

March 1954

Letter, Syngman Rhee to James Cromwell

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Summary:

Syngman Rhee critiques James Cromwell's proposal for a Private Enterprise Plan and expresses concern pro-Japanese US politicians are blocking the development of the Korean economy.

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Dear Ambassador Cromwell:

I wish to thank you for your informative letter of 17 March. I am grateful to you for spending so much of your time and effort to help Harold Lady to come to Korea. If all your efforts have been in vain, nothing more can be done, and we had better abandon the idea. Harold will be grateful to you, however, and to me I.

I have wired you asking you to hold the galley proof of the Private Enterprise Plan which you have given to Mr. Robertson. Repeatedly I have requested that you do not use my name in connection with the plan.

With referer-~~ence~~ to Representative Shafer's resolution regarding the disposition of the aid funds for the reconstruction and rehabilitation of the Korean economy, it will be a good thing if Congress prohibits the use of money for anything but the reconstruction of Korean economy, particularly as that was the purpose for which American taxpayers' funds were given to Korea. For the last seven or eight years this money has been misused by the importation from Japan of consumer goods for immediate relief of the suffering, and this is still continuing. However important immediate relief for the suffering people may be, it remains a fact that the purpose for which the fund was assigned was completely neglected, and it should have been used for the reconstruction of the Korean economy.

If the United States Congress strictly orders the United States representative in Korea not to use the fund for anything but economic construction we will be in a position to build up our industry to such an extent that Korea will,



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in the course of time, once again be a self supporting people and grateful to the United States. But certain statesmen of America are so intent in their policy to build up Japan, so that Japan will become the dominating power in Asia both militarily and economically, that all the Asiatic countries, including China, will not follow the leaders of the United States. They would rather stand with the Communists than allow Japan to occupy their countries again.

A lot of Congressmen in the United States Congress are pro-Japanese. Brownson is one. He says anything and everything as the Japanese want him to say it and makes a fool of himself. Another man is Representative Bonner. When the Senate Interstate and Foreign Commerce Committee controlling the Shipping Industry, headed by Senator Magnuson, introduced a bill permitting the sale of 50,000 tons of freight vessels to Korea, and it was passed and reached the House, Representative Bonner blocked it by showing that Korea did not sell tungsten and scrap iron to the United States but to the Japanese only. The resolution was thereby defeated. This of course, is absolutely contrary to the truth. We have been selling tungsten and scrap iron to the United States only. Americans such as these will lead their country to disaster one again.

Mr. Shafer's resolution will be helpful if it is more carefully worded but his reference to the use of funds by the Government as monopolistic and socialist is entirely wrong. If you were here to see what the Government is really doing, you would never allow anybody to say that the Republic of Korea Government is trying



to monopolize the United States funds with Government-owned public utilities and industries in general.

In the first place, the Japan^{ese} occupation for forty years left no capitalists in the proper sense of the word. The Government has urged the people to organize stock companies to raise capital among themselves, to undertake big industries, but under the Japan regime they were never allowed to raise large capital among themselves to compete with Japanese capitalists. It will take quite a little while to get the Korean business-men to band together to find a sufficiently large sum of money for business. They are trying to do all they can in this way now, but in spite of all the efforts made by the Government to encourage people it has been almost impossible. A contributing factor to this was the fluctuating money exchange rate. It is only just now becoming stabilized. ECA first and UNKRA later forced us to double up the exchange rate every two or three months. The rate began with 35 when to \$1 seven or eight years ago, and increased so much, or until last year it reached as high as 23,000 when to \$1. How can anybody do any business with this situation? Now the FOA has agreed to the fixed rate of 180 to \$1 and we are determined to keep this rate.

Under these circumstances, the Government has only one alternative and that is to start all these urgent industries with aid funds (for which the funds were given anyway) and make them pay so that Korean businessmen will see the worth in them. Then the Government will sell to those who will combine to buy it, perhaps at public auction with long term



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arrangements and comparatively small down-payments. I think you are mistaken to call this system Governmentally monopolistic.

The Government has established a Bank for Reconstruction and Rehabilitation. Through this Bank private citizens can obtain loans with which to rehabilitate industries. The Bank Head has been already appointed and the Government is now in the process of drawing up the regulations which will govern the Banking Operations.

The idea you submitted to me to increase the ROK Defense forces I have discussed with some American officials privately time and again, and in conjunction with the American request for us to attend the Geneva Conference I have asked the American Government to grant this. I understand many in higher levels realize the wisdom of it, but the Japanese and their American friends are making desperate efforts to block it.

This being your own wise suggestion, I think you should use your influence in convincing the American press and others that this is the most sound and sane policy to maintain American Defense line in the Far East and keep the Japanese aggressive tendencies checked. Some of our friends feel that this plan should be kept from the public for fear that it might cause stronger opposition, but I think the more open and public we are, the better for us, because the Japanese propagandists are more or less secret in their dealings. If this plan is publicly discussed and advocated it will be better than to sneak around in the dark.