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**Summary:**

Summary of the Private Enterprise Plan for distributing US foreign aid and its objectives for Korea.

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# EDUCATIONAL ENTERPRISES

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## The Private Enterprise Plan

### SYNOPSIS OF CONTENTS

The "Private Enterprise Plan" abroad, as described in the enclosed leaflets, is founded upon the assumption that value was NOT received by America in exchange for the 60 billion dollars of foreign aid spent since World War II ended. This vast sum, virtually without conditions or reservations attached, was scattered throughout the world and, in many instances, was used not only to rehabilitate and sustain socialistic economies but to re-equip and modernize factories and enterprises competing directly with the products of American industry.

The basic ideas of the "P.E.P." are (1) to curtail drastically our foreign expenditures; (2) to concentrate these reduced expenditures upon the creation of strategic and industrial bastions of capitalism and democracy within such nations as will resist communist aggression; and (3) to LEND our dollars, by forming an "American Allies Reconstruction Finance Corporation", financed by Congressional appropriations, with branch offices in the capitols of the nations selected.

The purpose of this organization would be to swiftly raise the standards of living in those nations by using our famous American know-how to accelerate their industrialization and modernization. This would be done by inducing top American industrial corporations to build and operate new counterpart factories and enterprises - or to rehabilitate and supervise existing factories - within the boundaries of our loyal allies. The inducements would guarantee our corporations that:

- A. They need not risk one penny of their stockholders money.
- B. They could retain a permanent 25% ownership of the enterprises created or rehabilitated, or, if they chose to, they could sell their stock.
- C. They would render a patriotic service of incalculable value to their country.

The remaining 75% stock ownership of the new factories and enterprises would be held in escrow and ultimately sold, on the installment plan, to the native men and management, and in small individual lots, to the people themselves. Thus, eventually, the American trained native executives should be able to assume full responsibility, and the efficient industries established within the selected nations would become show pieces, displaying for all the world to see, the superiority of capitalism and freedom over communism and slavery. American prestige and security would be enormously enhanced and communism would be dealt a mortal blow, i.e., for once Uncle Sam would get a real run for his money.



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Finally, the "P.E.P." is founded upon the conviction that the principles of private enterprise, at home and abroad, have been dangerously undermined and weakened by 25 years of planned and deliberate assault, and that NOW is the time, and perhaps the last chance, for the champions of capitalism and democracy in America, to take action - lest their beliefs, ideals and institutions, which together constitute our American way of life, forever "perish from this earth".

The "P.E.P." proposes to start first with our number one foreign problem, Korea, and the objectives, methods and procedure from there onward are captioned and set forth as follows:

1. Capsule description of the Korean problem and its immediate alleviation.
2. Further exposition of the Korean problem by a top American industrialist.
3. Example of operating a Korean corporation under the "Private Enterprise Plan" compared to existing practice.
4. Complete explanation of the Korean problem and of the method, legislation and organization required to solve it.
5. Appraisal of the "Private Enterprise Plan" as a new departure in American foreign policy.
6. Vehicle for organizing a "Private Enterprise Association" and financing the implementation of the "Private Enterprise Plan".
7. Endorsement by President Rhee of the "Private Enterprise Plan" in principle.
8. Story of the relationship between President Syngman Rhee and the Honorable James H. R. Cromwell that led to the conception of the "Private Enterprise Plan".



#1. Capsule description of the Korean problem and its immediate alleviation.

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# Congressional Record

PROCEEDINGS AND DEBATES OF THE 83<sup>d</sup> CONGRESS, SECOND SESSION

## Free Enterprise Plan for Korea

EXTENSION OF REMARKS

OF

HON. PAUL W. SHAFER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1954

Mr. SHAFER. Mr. Speaker, since I introduced House Concurrent Resolution 219 on March 22, 1954, the progress of events, combined with the constructive suggestions of such important organizations as the National Association of Manufacturers and such important persons as President Syngman Rhee, render it advisable to amend it to the end that it may better serve the original purposes and objectives which remain unchanged.

On March 5, 1954, I introduced a plan, published on page A1781 of the CONGRESSIONAL RECORD called, "The Private Enterprise Plan for Korea," which was designed to achieve the aforesaid purposes and objectives. The preamble to the plan described the struggle of Presi-

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dent Rhee, one of the world's greatest and most courageous champions of capitalism and democracy, "to unloose from the backs of his people, the hated burden of Government ownership."

But, Mr. Speaker, we are today—just as we were last March 22, and indeed, as we have been since the war began in Korea—continuing blindly on our course, saddling upon President Rhee and his brave people, the very system of Government ownership and neo-communism that we sacrificed 140,000 American casualties and untold billions of dollars, to prevent. Was there ever before a more unbelievable, a more incredible paradox than to see America, the world champion of private enterprise, using the onerous taxes wrung from that very system, to create in the Republic of Korea, over the protests of its President, an economy comparable to that of our most deadly enemy, the U. S. S. R.?

Mr. Speaker, I have in vain sought to call the attention of the American people and their representatives here in the

House and the Senate to that incredible paradox and to the cure for it, which lies ready to our hands. And now, before we become the laughing stock of the world, I shall try again.

Fortunately, many of our businessmen and industrialists—great and small—and some of our labor leaders have become aroused over our existing paradoxical and pernicious policies and practices in the Republic of Korea, and will aid and support the enactment of the amended version of House Concurrent Resolution 219, which is as follows:

*Resolved by the House of Representatives (the Senate concurring).* That it is the sense of the House and the Senate that funds appropriated for the rehabilitation of the Republic of Korea, be separated from funds for relief and that all unexpended funds, together with all future funds appropriated solely for the rehabilitation of the Republic of Korea, be so expended as to assure therein a self-sufficient national economy based upon the rights of private property, personal freedom, and competitive enterprise.



#2. Further exposition of the Korean problem by a top American industrialist.

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# Congressional Record

PROCEEDINGS AND DEBATES OF THE 83<sup>d</sup> CONGRESS, SECOND SESSION

## What Now for Korea?

EXTENSION OF REMARKS

OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 28, 1954

Mr. CURTIS of Missouri. Mr. Speaker, in view of the visit to Washington of President Syngman Rhee to discuss United States expenditures concerning both military and economic aid for the Republic of Korea, it seems particularly propitious to enter into the CONGRESSIONAL RECORD today an excerpt from an article written by Mr. Edgar Monsanto Queeny and published in the November 1953 issue of Monsanto magazine. This article was composed by Mr. Queeny subsequent to his visit to Korea as a member of a Special Committee of the American-Korean Foundation, sent there to analyze the relief and industrial rehabilitation problems of the ROK. We have learned from the amended House Concurrent Resolution 219, filed by my distinguished colleague, Hon. PAUL SHAFER, of Michigan, on July 20, 1954, that from the viewpoint of industrial rehabilitation we are presently confronted in the ROK with what Mr. SHAFER aptly describes as "an incredible paradox." This vital problem can and must be promptly and constructively solved, and in finding a solution, President Rhee and his people, and the American people too, should be greatly aided by their ability to refer to these selected comments and recommendations taken from Mr. Queeny's article. For the Korean people have no better friend than

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Mr. Queeny, nor one better informed about the onerous conditions and problems which they, with our help, must overcome. We all desire to help President Rhee and his brave people safeguard and reconstruct their shattered country; and surely the American people can find no one better qualified to advise us intelligently, in this respect, than Mr. Queeny, one of the greatest and most successful of the great industrialists whose genius have made our American productive system the wonder and envy of the world. Here are the excerpts:

### WHAT NOW FOR KOREA?

It speaks well for Korean intuition that capable men, although inexperienced, were elected. The assembly, in turn, adopted a constitution and elected Syngman Rhee President of the Republic of Korea—ROK.<sup>1</sup>

The constitution was drafted with the advice of American experts.

It is significant, if one desires to understand the ideology of these official American advisers, to consider articles 85, 87, and 88 of Korea's Constitution. They provide that the State itself shall own all mines and other underground resources (oil), marine and waterpower resources; that all railroads and other important transportation enterprises, banks, insurance, electricity, irrigation, water and gas supplies shall be operated by the state; that "in order to meet with urgent necessities of national defense or national life, private enterprises shall be transferred to state or public ownership or their management shall be controlled by or transferred to the state. . . ."

<sup>1</sup>In 1952 Rhee was reelected by a direct vote of the people, receiving 86 percent of the votes cast.

In order to put this new American-communism in business, ownership of all Japanese property—which included almost all mines, railroads, powerplants, banks, insurance companies, and almost all important industries—was transferred to the Republic of Korea.

No wonder Ambassador Muccio urged a bewildered President Rhee to take Communists into his government. Communism's cardinal tenet is state ownership of all means of production, transportation, and communication.

And there is a very disturbing political note in the plans of all official reconstruction agencies. All the railroads, powerplants, mines, fertilizer, glass, steel, and other facilities that are projected are, in accordance with the Korean Constitution, to become the property of the Korean state. The anomaly is that a neocommunism or a complete socialism will be re-created in Korea by the taxation of private enterprise and individuals in the United States.

Syngman Rhee and his ministers indicated a desire to encourage private enterprise and foreign capital to invest in Korea, but no American private capital will enter a country which has a constitution providing that the State may expropriate it "to meet . . . the urgent necessities of national life." Rhee told us that, to encourage such investment, he would recommend changing laws if necessary. I am certain he was sincere.

The Eisenhower administration clearly favors the private ownership and operation of business. Why not extend this policy abroad? Rhee's attitude opens the way and America's large appropriations for Korea's rehabilitation should influence any recalcitrant members of the Korean Assembly. For Korea's own good, its constitution must be changed to permit private ownership of the now nationalized industries and protect against expropriation any new capital, Korean or foreign, that might be invested.



- #3. Example of operating a Korean corporation under the "Private Enterprise Plan" compared to existing practise.  
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# Congressional Record

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## Rehabilitation in Korea

### EXTENSION OF REMARKS OF

### HON. BURNET R. MAYBANK

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Tuesday, July 27, 1954

Mr. MAYBANK. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD a letter written by the Honorable James H. R. Cromwell to the Chairman of the Board of Barium Steel Corp., which concisely explains and illustrates in practical business terms, the "incredible paradox" engendered by our present policies in the Republic of Korea. These policies are described in House Concurrent Resolution 219 as amended by the Honorable PAUL SHAFER of Michigan on July 20, 1954. Since Mr. Cromwell was American Adviser to President Syngman Rhee during World War II, and since he is the author of "The Private Enterprise Plan for Korea," which was endorsed in principle by President Rhee, and since the latter is now in Washington chiefly to discuss American expenditures relative to the economic rehabilitation of his country, I consider Mr. Cromwell's letter to be both pertinent and timely. Since, furthermore, Mr. Cromwell believes that the Republic of Korea, with its veteran anti-Communist army of 20 divisions, is the fulcrum of American Foreign Policy in the Orient, and since he is convinced that his letter and, indeed, all matters pertaining to the ROK directly affect the welfare and security of the United States, he feels strongly that all such matters should be handled on a strictly nonpartisan basis. He has, therefore, requested me, as a Democratic Senator, to enter this letter in the Appendix and, as an old friend, I am pleased to comply with his request.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CROMWELL & Co.,  
Washington, D. C., July 15, 1954.

Mr. J. A. SISTO,  
Chairman of the Board, Barium Steel  
Corp., New York, N. Y.

DEAR MR. SISTO: This will acknowledge receipt of your letter with its enclosures from the firm of Knappen-Tippetts-Abbott-McCarthy (engineering consultants to the United Nations Korean Reconstruction

Agency) requesting your aid in obtaining the services of a highly qualified steel engineer to supervise, on behalf of the Republic of Korea (ROK) the rehabilitation and subsequent operation of certain blast furnaces and a rolling mill located, respectively, at Inchon and Samchok.

KTAM's request so vividly illustrates what I term "the incredible paradox" in Korea, that I will use it to exemplify the necessity for prompt implementation by Congress of the principles contained in the "Private Enterprise Plan For Korea"—as endorsed by President Syngman Rhee. With this in mind, let us imagine that under the provisions of the aforesaid plan, the Barium Steel Corporation—inspired by patriotic realization of the vital issues at stake for our country in Korea—undertook to sponsor the rehabilitation and operation of the steel properties above described.

Although all the expenses and financial requirements requested by Barium would be loaned by the proposed American Allies Reconstruction Finance Corp. to a New Korean Steel Corp., set up for that purpose, yet the only material reward—for Barium's know-how, for training the Korean men and management and for risking the good name and prestige of Barium—would be Barium's ownership of 25 percent of the common stock of its New Korean Steel Corp.

Barium would, of course, send out to Korea some of its top steel engineers to survey the situation and to determine, in particular, what should be the potential market and consequent size of its New Korean Steel Corp., to the end that the enterprise would operate at a profit. Barium's engineers would then design and supervise the necessary construction and equipment and simultaneously would commence the assembly and training of the Korean men and management.

Thus, we can safely assume, every penny expended would be scrupulously calculated and accounted for by Barium's engineers and comptrollers and that graft, or squeeze, famed throughout the Orient, would be conspicuous by its absence. Finally, the new Korean Steel Corp. should, in the course of time, be managed entirely by the Korean executives Barium had trained and, except for Barium's 25 percent common stock interest, all the remaining 75 percent ownership of the corporation would be held by the Korean men and management and, in small, individual lots, by the Korean people themselves.

Under these circumstances, I submit, a system of private enterprise, along with its concomitants, freedom, democracy, and a higher standard of living, might reasonably be assured in the ROK. The ROK would become a show window displaying, for all the world to see, the superiority of capitalism and freedom over communism and slavery;

American face and prestige would be incalculably enhanced and communism would be dealt a mortal blow. In short, Uncle Sam would get an honest-to-goodness run for his money.

Now, on the other hand, in examining our existing policies and practices in Korea—so graphically typified by the letter from KTAM—please ask yourself these questions:

1. Will it be possible to induce a really highly qualified steel engineer to give up a good job with Barium, or any other steel company, and place his future career in the hands of the ROK's inexperienced politicians?

2. Assuming that both competent knowledge and diligent care were employed by the ROK's Ministry of Commerce and Industry in determining the potential market and the consequent size of the rehabilitated government-owned steel properties, who will be responsible, and who will lose out if the fledgling bureaucrats, in their enthusiasm, make a bad guess?

3. Since it is virtually impossible to persuade reputable firms to submit large contract bids in Korea, and since rehabilitation is, therefore, necessarily conducted on a cost-plus basis, what capable and impartial authority will police the work progress and determine the integrity and propriety of the costs and time claimed by the contractor?

4. Once the government-owned, designed, and supervised steel properties are completed, will the highly qualified steel engineer be able to resist the political pressure for patronage with respect to the number and efficiency of his executives and employees?

5. Is not an accepted definition of neo-communism, "the ownership of the instruments of production by the State"?

6. Although we sacrificed 140,000 American casualties, and untold billions to prevent the communization of the ROK, are we not, under our existing policies and practices, creating just such a collectivist economy with the taxes wrung from private enterprise in the United States? And will we not, thereby, become the laughing stock of the world?

7. Do you know of any alternative to the private-enterprise plan for Korea that will terminate this incredible paradox, i. e., by means of which the Government of the ROK can be divested of its ownership of industry and enterprise under freedom and democracy?

I am sure you will conclude that it is the duty and obligation of every champion of private enterprise in America to demand that Congress put an end to our existing paradoxical and pernicious policies and practices in the ROK, by asking his Congressman and Senators to support the enclosed and self-explanatory Resolution 219.

Sincerely yours,

JAMES H. R. CROMWELL.



#4. Complete explanation of the Korean problem and of the method, legislation and organization required to solve it.

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## Private Enterprise Plan for Korea

### EXTENSION OF REMARKS

OF

HON. PAUL W. SHAFER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 5, 1954

Mr. SHAFER. Mr. Speaker, under permission to extend my remarks, I include a plan for the divestment and rehabilitation of Korean industry under capitalism and private enterprise. The author of this plan is the Honorable James H. R. Cromwell, American adviser to President Syngman Rhee for more than 10 years, who only recently returned from conferences in Korea where the plan received the endorsement of President Rhee and the Korean Government.

THE PRIVATE ENTERPRISE PLAN FOR THE DIVESTMENT AND REHABILITATION OF ROK ENTERPRISE AND INDUSTRY UNDER CAPITALISM AND DEMOCRACY

### INTRODUCTION

Unbeknown to the American people, an incredible paradox might be consummated in South Korea.

Inspired by idealistic motives, we are commencing to pour hundreds of millions of dollars into the rehabilitation of that battle-scarred area. But, unless we radically alter our present plans and policies, we will end up by socializing South Korean industry, thereby guaranteeing the perpetuity of an inevitable dictatorship.

Prior to World War II virtually all industry in Korea was owned by Japan and after her surrender title was transferred to and became the property of the ROK government. Ever since Syngman Rhee assumed the Presidency, this great leader, one of the world's most outstanding and outspoken enemies of communism and exponents of capitalism, has been struggling to unloose from the backs of his people, the hated burden of government ownership. Unfortunately, his efforts have been largely in vain due to the lack of capital in South Korea; a lack which the appalling destruction of war has aggravated into a vacuum.

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With plans afoot to invest \$180 millions in manufacturing, \$170 millions in power, \$150 millions in transportation, and \$50 millions each in mines and fisheries, President Rhee recognizes that the onerous taxes wrung from the earnings of private initiative in America, should not be used to consolidate in South Korea that very totalitarian system which the United States has expended 130,000 casualties in battle, and incalculable billions in treasure, to prevent and prohibit. Russia has thrown down the gauntlet to America by the announcement that she proposes to industrialize North Korea and make it a show window to display to mankind the superiority of communism over capitalism. This direct challenge is freighted with fateful portents and consequences which, at this moment, are incapable of measurement.

The ideas herein set forth and named the private enterprise plan are, as will be seen, only a skeleton, only the presentation of a few vital principles. But those principles, if adhered to, offer to the industrial leaders of America, without risk of financial loss, the patriotic privilege of entering the economic arena of the cold war in Korea, upon which the eyes of the world will be focused, and proving once and for all, that Communist regimentation cannot even begin to approach the standards of living and production obtainable by the unfettered functioning of private enterprise.

It is common knowledge that a prosperous, independent South Korean ally (which already possesses the largest battle-proven anti-communist army in existence) inextricably linked with America economically, politically, and ideologically, is strategically indispensable to the future security of the United States. If the private enterprise plan to rehabilitate South Korean industry under private initiative is not adopted to achieve these purposes and objectives, then what alternative is there?

JAMES H. R. CROMWELL,

MARCH 1, 1954.

SYNOPSIS OF THE PRIVATE ENTERPRISE PLAN  
*Preamble describing the purpose of a Korean Reconstruction Finance Corporation*

1. In anticipation of further appropriations for the ROK recovery and rehabilitation by the 1954 session of Congress, it is pro-

posed that a bill be introduced to create a Korean Reconstruction Finance Corporation (KRFC). The objectives to be attained by such a bill would be described in the preamble as follows:

### Preamble to the bill

2. A bill to create a KRFC, under the laws of the ROK, with \$250 millions of capital to be used for granting long term and intermediate low-interest-bearing loans for the purpose of (a) divesting the ROK Government (the Government) of ownership of such enterprises and industries as may seem desirable to that Government, or creating entirely new enterprises and industries; (b) creating or rehabilitating such enterprises and industries by organizing new Korean corporations with American corporate sponsorship (the sponsor) and managerial direction through free partial equity stock ownership, that is, 25 percent of the equity or common stock; (c) providing that a substantial portion of the remaining equity stock of such new Korean corporations eventually be issued to the Korean men and management, and that the final balance be retained by the Government for ultimate disposal; (d) offering privately owned enterprises and industries similar financial and managerial aid and advantages on a 50-50 equity stock ownership basis.

### Immediate implementation of the KRFC

3. To avoid the consolidation of industrial ownership by the Government through direct grants of presently available funds to industries now owned and operated by the Government (which it is the desire of President Rhee and the purpose of the aforesaid bill to reverse) it is proposed that the Combined Economic Board seek authority from the United States Congress to reallocate a portion of presently available funds (i. e., within the current expenditure budget of \$628 million) which are earmarked for industrial rehabilitation, and use such funds to establish forthwith a KRFC. Thereby the Combined Economic Board would implement immediately the ideas and desires of President Rhee and commence to achieve the purposes described in the preamble.

### Structure of the KRFC

4. The KRFC should be solely a fiduciary institution to grant long-term and intermediate loans of risk capital for the rehabili-



tation of ROK enterprise and industry. Therefore, funds allocated to it, either by the Combined Economic Board or later by an act of Congress, as proposed, should be employed, insofar as possible, exclusively for the purpose designated and its overhead or other extraneous activities and expenses, should be held to a minimum.

5. Although the total loans granted by the KRFC within any specified period of time would, under the existing economic setup, finally have to be approved by the Combined Economic Board, nevertheless it is essential to realize that the Combined Economic Board is a temporary agency, whereas the KRFC would, within the foreseeable future, tend to become a permanent or semi-permanent organization. In view of this fact, and since the operations of the KRFC would so vitally and directly affect the ROK economy, it is felt that its officials and Board of Directors should all be Koreans, appointed by President Rhee. Experience with the American Reconstruction Finance Corporation would indicate that authority should be concentrated in the office of the President, and that there should probably not be more than two other directors.

#### *The Board of Selection and Arbitration*

6. Pursuant to the intent of restricting the activities and expenditures of the KRFC to the granting of loans, it is proposed that a separate and independent Board of Selection and Arbitration be incorporated under the laws of the ROK to fulfill the vital task of selecting the American companies in the same fields of endeavor, which could and would act as sponsors of and copartners in the new Korean corporations, and, as described in the preamble, would provide the executive or managerial direction and training of the Korean personnel. Since the Chairman of this Board (the Chairman) would have to be an American citizen in whose ability and integrity the Korean people must have complete confidence, he should be acceptable to President Rhee, and the latter should fix the terms of his compensation to the end that the Chairman and his associates on the Board of Selection and Arbitration should be fully and directly responsible to the President.

7. In turn, therefore, full responsibility and authority for performing the duties designated should be vested in the Chairman, not only in selecting the sponsors of the new Korean corporations, but in seeking their efficient and profitable operation and, as the name of the Board implies, in arbitrating and settling the differences and disputes that would be certain to arise.

#### *Relationship of the Chairman of the Board of Selection and Arbitration and the Combined Economic Board*

8. Since it is the duty of the Combined Economic Board to approve the total overall integrated program for the recovery and rehabilitation of the ROK, the fact that it must have the final decision in deciding the total amounts to be loaned by the KRFC within a specified period, and to which types

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of industry, is fully recognized. In seeking to aid and assist the Combined Economic Board in its task of achieving and maintaining a balanced economy throughout the ROK, it is suggested that President Rhee should forthwith select what he considers to be the best report of the several that have been prepared on Korean recovery; that it should be printed at once in sufficient quantity, and that the advice and services of the firm which wrote the report which is selected, should be employed to the fullest extent, especially by the Chairman.

9. To avoid delays in carrying out the program and wasting the time of the Combined Economic Board, it should notify the Chairman of the types of industry to be initially rehabilitated, and the total amounts to be loaned, as aforesaid. The Chairman, in cooperation with the President of the KRFC, with the firm which prepared the report selected by President Rhee, and with the designated sponsors, should then fit into the master plan of integrated rehabilitation, each proposed new Korean corporation with the amount of the loan recommended and should submit groups of several such new Korean corporations for the approval of the KRFC and the Combined Economic Board. Such final approval by the KRFC and the Combined Economic Board should authorize the President of the KRFC to issue the funds to the new Korean corporations pursuant to the terms of the contract entered into with them by the Chairman.

#### *The repayment of KRFC loans*

10. The exchange difficulties involved with the repayment of loans under the KRFC proposal are clearly foreseen, and while under present circumstances no definite solution can be offered, it is suggested that since it was not originally intended that the funds for Korean relief, recovery, and rehabilitation could or would ever be repaid—all loans granted should be calculated in hwan at the prevailing rate of exchange and then later, in payment of interest and amortization, any differential in the rate would be compromised by a special Board of Exchange Arbitration. Because it is unlikely that hwan funds received in interest and repayment of the KRFC could be wholly transposed into dollars, it is suggested that these hwan funds be held in Korea for the credit and ultimate disposal of the United States.

#### *Types of securities issued by new Korean corporations*

11. The new Korean corporations would issue three types of corporate securities, i. e., (1) common or equity stock, (2) first-mortgage bonds to the Government in exchange for clear title to the property, and, (3) chattel mortgage bonds to the KRFC as collateral for its loans. It is suggested that the interest and amortization on these bond issues be low initially and be made payable on a sliding scale basis with both increasing gradually over a period of years. Attractive premiums should also be provided by the Government

as well as by the KRFC to induce prepayment. Amortization of the first-mortgage bonds should take precedence over the chattel-mortgage bonds because it is felt that the Government would need such payments more than the KRFC.

#### *Appraisal of Government-owned property*

12. Appraisal of the current value of a Government-owned property should be made both by the sponsor and the Government, and where the difference proved irreconcilable, the Chairman would request the KRFC Board to authorize funds from the KRFC to obtain impartial expert appraisals from two or more recognized appraisal firms. Both parties thereafter, should agree to abide by the final value as determined by the Chairman and the appraisers acting as a Board of Arbitration.

#### PART II. EXPLANATION OF THE PRIVATE ENTERPRISE PLAN

##### *The dire need for a KRFC*

(A) With reference to the preamble, the idea of a KRFC as proposed by the private enterprise plan, derives from the same causes that occasioned the inception of its American predecessor, i. e., a dire need for risk capital. Due to the Red Menace it is most unlikely that private risk capital could be induced to invest in Korea at the present time, and the amount of Korean capital available is wholly inadequate. Thus the freedom-loving and anti-collectivist Korean people, ever since gaining their independence, have found themselves saddled with a system of State capitalism or socialism, which is as unwelcome and obnoxious to them as to their President.

(B) Furthermore, unless measures are promptly implemented that will rehabilitate ROK enterprise and industry and lead the nation toward economic independence, the current heavy expenditures for relief imports must be continued indefinitely. The allocation of American funds for the proposed KRFC, therefore, appears as a propitious solution to a complex and difficult problem.

##### *The advantages derived from American corporate sponsorship*

(C) With reference to paragraph 2, provision B, it is hoped that the incentive represented by the free equity ownership offered should be sufficient to induce top American industrial firms to become sponsors of their Korean counterparts. This, in turn, would guarantee experienced, efficient, and honest planning and management and would obviate the expense of engineering and financial supervision which otherwise would be essential. It would be to the advantage of the sponsors to teach the Korean copartners their know-how to the end that the Korean management could, as soon as possible, assume complete authority, thus releasing the American executives and increasing the earnings of the new Korean corporations.

(D) It is also felt that this profit incentive would achieve the objectives described in the preamble more expeditiously and efficaciously than were they spelled out in any

managerial contract. While no estimate of the international plans and programs of the sponsors can presently be arrived at, it is not unlikely that in some instances considerable production for export by their Korean affiliates might be considered desirable. From every viewpoint, therefore, the principle of American corporate sponsors, as contemplated by the private enterprise plan, appears to offer potentialities for Korea that far outweigh the value of the 25 percent equity ownership.

##### *Problems of men and management ownership*

(E) With reference to paragraph 2, provision C, it is recognized that enterprises and industries vary widely in composition and that as a consequence each must be separately evaluated and appraised, particularly concerning the proportion of equity stock to be retained by the Government as compared to the Korean men and management. The Government would, of course, retain a greater share of the equity stock in corporations that had a heavy capital investment with fewer employees, as with power companies, than vice versa, as with manufacturing companies.

(F) Obviously, however, the division of equity stock between the Government and the men and management of the new Korean corporations would be a matter wholly within the jurisdiction of the Government and the Chairman could offer his advice and opinion only when it was requested or where the sponsor might feel its vital interests were involved. In view of the almost fanatical hatred of the Korean people for all manifestations of communism and collectivism, it would seem safe to assume that the Gov-

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ernment would ultimately provide as large a proportion of the equity stock for men and management as would be consistent with the public welfare. It is also safe to assume that the immense propaganda value of eventual majority ownership of the new Korean corporations by men and management would not be lost sight of by a Government whose very life depends upon its successful resistance to communism.

(G) In considering the public welfare in relation to men and management ownership, the Government would have to analyze the need for a free security exchange market and its own pressing requirements for revenue and for collateral with which to support national bond issues. There are, in the United States and throughout Western civilization, numerous and various plans and mechanisms for providing man and management ownership and these would have to be analyzed by the Government before the system, or systems, best applicable to conditions within the ROK could be selected. In conclusion, the opportunity offered by an ownership plan to reward veterans, especially disabled ones, should be emphasized and sponsors should agree to priorities of employment for veterans whenever such priorities would not be detrimental to the efficient operation of the new Korean corporations.

##### *Proposal for loans to private owners*

(H) With reference to paragraph 2, provision B, it is recognized that the need for risk capital among the more than 1,700 enterprises and industries purchased from the Government since their recovery from the Japanese, is generally just as urgent as is the situation confronted by the Government it-

self. It is believed that if these private owners were currently approached by a top American company engaged in the same type of business—which offered to supply expert executive direction and supervision along with adequate capital, not only to completely rehabilitate the enterprise with modern equipment, but also to assure it of abundant liquid or operating funds—it is felt that such private owners would be glad to offer their proposed new partners a 50-percent share of the enterprise.

(I) In such instances the usual 25 percent stock equity would be given to the sponsor and the 25-percent balance would be set aside under an escrow agreement providing for eventual Korean men and management ownership similar to the plans adopted by the Government. In this manner the serious disadvantage faced by privately owned enterprises—in competing for men and management with new Korean corporations offering equity ownership plans—would be offset and at the same time, the purpose of ultimately achieving an industrial system largely owned by its employees, would be advanced.

##### *Small enterprises and cottage industries*

(J) While the need of small enterprises and industries and even of cottage industries in Korea for long term and intermediate loans of risk capital, such as it is proposed to provide through the KRFC, is recognized, it is felt that further information would have to be obtained and analyzed to determine to what extent, if any, American aid and know-how might be marshaled by the Chairman and made available. In general, however, it is felt that small-business loans should probably be handled separately or by a subdivision of the KRFC and would be beyond the province of the Chairman.



(Not printed at Government expense)

United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 83<sup>d</sup> CONGRESS, SECOND SESSION

## Korean Rehabilitation

## EXTENSION OF REMARKS

OF

HON. KARL E. MUNDT

OF SOUTH DAKOTA

IN THE SENATE OF THE UNITED STATES

Monday, August 16, 1954

Mr. MUNDT. Mr. President, I request unanimous consent to have printed in the Appendix of the RECORD, a letter written to me by the Honorable James H. R. Cromwell, formerly our envoy to Canada and, during World War II, American adviser to President Syngman Rhee, and a memorandum proposing a new approach to the rehabilitation of Korea. The letter describes a proposed new departure in American foreign policy which I consider to be of sufficient interest and importance to bring to the attention of the American people and their representatives here on Capitol Hill.

There being no objection, the letter and memorandum were ordered to be printed in the RECORD, as follows:

CROMWELL &amp; Co.,

Washington, D. C., August 10, 1954.

Hon. KARL MUNDT,

Senate Office Building,

Washington, D. C.

DEAR SENATOR MUNDT: I am writing you this letter because I know that you are one of the Senators who believes that our foreign-aid program requires reappraisal and rejuvenation. I am convinced the great majority of thoughtful Americans coincide with that opinion, and it therefore may be appropriate, with respect to the necessity for rejuvenation to submit to you, in the form of this letter the private-enterprise plan as a possible new departure in American foreign policy.

This plan is an expansion and extension of the Private-Enterprise Plan For Korea, which was entered into the CONGRESSIONAL RECORD by the Honorable PAUL SHAFER, of Michigan, on March 5, 1954. The plan, as applied to Korea, was approved in principle by President Syngman Rhee, and since he was recently in Washington for conferences concerned chiefly with the economic rehabilitation of the ROK, a presentation to the public of the new ideas contained in the private-enterprise plan appear to be timely and in order.

To promote discussion and consideration of the new ideas embodied in the plan, Congressman SHAFER, filed on July 20, 1954, an amended House Concurrent Resolution 219. It is because this resolution has re-

ceived the endorsement of the National Association of Manufacturers and of a number of our highest and most respected executives, both in industry and labor, that I am emboldened to bring these proposals to your attention and that of Senators who believe as we do.

Respectfully yours,

JAMES H. R. CROMWELL.

## THE PRIVATE ENTERPRISE PLAN AS A NEW DEPARTURE IN AMERICAN FOREIGN POLICY

## 1. AN OVERSEAS RECONSTRUCTION FINANCE CORPORATION PLUS PRIVATE INDUSTRIAL SPONSORSHIP

A great French philosopher has said that a republic lives on its perils. I believe, however, that Montaigne should have added that a republic learns its lessons by its experiences.

Measured in terms of our unsatisfactory experiences with international gifts and giveaway programs, we should, by now, have learned to avoid them in the future. And if we eliminate gifts and giveaways as a major factor of our foreign policy, as the world's wealthiest nation, we will need a substitute which will demonstrate our desire to aid less fortunate peoples but will not perpetuate the weaknesses and defects of these past policies. Fortunately, there is available another method—a new idea to which we may now turn.

I refer to the idea, first, of creating an overseas Reconstruction Finance Corporation, similar in purpose and general design to our own organization of the same name. This overseas RFC would be adequately financed by congressional appropriations, and set up under the laws of those of our allies who would welcome such a lending organization and who would be entitled to it by reason of their proven loyalty and devotion to the cause of world freedom. There would be, of course, high level American planning and supervision.

The second idea and concomitant idea endowed with interesting potentialities is that of inducing some of our outstanding and most efficient American corporations to sponsor the construction and operation of counterpart factories in those countries qualified for the establishment of branch RFC's. Under this plan each American parent corporation would receive as compensation for its know-how and management, a 25-percent permanent share of the equity stock in its new allied corporation. All the funds required by such new allied corporations would be borrowed from the branch RFC so that the American sponsors would not have to risk a penny of their stockholders' money.

Provision would be made to guarantee that a substantial portion of the balance of 75

percent of such equity stock would ultimately be sold to the native men and management of the new allied corporations, and that the remainder of the stock would be widely distributed in small holdings among the people themselves.

## 2. CONCENTRATION OF UNITED STATES EXPENDITURES AND STRENGTH TO BUILD UP THE POWER OF STAUNCH AND STRATEGIC ALLIES

I understand that since World War II we have granted to our friends and allies all over the world, about \$60 billion in various forms of relief, arms, aid, reconstruction, and so forth. The worthy purpose of these vast expenditures of our precious natural resources and wealth, was to build up a formidable and united association of free nations which would combat the growing menace of communism.

I will not digress at this point to state my convictions as to how successful this venture has been. Each citizen can judge for himself in this respect. But there is a growing conviction in our country that the time has come to take a new look—another look, if you please—to determine whether we can afford to continue such vast outlays.

There is an urgent need to weigh the benefits we have received in exchange for our \$60 billion. So, it is at this important juncture in our own and in world affairs, that I submit this new and comparatively modest departure in American foreign policy. I mean, of course, the ideas I have just outlined for the creation of an "American Allies Reconstruction Finance Corporation" with adequately financed branches located in the capitals of our staunchest Allies.

Let me name several of those nations that I personally consider to be our most loyal Allies. In these countries the inauguration of this so-called private enterprise plan or Reconstruction Finance Corporation Plan, would, in my opinion, be welcome, and would prove particularly effective. First, of course, is our outstanding, fighting Ally the Republic of Korea. Then there are Formosa, the Philippine Republic, Greece, Turkey, Pakistan, and several of our South American neighbors. I am sure we will all agree that the courage, loyalty and fighting spirit of each and every one of these Allies is beyond question of doubt.

To put it bluntly, the countries I have named are good risks, because they will stick with us through thick and thin. Now in seeking, as we must, to conserve our resources of manpower and of minerals and metals, would it not be wise to build up the industrial power of these several nations, as rapidly as we can? And should we not concentrate the expenditure of our precious dollars upon those whom we can surely trust, rather than upon those who will probably



## CONGRESSIONAL RECORD

be among the missing when the chips are down?

### 3. WHY PUBLIC RATHER THAN PRIVATE FUNDS MUST BE USED

In all of these nations I have named are rich and valuable natural resources waiting to be developed. But, of far greater importance, there are brave, hardy, and intelligent people, eager to be taught the world-famous American know-how. Those freedom-loving people are eager to grasp the golden opportunity of raising their standards of living to the hitherto undreamed-of heights which the application of that famous American know-how will positively guarantee.

This being the case, you may ask, why not encourage private capital to undertake the vital task of building up the industrial power of these strategic bastions of freedom? Why do we have to appropriate Government funds for this purpose? My answer is three-fold:

First, because the primary consideration involved here is strategic rather than commercial.

Second, because for this same reason the risk for private capital is too great to induce the investment of its savings.

Third, because time is the essence of our world problem today. The expanding menace of communism does not allow the passage of time necessary for the normal development and growth of industry under a system of private investment.

I want to point out that it has been the rapid industrialization of Russia under communism that has led, and is leading, a number of underdeveloped nations to accept socialism with its risk of government ownership and regimentation. They accept this risk because they see no other means to accomplish rapid industrialization.

Now, let me pose these questions: Is not this private enterprise plan, as I have described it, the means and method through which the United States can offer our staunch allies the rapid realization of industrialization that they need and so ardently desire? And can we not, at the same time, offer them far more than has ever been accomplished in Russia? And can we not, at the same time, avoid the Red terror and the appalling sacrifices suffered by the unfortunate Russian people?

### 4. CREATING INDUSTRIAL AND STRATEGIC GIBRALTARS THE POSITIVE WAY TO DEFEAT COMMUNISM

I say we can. Furthermore, we can simultaneously develop industrial and strategic Gibaltars within all these nations where the principles of the private enterprise plan may be applied. What do I mean by Gibaltars? I mean that the application of American know-how and American capital in underdeveloped regions can immeasurably and quickly raise the standards of living of all the people within them. I mean that

this can be accomplished under a system of freedom and private enterprise and with great gain to us, both spiritually and materially; and, finally, I mean that we can establish in these nations a social order and political philosophy which would assure the perpetuation of those inseparable twins, capitalism and democracy.

What is it that the false prophets of Moscow promise to their people and to the people of their satellites? They promise them that communism will enable them, within a generation, to match the industrial power and wealth of America. That, indeed, has become the great world dream. All peoples everywhere have heard fabulous tales of the power and wealth of America and of the freedom from oppression and from want that exists in these United States, and because they dream dreams of achieving these benefits for themselves, they are discontented with their hard lot in life, and are thus fertile fields for the impossible promises of communism.

Obviously we Americans cannot raise the living standards of all the people of the world, but we can raise the standards of living in those nations I have named, and of a number of other nations in South America which are eligible for application of the private-enterprise plan. And, let me emphasize this fact: We can accomplish all this for a fraction of the \$60 billion we have sown throughout the world, and for which we seem to have reaped little but a harvest of contempt and ill will.

### 5. HOW THE PRIVATE-ENTERPRISE PLAN WOULD CREATE BOTH GOOD WILL AND GOOD INVESTMENT

What I propose is no giveaway program. In the case of Korea, we are morally obligated to reconstruct, in that tragic land, the devastation wrought by our own calamitous policies. Now, that job is going to be an expensive one and we cannot, in all probability, expect any repayment from the Korean people other than in the form of their loyalty and good will.

But, I submit, Korea is the exception to the rule, for I have not the slightest doubt that in a country of rich resources such as Turkey, a billion dollar Turkish branch RFC would, within 2 or 3 decades, return to this Government not only its original investment, but a handsome profit besides. And that, I am positive, is the way the Turkish people, or any other self-respecting, independent people would want it to be.

Now what about our American corporations that would design, build, and operate counterpart enterprises in foreign lands, and would teach the local folks American methods of manufacture? Have they not everything to gain and nothing to lose? Would the parent corporations fear the competition of their progeny? Well, I do not know whether you can compete with yourself, but I do know that competition is the lifeblood of capitalism. I also know that an expanded

production of goods means an expanded volume of trade between nations.

So, while our American corporations would be disseminating their knowledge and the good will that goes with it, they would at the same time, be earning a profit commensurate with the services rendered. And again, I say, that is the way it should be.

### 6. SYNOPSIS OF THE GAINS TO AMERICA OF ABIDING BY THE TENETS OF CAPITALISM

The time has come for the United States to cease practicing the preachings of communism. Stripped down to its bare fundamentals, Marxism is just the ageless old phony of "something for nothing," and that is exactly what America—supposedly the citadel of capitalism—has been practicing. We have given away \$60 billion and, I repeat, we seem to have reaped little but a harvest of contempt and ill will. Now, if that is not "something for nothing" then what is?

So, before concluding my remarks with an enumeration of the advantages to the United States inherent in the application of this private-enterprise plan to our staunchest allies, I say this: Let it be, henceforth, the sense of Congress and of the American people that we will neither build nor rebuild nor sustain bankrupt Socialist economies with our hard-earned tax dollars, nor go bankrupt ourselves by giving away billions for nothing. Let us, rather, regain our own self-respect and the respect of the world by recalling and practicing this great Christian doctrine from St. Luke, chapter 10, seventh verse: "For the laborer is worthy of his hire."

And now, here is my enumeration of the advantages to the United States that are inherent in the private-enterprise plan:

1. In this program, the money we spend will be the money we lend, and the sums so spent will eventually return in kind, both spiritually and financially.

2. We will create positive bastions of potential military might in strategic areas where there is now military weakness.

3. We will substitute the sound strategic principles of economic and military concentration for our present unsound and anti-capitalistic policy of waste and dispersion.

4. We will open the doors of economic opportunity and higher standards of living to our faithful allies, and simultaneously deal a mortal blow to world communism.

5. We will forge, on the anvil of sound commercial cooperation, those enduring friendships that can only be founded upon mutual trust, profitable trade, and proven performance.

6. We will liquidate the further failures of a foreign policy based upon the operation of an international poorhouse supported by American tax-dollar gifts.

7. We will demonstrate the superior principles, values, and soundness of the American system of private property, private enterprise, and personal freedoms, as compared to Communist regimentation, slavery, and terror.



- #6. Vehicle for organizing a "Private Enterprise Association" and financing the implementation of the "Private Enterprise Plan".

## EDUCATIONAL ENTERPRISES

INCORPORATED

(A NON-PROFIT CORPORATION)

1028 CONNECTICUT AVENUE, N. W., WASHINGTON 6, D. C.

### CERTIFICATE OF INCORPORATION

KNOW ALL MEN BY THESE PRESENTS:

THAT we, the undersigned, a majority of whom are citizens and residents of the District of Columbia, desiring to form a corporation under Chapter 6 of Title 29 of the Incorporation Laws of the District of Columbia, as provided in the Code of Laws of the District of Columbia, DO HEREBY CERTIFY:

I. The corporate name of this corporation shall be EDUCATIONAL ENTERPRISES, INC.

II. The objects and purposes for which this educational corporation is to be formed are:

To print, publish and circulate articles, periodicals, books and other publications which will teach, encourage and promote the future growth of our Republican form and system of Government, and which will maintain and increase our personal freedoms, and our system of free enterprise and rights of property. By said publications, and by lectures, radio, and other means, to educate the American people in the traditions, history and political economy of our country; and as part of such instruction, to teach and demonstrate the superiority of our political and other institutions, as compared with those of other countries and other systems and ideologies.

III. To buy, sell, own, lease, mortgage, and otherwise deal in and with both real and personal property, and to make and enter into contracts and agreements, in order to carry out the said objects and purposes.

IV. To do any other thing or things which may be necessary, incidental or auxiliary to said purposes and objects.

V. The term of existence of this corporation shall be perpetual.

VI. The number of trustees who shall manage the concerns and affairs of this corporation for the first year, or until their successors are elected, shall be three of the following and their names and residences are as follows:

John T. Clancy	6104-44 Avenue	Hyattsville, Md.
V. S. Breen	1613 Harvard St. N.W.	Washington 9, D.C.
James E. Waddell	1025 Conn. Ave., N.W.	Washington 6, D.C.
James H. R. Cromwell	2500 Mass. Ave., N.W.	Washington 8, D.C.

VII. This corporation reserves the right to alter, amend, or change any provision contained in the Certificate of Incorporation in any manner prescribed by statute.

IN WITNESS WHEREOF, we have hereunto affixed our signatures, and seals, this 4th day of September, A.D., 1951.

이승만연구소  
李承晩研究院

The Syngman Rhee Institute

#7. Endorsement by President ( ) of the "Private Enterprise 1" in principle.

KYUNG MU DAI

November 12, 1953

Dear Mr. Cromwell:

Your fine proposal to create a Korean Reconstruction Finance Corporation has been read very carefully and I wish to say without hesitation that such a plan as you have suggested will receive my hearty support. The only difficulty lies in the fact that this Government is not in a position to promote any economic program independent of the Combined Economic Board. Even this Board which will serve as the supreme planning body is not definitely recognized and we are still in discussion with the United States representatives regarding its authority and functions.

The plan you proposed should go through the Combined Economic Board in order to get the fund allocated for such a plan. You should make a concrete plan and submit it to the CEB either through Mr. Wood or our representative. Until that Board has approved it, no one can use any of the funds. If you want the ROK Government to present your good project to the Board, you may send me a complete plan and I will have our representative submit it for discussion.

As you say, it will be helpful to our reconstruction program. If there is anything that I can do to help in the matter, please do not hesitate to let me know.

With best wishes for your success and prosperity.

Cordially yours,

Mr. J. H. R. Cromwell  
c/o Korean Embassy  
Washington, D. C.



- #8. Story of the relationship between President Syngman Rhee and the Honorable James H. R. Cromwell that led to the conception of the "Private Enterprise Plan".

## The Korean Information Bulletin

2322 MASSACHUSETTS AVENUE, N.W.

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No. 12

### REPORT FROM THE MAN WHO WENT TWICE TO KOREA

(Following is the text of an address made by the Hon.  
James H R Cromwell in Seoul, Korea, last month.)

It is with profound pleasure that I take this opportunity to express my appreciation for the honors which have been bestowed upon me since my arrival in Korea and for the friendship and gratitude that the Korean people have expressed towards me, through their highest officials, in reward for my modest efforts on behalf of Korean freedom and democracy. But there is no reward I could ever receive which could equal what I already have been granted — I mean the enduring esteem and friendship of your great President, Dr. Syngman Rhee.

While I find in Korea a deep affection and reverence for President Rhee wherever I have been, yet I know that you would wish to hear what a high opinion of his character, wisdom and ability is held by an outsider, a foreigner like myself, who has enjoyed the privilege of many years of intimate association with him. But let me emphasize, at once, that my purpose is not merely to magnify the virtues of an already world famous leader; on the contrary it is to fortify the bulwark of democracy, so courageously personified by President Rhee, against the onslaughts of the communists, their fellow travellers and dupes.

#### The Background

The fraud of the Red Terror was revealed to me in all its starkness when I visited Moscow in the year 1937. Since then, and particularly since 1941, when I was given the rare chance to study this malignant disease of the human mind under the guidance of its most erudite opponent, your President — since those early days, I say, I have not failed to anticipate the destructive machinations of communism, thanks, chiefly, to the teachings of Dr. Rhee. I state this, not to boast, but to seek your earnest consideration of the contents of this address.

It is no secret, alas, that the upper echelons of Washington officialdom have been and to some extent, still are, corrupted by the traitorous agents of Moscow. One of them, Alger Hiss, now a number in a penitentiary, was the major instrument employed by Stalin to divide the ancient land of Korea at the 38th parallel and to precipitate this hot and bloody war between democracy and communism; this civil and international conflict of which you, the people of Korea, are the tragic victims. And so too, it was Hiss and his fellow conspirators and dupes who first

undermined and then defeated Chiang Kai-Shek, America's friend and ally, and thrust the Red Terror of Mao Tse Tsung upon the unfortunate Chinese people.

Every detail of that sordid story is set forth in fourteen volumes of testimony, open in Washington for all to read. And a terrible tale it is, that story of how America's sacrifice in the Pacific War of 350,000 casualties and a hundred billion dollars in treasure was nullified through a combination of knavery and stupidity unequalled in all history. Almost simultaneously the Red spy rings in Washington obtained for the communists the details of our most mortal secret, the atomic bomb and, day after day, my fellow citizens read with consternation, the seemingly endless revelations of similar and almost equally disastrous exploits, by the infinitesimally small but diabolically clever agents of the Red Terror.

#### It Can Happen Any Place

Now, my Korean friends, if such calamities can occur in mighty America where, as I have said, the number of communists is infinitesimal and their armed forces are thousands of miles away — what, I ask you, might take place here? What might happen here — with hundreds of thousands of Red Chinese soldiers only a few miles from Seoul and communist agents able to infiltrate your Republic almost at will? Every Korean recognizes this fearful menace so please listen to what I have to say. The world's most dread disaster, subjugation to the Red Terror, could fall upon you, should the Korean people attune their ears to the lies and promises of the false prophets of communism.

But, with all the pain and the misery which has been visited upon you, God has seen fit to grant you a strong and fearless leader. And, so long as you hearken to his words of wisdom and obey the injunctions derived from his lifetime of political experience and his sixty years of sacrifice for Korean independence then, I predict, a great, new, democratic Korea, cleansed by the blood and agony of its people will, like the fabled Phoenix, rise from the ashes of war and half a century of Japanese slavery.

Believe me, I know whereof I speak. I know well this man who is your President. For four endless years in Washington we fought shoulder to shoulder for the freedom of Korea and against the secret and sinister forces of



communism. Yes, we suffered together, and I learned during those four years of bitter frustration, that the flame of freedom which burns within the frail and tortured body of Syngman Rhee is unquenchable and that, as a man, he is unconquerable. Whenever I faltered by the wayside he was there to renew my courage and my strength and to inspire me to carry on the fight to the bitter end. And that we did.

#### Rhee - the Man

Surely with the unseverable comradeship born of four years of frustration and despair, I can call your President my friend. And what do I think of him? I think he is one of the immortals of freedom and democracy, a great Messiah sent by Providence to save the Korean people from stumbling into the foul pit of that medieval military despotism that calls itself communism. Who else but the man that was the torch and symbol of hope for the Korean people during their dark decades of oppression and slavery - who else, I say, but that man, could have inspired the untutored Korean people to fight the overwhelming hordes of communism with a courage and perseverance that has astounded the entire civilized world?

And what of the great United States General who created the now famous ROK Brigades, the scourge and forthcoming Nemesis of the Red Terror? I mean, of course, General Van Fleet, another American who fought shoulder to shoulder with Syngman Rhee, in times when the going was thin. What does he think of him? James Van Fleet testified before Congress that, I quote: "President Syngman Rhee is worth his weight in diamonds." Well, my friends, that describes him in a nutshell and with that description James Cromwell completely coincides.

Believe me once again when I say that the proudest period of my whole life were the years I was associated with Syngman Rhee and learned from that wonderful Korean aristocrat and Christian gentleman the true meaning of a long and selfless life devoted solely to the welfare of other people. I speak, naturally, of the Korean people, and it is because of Rhee's utter subjugation of self and his indifference to material things and to personal gratification, that I term your President, in considered words, the immortal Messiah of Korea. There is only one other man I have ever met with the same exalted ideals and attributes, and that man was Mahatma Gandhi. So that is why I deem it a very great honor to be called friend and Komunkuan by the George Washington of Korea and I hope with all my heart that you prize the privilege of knowing him as highly as I do.

Here in Korea, here, in the person of Syngman Rhee, is Asia's true spokesman for the cause of freedom and democracy. India's Nehru, who aspires to pose as such, is a mere tyro compared to Rhee, for Nehru's ideals of democracy are dubious indeed and his pledged word in defense of freedom has proved to be not worth even half a hwan.

But, people of Korea, please, once more, listen to what I have to say. You must safeguard your great and good President with every physical and psychological factor at your command. Physically, I note he is guarded

well, but psychologically you must beware and be prepared to defend him, through your own careful reasoning and profound consideration, against his innumerable enemies and traducers. Never forget that the whole evil conglomeration of communism is arrayed against him and his death or defeat would be greeted by the tyrants of the slave world with paens of joy and thanksgiving. There could be no victory for autocracy more resounding than the elimination of Syngman Rhee.

As an old hand, a veteran of the battle against communism, let me warn you that my practised eye clearly discerns the inauguration of the same kind of campaign of insidious smear and calumny, directed by unthinking or pink minded pressmen, that preceded the downfall of Chiang Kai-Shek. I do not suggest that your President might be betrayed by Washington as was the Generalissimo. That could not recur, for our former communist coddling Administration has been replaced by one that is unitedly and staunchly opposed to the Red Terror - be its minions domestic or foreign.

#### The New Threat

But while the danger, under our new regime, of any Red betrayal in Washington is non-existent, you must understand that new and very dangerous forces are arising to oppose and defeat President Rhee or, indeed, any other indomitable leader who, like him, believes the road of appeasement leads but to the grave of democracy. These new and very dangerous forces are, in fact, the disciples of appeasement, of peace at any price, of business as usual and, last but not least, they encompass that deluded host of wishful thinkers who try to believe, out of the fog of their weakness and fear, that the world's champion liars and deceivers of all time, the tyrants of the Red Terror, have suddenly and miraculously become honest, sincere and trustworthy!

Yes, that is the incredible army of General Paradox and a great and dangerous array it is. Great in numbers because most men are cowardly until their own hearthstones are struck, and dangerous because its members have cast away the principles of decency and Christianity in exchange for avarice and expediency. They have combined with the communist forces of evil to foist a policy of appeasement upon a peace hungry world and they will roll like a juggernaut, on their path to destruction, over those leaders of democracy who, like Syngman Rhee, have the vision and the fortitude to stand in their way.

Listen, lovers of freedom, wherever you may be, to the words of warning uttered by this great Korean leader and prophet - listen and act before the Red Armageddon destroys us all. Rhee is the man who told me, in the year 1942, that Alger Hiss was a communist agent. He told me that Washington officialdom was infested with numerous others of the same ilk as Hiss. He told me that these communists and their fellow travellers and dupes - like the notorious Institute of Pacific Relations were building up the power of Russia, and tearing down that of the United States, and he told me that the end result of this Red conspiracy in Washington would be disastrous to American interests in the Far East. He told me that

President Roosevelt's noble efforts to cooperate with Stalin in the hope of achieving world peace would be futile and that he, Rhee, knew for certain that Stalin, right then and there, in 1942, was plotting and planning the conquest of Korea by those five or six crack Korean divisions in his Manchurian Army. Those same divisions, mind you, that composed the backbone of the attack in 1950 - eight years later.

Finally, Dr. Rhee told me that I would never succeed in obtaining the recognition of the American State Department for the Provisional Government of Korea, not until World War II was over and it was too late. And now listen to this dire prediction of the crucifixion of his own people, contained in a letter written to Secretary of State Cordell Hall dated February 16th in the year 1943; I quote:

"I wish in this letter to go on record . . . that your Department, more than a year ago, was warned, both by me and American friends of Korea, that the inevitable consequence of the action of the Government of the United States in spurning the Provisional Government of the Republic of Korea . . . would result in the creation of a communist State."

Well, my friends, all those predictions and warnings of Syngman Rhee, which seemed so incredible and so hard to believe when he spoke them ten and more years ago, came true. None of them was false. Indeed, I have never known Syngman Rhee to be other than right in any utterance he has made to me on the subject of communism. So, do you wonder that I cry, "listen," to all those lovers of liberty with their heads buried in the sands of wishful thinking?

And now, in conclusion, let me choose just one of his numerous and most recent warnings and predictions issued to the world of freedom; these words, that I will quote, are dated May 30th, 1953:

"We have found to our great disappointment, the new United Nations proposal to be of such an appeasing nature that it cannot avoid the appearance of surrender and that that, in turn, will lead to a great disaster to all. To disappoint the Koreans is to disappoint most of the anti-communist elements everywhere. The United States will, in the end, find itself a democratic oasis in a communist desert."

And so, again I cry, "Listen, world, to the words of Rhee, this immortal of the cause of freedom and democracy." And especially do I beg my own countrymen to lend me their ears. America is infinitely stronger than all the lands of the Red Terror combined and laid end to end, and all we have to fear is the loss of the ideals and principles from which our limitless strength was derived.

As to the prophets of appeasement and the critics of Syngman Rhee whose voices ring so loud these days and who seem so numerous amongst the populace of America's so-called Allies, and I refer particularly to Messrs. Nehru, Atlee and Bevan, I recommend the writing,

a dozen times a day, of this aphorism of your great President:

"TO COMPROMISE WITH EVIL IS AS EVIL  
AS IS EVIL ITSELF"

#### MAYOR KIM'S INTRODUCTION

(Many thousands of Koreans heard Mr. Cromwell's address as it was delivered in the Korean language by the Mayor of Seoul. Here also is the Mayor's introduction of Mr. Cromwell in full text.)

My Countrymen:

We are met today to hear a special message of great importance from one of our President's and our country's most trusted and devoted friends. He is Mr. JAMES H. R. CROMWELL, a distinguished American of whom his own country and the entire free world can well be proud. Indeed, the United States and the Republic of Korea have already conferred upon Mr. Cromwell both honors and high responsibility.

Mr. Cromwell has asked me to deliver for him - in Korean - the address which he had written for this meeting today. I shall take pride and pleasure in doing so. But before I begin let me tell you something about our guest and friend - some background - which will make his message to us even more meaningful.

Mr. Cromwell has risen high in not one but several fields. His various careers have been distinguished by one thing above all - service. Service to his country and his fellow men. Service to the cause of freedom and humanity.

He served as an American Marine in the First World War. He has been a business executive. He has been and is an author, an economist, a student of and lecturer on international affairs. He has been a diplomat. He has been all of these things during one of the most stirring, troubled, tragic and hopeful periods in history - the first half of the twentieth century. Consequently Mr. Cromwell has been knee-deep in that history, a maker of that very history of which he is such a keen student and intelligent interpreter.

#### The Past

Here are some of his achievements in the history of our times - as a participant and voice: -

As a very young man, self-described as "an eager globe trotter, fresh out of the Marine Corps," Mr. Cromwell first came to this part of the Far East in 1920. He came to see for himself an area which he was convinced, even then, 33 years ago, was an area destined to have an enormous influence on the fate of mankind. It was at this time that he heard first-hand, in Korea, the incredible story of human gallantry which marked Korea's first Independence Day - March 1, 1919 - the peaceful, nationwide uprising known as Sam Il Undong.

The young man never forgot this historical event, nor did he forget the effect of Korea and the Koreans on him. His interest in us, our aspirations, our people and our country have grown with the years.

In 1938, Mr. Cromwell met in Honolulu our great leader



and national savior, Dr. Syngman Rhee. They became warm friends.

Soon afterwards Mr. Cromwell himself was an official participant in the increasingly momentous events of the late 1930s and early 1940s. It was in March of 1940 that, as Ambassador to Canada, he warned that America must go to war against the Black Fascism of Hitler and Mussolini. Less than 18 months later America was in the midst of World War II.

Early in 1941 Mr. Cromwell published "Pax Americana," a symposium of lectures which he had delivered at the University of Chicago. These lectures, and this book, warned still further of the tragic events which would beset the world. Later on in that same year he accepted, with President Roosevelt's consent, his friend Dr. Rhee's offer of the position as American Adviser to President Rhee.

After the Jap attack on Pearl Harbor, Mr. Cromwell was asked to assume the Presidency of the Korean-American Council, and it was in this capacity that he did everything he could to warn his own country and the world, in accordance with Dr. Rhee's and his own findings, of the menace of the red menace. He worked side by side from 1941 to 1945 with Dr. Rhee, the man whom Mr. Cromwell himself describes as "one of the immortals of freedom and democracy."

And now I shall tell you Mr. Cromwell's story in his own words - as I read them from my Korean translation.

Mr. James H. R. Cromwell's address is not alone a message to us, but to all mankind. It is entitled "What Happens Next?" It is my privilege to deliver this important message for Mr. Cromwell, in our own tongue:

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