerners? What was the role in shaping self-reconstructionist capitalists of the ubiquitous pre-war Japanese legal education so many of them gained or dreamed of gaining, and that Korean nationalist discourse presumably downplayed in their memoirs?⁶

Ilhan New's life and career contain many historical junctures, each worthy of further study, though the restricted and internal nature of the available sources remains a limiting factor. The intersections of Ilhan New's life include at least: American business history, American Orientalism, Korean-American and Chinese-American identity, Korean-American literature, his relationship with Sŏ Ch'ae-pil, placing New for the first time as fully within Japanese colonial economic history as others have already done for Kim Sŏng-su and Pak Hŭng-sik, the evolution of the South Korean constitution, New's place in the history of global and Protestant business philanthropy, and the meaning of his championing of 'Third Way' economics. A similar list could be devised for every self-reconstructionist capitalist and KCBMC supporter mentioned, particularly for Lee Myung-bak, where the influence self-reconstruction ideas can be sought in both a long business and political career.

Finally, to conclude what could go on much longer one can note some ideas for gender studies, a field of scholarship still in its beginning stages in the historiography of Korea.⁷ Questions regarding the history of gender in modern Korea (and the U.S.) leapt from the primary sources used for this study at almost every turn. For example, besides being a 'hero' Ilhan New's military training and willingness to die with his boots on fighting the Japanese was a model of

⁶ Many of the self-reconstruction capitalists share the same background of having a management position at a financial co-operative during the colonial period as one of their first business management positions before starting their own company. It is not yet known if this was unique to self-reconstruction capitalists nor what influence it may have had on them.

⁷ Hyaeweol Choi, *Gender and Mission Encounters in Korea: New Women, Old Ways* (Berkeley: Univ. of California, 2009), 5.

the ‘modern Korean man,’ no longer the nation-losing ‘effete’ men that centuries of emasculating Confucianism had supposedly wrought.⁸ The KBMC by definition created a novel identity of natural leaders of the nation for businessmen, as ‘men of vision,’ importing contemporary American notions of manhood.

In the same vein, Don Baker has written of the enduring influence of Korean folk religions in creating the unspoken “assumption that wives are more responsible than husbands for maintaining the family’s harmonious relations with the spirit world may be one reason why women...are more likely to patronize a shaman, frequent a Buddhist temple, or attend a Christian church.”⁹ Women, mostly as a stock figure of piety, linger on the fringes of the faith of every capitalist mentioned. The loved and admired ‘devout Protestant mother’ features in every life history, even those of extremely nominal Protestants such as Chung Ju-yung and Kim Woo Choong. If not a devout mother there is a substitute or a reinforcement of the mother’s role, such as Soo-Keun Kim’s wife Yeu Kwi-Ok, and I.D. Kim’s first wife. The marginality and transnational nature of these figures is aptly demonstrated by Ilhan New’s beloved American Methodist spinsters, of whom little is known, not even their full names. Even Billy Graham’s wife, Ruth Graham, fits in this narrative as yet another female, who like Yeu, received a formative and ‘modern’ missionary education early in the 20th century in the Protestant stronghold of northern Korea. To bring these women into the centre of a historical narrative could provide yet another ‘alternative’ to the alternative history just presented.

⁸ Brian Gold, “Korean Hegemonic Violent Masculinity and Its ‘Alternatives’: Early 20th Century Protestant ‘Heroes’ of Martial Masculinity,” paper presented at “Religion and Masculinities” Religious Studies Symposium, Univ. of Alberta, April 26-27, 2013, Edmonton, Alberta, Canada.

⁹ Baker, *Korean Spirituality*, 26.

Epilogue: The Limits of Laissez-Faire

There is no human being born on this earth without base desires. What keeps us from following those desires and doing whatever we feel like doing? ...what makes us behave properly even in the privacy of our own room and make sure that even our thoughts are proper thoughts? The only reason why a superior person is watchful over his thoughts and behavior even in the privacy of his own room is that he knows that there is a Lord Above watching him.¹⁰

- Chŏng Yag-yong ‘Tasan’ (1762 – 1836); leading *silhak* thinker

Religion circulates in the world, one might say, like an *English word* that has been to Rome and taken a detour to the United States. Well beyond its strictly capitalist or politico-military figures, a hyper-imperialist appropriation has been underway now for centuries.¹¹

-Jacques Derrida, 1996

State-led economic growth was forced on Korea during the colonial era and was the hallmark of economic development in post-war Korea, both North and South. Its reign ended in the South in the advent of neoliberalism after the Asian Crisis of 1997. In contrast, classical economic liberalism never found a wide popular or even elite audience in Korea. Outside a few South Korean academics and parts of the North American Korean diaspora, self-reconstruction nationalism and capitalism have represented the only sustained and significant expression of classical economic liberalism in Korean history, and until the Lee Myung-bak administration, a relatively marginalized one at that.¹² From Adam Smith to Ayn Rand, championing the market economy has often been a secular undertaking, and the operation of the free market in creating

¹⁰ Don Baker, "Finding God in the Classics: The Theistic Confucianism of Dasan Jeong Yagyong," *Dao: a Journal of Comparative Philosophy*, 12, no. 1, (March 2013), 52, from a translation of Chŏng, Yag-yong, 1992, Yŏyudang chŏnsŏ [The Complete Works of Yŏyudang - 與猶堂全書] (Seoul: Yŏgang Ch'ulp'ansa, 1992), 2: III.4b-5a.

¹¹ Jacques Derrida, *Acts of Religion* (N.Y.: Routledge, 2002), 66. Italics in original.

¹² It is doubtful if the lackluster legacy of the Lee administration has created a new widespread interest in classical economic liberalism within South Korea.

an optimal society is not linked to any theistic system of ethics to make it ‘work.’ In contrast, from the beginning self-reconstruction nationalists and capitalists, the most outspoken champions of *laissez-faire* in Korean history, have only advocated it under the assumption that it, like any human construct, will only be the best economic system possible if guided by believing, ethical (Protestant) businessmen, ‘men of vision’ making a conscious choice to tame their own sinful greed, and leading by example the nation.

While self-reconstruction capitalists put their faith in the free market above state-led development, they also put their Protestant understanding of human nature ahead of a limitless and naive ‘faith’ that a *laissez-faire* economic system would always by itself create the most productive and just economy possible. They acknowledged few contradictions between their identities as Protestant believers, Korean nationalists, and capitalist advocates of the free market, but if there were any, their Protestantism and nationalism came first. For readers looking for the existence or precedence of a Korean tradition of non-theistic *laissez-faire* classical liberal economic or atheistic libertarian thinking, none, so far, has been found. From one perspective, this can be seen as a failure of even self-reconstruction Koreans to fully understand the purportedly absolute self-correcting nature of the free market system. From another, it can be seen as a long-standing pragmatic wisdom in Korean spiritual thought where even the best polity in the world still ultimately depends on human agency, on wise, ethical humans making correct choices.

The problem of the gap between knowing what correct behaviour is and actually doing it vexed Chŏng Yag-yong (or ‘Tasan’), the leading thinker of the late Chosŏn dynasty *silhak* school of thought. As a neo-Confucianist, Chŏng saw the neo-Confucian tradition that officially underlay the Chosŏn dynasty as the best possible social system that humans had ever devised.

But he was disturbed by a key problematic of Korean religious thought: how to ensure humans actually behave well. Influenced by Catholicism that had entered Korea, his solution was not to become Catholic but, as the quote above states, to advocate that only a belief in an all-seeing ‘Lord Above’ could ensure proper thoughts and behaviour. On this point Chŏng would have found perfect agreement with self-reconstruction thinkers from Han Kyung-Chik to Chŏn T’aek-bo.

Lee Myung-bak’s presidential policy programme invoked the *silhak* thinkers as an indigenous influence for his administration’s ‘pragmatic’ free-market economic policies. What exactly in *silhak* thinking is being cited is not apparent. However, clearly in the thinking of figures such as Chŏng some general antecedents for self-reconstruction capitalist thought can be found even before Protestantism entered Korea. In this sense, the French philosopher Jacques Derrida’s thumbnail description of the West’s impact on global religion fits Korea uncannily well.¹³ The advent of ‘Rome’ or Catholicism in Korea in the late 18th century was followed by a Protestantism ‘detoured from the United States,’ from a nation that provided the standard for modernity for so much of South Korea, its religion and capitalism included. Lee’s policy programme invoked *silhak* as a purely Korean, indigenous root for its policies, unaware that a ‘hyper-imperialist appropriation’ had already made *silhak*, and its purported intellectual offspring, *laissez-faire* self-reconstruction capitalism, a part of a global discourse on economic ‘pragmatism’ that started centuries ago.

¹³ ‘Uncanny’ as Derrida wrote his overall thesis for the globalization of Western religion without any particular background or understanding of non-Western history, including East Asian. The author wishes to thank Dr. Francis Landy, Department of History & Classics, University of Alberta for his expertise in helping to contextualize Derrida’s quote.

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