

Seoul, Korea  
April 4, 1967

Dear Homer:

"Korea, that is, South Korea, the Republic of Korea, has very little.

"It has no forests -- the Japanese destroyed them.

"It has no hydroelectric power -- that's in the north.

"It does not produce enough food to feed its people.

"It has almost no factories," Ambassador Winthrop Brown continued. "It has no oil.

"It has no gas.

"It has only one asset -- and that is its people.

"The Korean people have a great capacity to learn, both the rural farms and the city people.

"They are able to laugh at themselves -- and the Koreans are not afraid to say 'thank you.'"

They have said "thank you," and said it very well. The distinguished business leaders who met Dick Thomas, Olof Lindstedt, Mrs. Freeman and me at the plane expressed it in the patois picked up from our service men: "Stateside send son when we have war. Now Stateside have war and we send son."

And they said it without "ifs" or "buts." Our Ambassador recalled his visit to President Chung Hee Park to ask for a division of their troops to go to South Vietnam. Park's reply was simple: "Certainly, see my Chief of Staff and tell him when and where you need them." Last year when we asked for a second division, it, too, was provided -- for a total of 45,000 Korean troops now in Vietnam.

Of course, the Koreans were heavily indebted to us. But so are many other countries which have not sent so much as a squad to Vietnam. We have supplied most of the military equipment, not only for the two divisions in Vietnam, but also for their very large army at home. Nevertheless, this small country (approximately thirty million people in a land the size of Minnesota) spends 80 to 85 per cent of its national budget\* to maintain its military force, the fourth largest in the world, whereas so much of the world avoids such expense, preferring to rely on the United States.

Yes, the Koreans are not afraid to say "thank you." Although it took only a few words for President Park to agree to send us his troops, it

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\* Its total budget is up from less than thirty billion won in 1964 to over seventy billion in 1966. Half of this is raised in direct and half in indirect taxes. Personal income taxes account for about 50 per cent more than corporate income taxes. Much income still escapes taxation and it may be that some corporations and individuals keep several separate earnings statements. (At present no American accounting firm has a branch in Korea.) Despite this problem, the government is rapidly increasing tax collections -- this year to one hundred billion won.

took great political courage, for his country is poor and, through 1964, with rampant inflation raising prices as much as 20 or 30 per cent a year, the average man's purchasing power was not rising but, in fact, declining a little each year. Why should he help the rich United States with its war? As President Park anticipated, the opposition party made great capital of this and condemned Park for his subservience to the United States. As even President Park could not have anticipated, but as the missionaries and the local village officials soon began to report, the people in the remote villages tending their tiny tea paddies, when they heard the news, were not in fact resentful -- they were proud. Their country was so strong that the United States needed their help and they were paying back their debt.

Once again the soldier turned politician, President Park, had outwitted the opposition and done so with what would have seemed an unpopular act. The opposition had to back down and now merely grouches that certainly the country shouldn't send any more troops.

The presidential election coming up on May 3 will offer the people the choice of Park or 71-year old former President Po-Sun Yun who, campaigning on Saturday, called for "an end to the present government's autocratic rule, corruption and subjugation of the nation to foreign hands."\*

Although it is arrogant to express any opinions about so complex a society after a visit of only two days, it seems to me that in a sense the opposition's points are valid.

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\* As reported in the KOREA HERALD for Sunday, April 2, 1967.

1. The present government is autocratic.
2. There is widespread corruption.
3. The nation is dependent on foreign influence.

But unless I have completely misread the people's attitude, President Park has little to fear -- in 1967. His real test may come four years from now in the spring of 1971.

The government is autocratic in the sense that it is run by an extraordinarily courageous, forceful, indefatigable, determined revolutionary army officer who seized power by a coup d'etat on May 16, 1961, and has since run the country on the basis of what is good for it in the long run, whether it is popular or not. Thus, to reduce crime and a possibility of insurrection, the country is subjected to an absolute curfew from midnight to 4:00 a.m., and, though we are driven in a car with a CIA sticker that allows us to go through any roadblock and avoid any detention, if we were to be out fifteen minutes past twelve o'clock, we would be locked up.

His determined autocracy takes many other forms. Earlier a novice in this field, he has learned a great deal about economics and is determined to prevent inflation and to encourage investment in capital assets in a country heretofore almost devoid of productive machinery. To do this he has held wages at a low level, offered relatively little in the way of consumer goods and has directed production toward investment (primarily investment in the production of goods for export), thus providing both jobs and foreign exchange.

Park's government has accomplished near miracles. Exports which were 120 million in 1964 will exceed 350 million this year. Life expectancy has doubled in the last thirteen years. The birth rate (so important in an over-populated country) is down. In the past two years gross national product has risen 12 per cent each year in real terms and, though by our standards inflation is rampant, the consumer price rise last year was limited to 14 per cent. Wages have risen more rapidly so that for the past two years the ordinary man has improved his purchasing power. People are dressing better, going to the movies more (some 170 million paid admissions last year). There are 150 thousand television sets as against none five years ago. Pilferage from U. S. supplies is down by one-half and, as we hear almost every place else in the world, "You just can't find a maid here."

This is not to say that Korea is a land of milk and honey. It cannot be compared to Japan even fifty years ago, but it stands today about where Taiwan was seven years ago.

These are great accomplishments, but until 1965 they were at the temporary expense of the average man. I can't imagine a political leader in any other free democratic country having the courage to adopt the stern measures which Park has enforced and I am overwhelmed both by the people's approval of his severe disciplines; at the same time one would have to acknowledge that Korea is not quite as free as we might expect. But the next five-year plan calls for a 31 per cent increase in per capita income and, though the people don't love tough General Park, they believe he will achieve this and they are not sure anyone else could.

The government is also corrupt, as the opposition complains. Businessmen report that in dealing with the government at lower levels (and the government is all-pervasive -- just to walk out of the Seoul Airport requires inspection and stamps by five separate officials), it is necessary in every instance to bribe petty officials or at least to pay them something ("bribe" seemed too harsh a word to the Koreans, who look on this as a normal form of compensating the government bureaucrats who are woefully underpaid). In our limited stay we had no direct contact with corruption. On the other hand, we did see a great many of the higher officials from the Deputy Prime Minister\* on down and, though it is possible they may have risen through the lower ranks of corruption, these senior men were as bright, knowledgeable, aggressive and confident as any government officials I have ever had the pleasure of meeting. It may be that we were directed primarily to those who speak English, but we saw the head of the Economic Planning Board and his assistant, the Minister of Finance and his assistant, and the heads of the two largest commercial banks. Each of these men spoke English fluently and most of the government officials to whom we talked had been educated in the United States. They were knowledgeable, incisive, and

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\* Chang Key-Young, 51 years old, ex-banker and newspaper publisher, is referred to with awe as "the big bulldozer," an apt description of his overwhelming drive and aggressiveness. Dick, Olof and I met with him twice and were worn out after ten minutes of his "Will you help us? Thirty million for fifteen years? Ten? Ten million for three to five years? We will help you -- what will you do?"

hard working. One assistant told us that he had had no Saturdays and only one Sunday off in the last six months.

I accept the fact that there is corruption, but I am impressed with the fact that the governmental leaders are extraordinarily able and overwhelmingly confident of the future of their country.

The opposition is right in its contention that the government is subject to great foreign influence. It is, indeed. Our presence is most obvious. Of the two newest office buildings -- of equal size and side by side -- one houses the Korean Government financial offices (the Economic Planning Board and the Ministry of Finance). The other is occupied by the U.S. O. M., our Economic Aid Mission. Many store fronts and advertisements are in English as well as Korean. The streets are full of jeeps, both new military models and older "surplus" models now painted black and used as everything from taxis to "limousines" (but never as trucks -- they are much too fine for that!). The R. O. K. soldiers wear U. S. Army uniforms and our military installations and U. S. O. M. compound with its golf course are prominent. Many American firms are moving in and the Korean businessman speaks frequently about his "golfa game." In addition to our economic and military aid we are buying about ten or twelve million dollars of goods each year for Vietnam and R. O. K. soldiers and workers there are remitting another fifty million dollars.

Our presence is obvious. Our aid and military influence may decline in the days ahead; our business influence is almost certain to increase. President Park, in his determination to advance the economy, has caused the legislature to adopt the Foreign Capital Introduction Law to lure capital into Korea, in part by offering the inducement of a five-year tax holiday to any company that has at least 25 per cent of its equity invested by foreigners. At a time when most other economies (notably the Japanese) seek to discourage foreign investment, Korea is extraordinary and, though it offers a limited domestic market, it provides cheap, high-quality labor that should be extremely attractive to many of our manufacturers.

The Japanese are making strenuous efforts to take advantage of Korea's cheap labor, but the Koreans still harbor intense resentment against the Japanese. One large employer told me that he had recently employed a very able young man who, after six months, resigned because there was so much Korean exchange of business with Japanese firms. Syngman Rhee, who was deposed by Park's coup in 1961 (and has since died), is earning renewed admiration for his having had the strength to accept a slower rate of economic growth as a price for excluding the Japanese during his regime. But the Japanese are out to overcome this if possible. \* Today, even the

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\* The "normalization agreement" (re-establishing diplomatic relations) signed in 1965 re-established relations between the two countries -- an act of grave political significance to both governments -- theretofore quite hostile. It also provided something less than a billion dollars (\$800 million), some in gifts, some in loans.



French are coming in and are about to begin local assembly of the Renault for sale throughout Asia.

Thus, the opposition is right in pointing to the fact that the present government is autocratic, there is widespread corruption and the nation is subject to foreign influence, but (on the basis of my very superficial knowledge) I would guess that on May 3 President Park will do very well.

What kind of people are these that willingly accept these burdens?

In the first place, they are of Tungusic and Mongolian origin (as a result of invasions beginning in the third millennium B. C. ) and this is reflected in their appearance. Dede asked some of our Korean friends to describe what they felt were the physical differences between themselves and other Asiatics. They felt that they are a bit taller than the Japanese and have rounder and flatter faces. Their eyes are less slanted than the Chinese and their color somewhat lighter.

In the second place, they are much more cheerful, from the dancer in the kiesen~~g~~ house to the workers in the city and the villagers on their tiny farms, they are smiling. Even when our driver speeds into a crowded street with his rude horn honking, the people scamper out of the way without a gesture or a curse, very nimble but unperturbed.

In the third place, they are hard workers. Driving through the countryside on Sunday, we were quite impressed with the industry; girls sitting by the side of the road breaking rocks into gravel with hammers,

farmers working on their mud dikes which hold the precious water to irrigate their room-size paddies, the constant stream of bicycles carrying everything from a supply of tinware utensils to twenty-foot trees (the Koreans are replanting every place), the bullock carts loaded with black cylinders of coal dust and clay which virtually every home burns in its stove.

They work all of the time and they work very effectively. Joel Bernstein (a graduate of the University of Chicago), the head of our Aid Mission here, reports that the Fairchild Company has found the Korean women not only as adept as their American counterparts in assembling semi-conductors, but able to keep up a rapid work rate for longer hours. This is at wage rates less than half of that in Japan, and much less than one-tenth of ours -- about 50¢ a day.\*

Lastly, they are enthusiastically optimistic. I can only understand this confidence in the face of the extraordinarily low living standards that they have suffered in the past. Today, with an average annual income of about \$105, they are still very poor, but compared to what they were ten or twenty years ago, they are better off and, though their real purchasing power declined from 1960 through 1964, there has been an increase in the last two years. They are confident it will increase rapidly in the future.

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\* Of course in time these wage rates will increase. There are labor unions, but with unemployment still at 7 or 8 per cent there is no great upward push.

Long the thin slice of ham between the thick slices of bread -- China 120 miles (across the Yellow Sea) to the west and Japan 120 miles (across the Korean and Tsushima Straits) to the east, and with the U. S. S. R. just north of them across the Yalu and the Tumen Rivers -- Korea has been repeatedly invaded from all three directions.

There are few Koreans now alive who had any mature experience before the Japanese invaded their country in 1910 and began a harsh domination (as contrasted with quite a sensitive rule in Taiwan). The Japanese set out to destroy Korean institutions and names (they even changed the name of the country to "Chosen"). They humbled the people (who feel that, culture having come to Japan from China via Korea, they, the Koreans, are superior to the Japanese). This domination continued until the end of World War II.

At that time, President Roosevelt with a generous gesture gave the north half of the country -- all of that lying above the Thirty-eighth Parallel of Latitude (about the latitude of San Francisco) -- to the Russians as a reward for their belated and modest help against Japan, and under the supervision of the United Nations an election in the south half was held on May 10, 1948, and the Republic of Korea was created. This division was a bum bargain for the free world, as the Japanese had built all of their heavy industry and 85 per cent of their hydroelectric plants in the north.

The south, cut off from its electrical energy and raw materials, was industrially weak with virtually no minerals or natural resources. A mountainous, undeveloped, overpopulated, agrarian country whose only raw material, its forests, had been decimated by the Japanese, unable even to

feed itself, South Korea was obviously weak. This naturally suggested to the rulers of the richer, more industrially developed north that, if they were to move down and take over the southern half, no one would seriously resist. The South Korean Government was obviously too weak and there had been some statement from the United States that was interpreted to indicate that it would not interfere.

But when the Communists did invade in 1950, the southerners fought furiously and a decisive President Truman induced the United Nations to come in (with the United States bearing most of the burden) and to engage in a long, hard war. We paid a high price. We may recall that U. S. troops suffered 158,000 casualties. We are more likely to have forgotten that the South Koreans suffered 1,313,000, including women and children.

Our government must have been sorely tempted to allow MacArthur to pursue the invaders above the Thirty-eighth Parallel and to take over the more productive northern half of the country. Perhaps if we and the ROK had been acting alone we could have done so, but for the United Nations defense was one thing, invasion quite another.

Thus, in July of 1953, an armistice was achieved at the Thirty-eighth Parallel, which remains probably the most festering border between the Communists and the free world today. As was stated in the SATURDAY REVIEW (October 8, 1966);

"Nowhere else in the world where people of different ideologies meet is there the same open contempt. Nowhere else does the boiling point appear to simmer so constantly and ominously."

Officially the two halves are still at war. A cease fire was negotiated fourteen years ago, but still no peace treaty has been signed.

Just last week, in advance of a scheduled meeting between the north and south at the border, word was received that the head newsman covering the meeting for the north (their top newsman with rank equal to a deputy minister) would like to defect. At the end of the meeting, as the North Koreans entered their cars, the newsman ran for one of ours. Just as two North Korean armed guards reached him, a Captain Bair (who had once played with the Chicago Bears) dove into them. The newsman reached our car and escaped to freedom.

As the border is only about forty miles north of Seoul, we had planned to drive up there early this morning (25,000 people visited our side last year) but a change in our appointments made that impossible.\*

Thus, at the war's end in 1953, South Korea was destitute and our government, having helped to achieve its freedom, stepped in to aid its economy. In the intervening years we have given over six billion dollars in economic and military aid which has enabled them to remain independent (but at a far lower cost than we would have incurred had we used our own more expensive soldiers).

The economic (as distinguished from military) aid, which at one time was as high as \$230 million per year, is now down to an annual rate of \$45 million dollars and is decreasing at the rate of about ten million dollars per year. Thus, it is anticipated that it will phase out entirely in

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\* This may have been fortunate, as the following day "one of the most serious gun fights since the armistice" was fought in the truce zone with four North Koreans shot to death and two wounded. See the JAPAN TIMES, Friday, April 7.

four or five years (as it did a few years ago in Taiwan).

Although my observations were very brief, it seemed to me that the Korean village is very poor. Perhaps not as poor as it was two or three years ago, but poor. The houses are made of mud bricks (about the same as the adobe bricks used in our Southwest) with rice straw roofs. There are no houses on the farms; they are crowded close together in the small villages, each surrounding a small mound or open field. Most houses have one or two rooms, with windows of paper. The more affluent villagers (and many city families) have cement tile roofs with three or four rooms, generally in an "L" shape with a wall around the other two sides to enclose a yard or garden.

Through the kindness of International Minerals and Chemicals, we met a Mr. K. K. Kim.\* A wealthy, cultured gentleman who was reared in North Korea (as were a great many of the business and government leaders and some ten million refugees who have stolen south since the end of the war), one of the country's leading poets, who led the way from the traditional stylized three or four line poem to freer verse, Mr. Kim came south for freedom and has achieved both business and cultural importance. The leading manufacturer of grass cloth, a movie producer, trader, and in

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\* Almost half of the population are named Kim, Pak (which we generally pronounce Park), and Yi (which we generally pronounce Lee). Other very common surnames are Choi, Cho, Chung, Han, Kang and Yoon. A person generally has three names and the surname may either be used as the first, middle or last name, but since there are so few family names, the Korean knows immediately which of the several names is the family name.

shipping, an excellent dancer, he has collected pottery (one bowl is valued at more than \$30,000) and art to the point where, when Mrs. Freeman was disappointed that she could not visit the National Museum (because the wife of the Prime Minister of Thailand was there), Mr. Kim's daughter said, "Never mind, we'll go to Father's house; he has a better collection."

It was a lovely house. Mrs. Freeman reports that it was surrounded by high-rise apartments and office buildings, protected by a high wall with barbed wire on top, and was one of the few lovely old homes in the city. With the typical dull gray tile roof, the exterior was partly plastered and partly highly polished wood. Some of the windows were of paper, some of glass with etched flower designs in the center. The homes were heated in the traditional Korean manner with an ondol floor. The round cylinders of coal dust and clay are burned in small ovens and the smoke and heat are carried from these through ducts in the clay or cement floor. (Thus, in the typical house the oven serves the dual purpose of cooking and heating.) The rooms are separated by walls or shoji screens and the house surrounded by a narrow, wooden balcony which is the principal means of getting from one room to another. The Kims' home had a modern bath with running cold water and, to Mrs. Freeman's delight, a crocheted toilet seat cover. The furniture was upholstered and covered in heavy linen slip covers of the kind that were more common in our nicer homes years ago and which remain a fixture in the Japanese offices today. There were lovely fresh spring flowers casually placed in bowls (the Koreans think the Japanese flower arrangements far too

formal and stylized). Mrs. Freeman and the family sat on colorful silken pillows on the floor around a black lacquered dining table inlaid with mother of pearl and ate with silver chopsticks.\*

Mrs. Freeman reports that their luncheon was of a clear soup followed by a dish of boiled fish and beef put together so closely that it looked like a striped whole. This was followed with pressed egg yolks and vegetables, tiny stuffed green peppers and a bowl of rice. It was ended with a glass of tepid rice water (the water that the rice had been cooked in), followed by citron tea -- which is made without tea by pouring boiling water over very thinly sliced lemon, previously heavily sugared and stored underground for a year before serving -- with little pine nuts floating on top.

Although Mrs. Kim does not speak English, her three daughters all speak fluently. The one with whom we had become best acquainted, Mrs. Huh, graduated from the University of Seoul with a major in English literature and then went to Northwestern University and obtained her graduate degree in speech. The girls were much more outgoing than Japanese women.

The ladies talked about clothes. Historically, the Koreans wore mostly white, and were known as the "white-clad race" in distinction from the Chinese and Japanese who wore much more color to reduce the necessity for cleaning. Even today in the villages you see many men and women dressed in white -- apparently clean even though the wearer may be repairing mud

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\* These are heavier but much thinner than the bamboo chopsticks used more generally in Japan and, in fact, are much more difficult for us.



dikes around his paddy. The woman's han-po ("kimono" is a hated Japanese word) is an ankle-length fully gathered skirt with an overblouse (chogori) tied in a bow in front with ribbons. Although many of the younger women now wear western clothes in the summer, the traditional costume, now made in beautiful silks and brocaded satins, is very popular in the winter, "for we can wear much more underwear underneath without its showing."

The ladies also talked about religion and, though we had seen a number of churches, this is apparently due more to diversity than intensity of religion. Shamanism, an animistic nature worship, was the original religion and remains important in the rural areas. Buddhism reached its peak in the eleventh century and has declined steadily, though there has been some revival of interest in the last few years. Confucianism, really more a code of ethics than a religion, is the strongest influence. About 8 per cent of the people are Christians. In the Kim family, Mr. Kim and Mr. Huh have no religion, but accept the precepts of Confucianism. Mrs. Kim is a Buddhist and Mrs. Huh is a Methodist.

They also spoke of marriage. In older days all marriages were arranged and this remains the practice in some of the rural areas. Among the more educated city families the decision is apparently about fifty-fifty. For instance, when Miss Kim returned to Seoul from Northwestern, her parents discussed with her the kind of a man she might like to marry. Clearly he should be educated and have some foreign experience in order that they would have this common ground. The father urged that she pick a professor,

as she herself teaches, and because professors have much more time to be with their families than do businessmen. He said, "If you marry a businessman, you can only expect him home one day a week, on Sunday." After considerable discussion, she voted for a businessman and her father set out to find those he felt were the most eligible. She picked Mr. Huh, who himself had graduated from the University of North Carolina and whose family are people of considerable importance in Seoul. It appears to have been an excellent match for both except that (as a seven handicap player) Mr. Huh spends Sunday on the golf course.

The Kims are grateful for their girls but put more emphasis on their eldest son (who is traditionally accorded considerable respect even in his youth) and they sincerely hope that their daughters' marriages will result in numerous grandsons.

For a poor country it is surprising the emphasis that has been placed on education. Virtually every village, no matter how small, has one building which, by its size and the orderliness of its yard, indicates that it is a school. Literacy is something over 85 per cent, there is great emphasis on vocational training, and many go on to higher education. There are several universities in Seoul with an enrollment in excess of 30,000 students.

If I have been impressed with any one thing on our trip so far, it is that it is of the greatest importance that we in the United States take advantage of these low-cost labor pools and do not abandon them exclusively to the Japanese. There is no large domestic market in Korea. It is not a

place for us to produce radios or televisions for local sale, but it is certainly a place to produce goods for sale throughout Asia and for return to the United States. The Koreans produce magnificent textiles, their silks are beautiful (it's either the woof or the warp of all Thai silk that comes from Korea). Korean-made shirts sell at \$1.40 in Tokyo in competition with Japanese-made shirts selling for \$4.00 and up. Though they import their wool from Australia, they are now making first-rate woolen cloth and, with patterns and styles from our country, I would think Korea would be an excellent source of manufacture of men's suits and coats.

For some products, such as automobiles, which require a very large local market in order to achieve the mass production necessary to become competitive, Korea, despite its far lower labor costs, may not offer as great an inducement as Japan, for Japan has the large tariff-protected market. But for the one thousand and one products that can be distributed throughout the world, Korea, Taiwan and Thailand all offer the tremendous advantage of low labor costs and, of these three, Korea probably offers the best, most willing and deft workman.

This labor market, combined with the government's enthusiastic welcome of foreign capital (other than Japanese) and especially American investment, is most attractive. The Koreans need capital, technology and market knowledge. They prefer to get it from the United States, for they have gotten to know us as comrades in arms, they know we have no colonial ambitions, and they feel that we are aggressive enough to counterbalance the Japanese.

Thus, this welcome, plus low-cost labor and the tax inducements, offers a combination of advantages which many of our companies should seriously explore. To date we have not done so to the extent that we should, and the passage of time will make it more difficult to do so. For instance, we were told that within four years all central telephone equipment will be German (Siemens); no U. S. company competed for the business.

In making a substantial capital investment in any foreign country one is naturally concerned about the continuation of those qualities which make it initially attractive. An invasion from the north would completely change all present conditions, but our Ambassador and the Korean business people think this risk is negligible. A very severe drought for a year or two might bring about a change in government, as might extremely severe reverses in Vietnam. Inexperienced in democracy, Korea has no record of political stability. Our Ambassador says that on his arrival the largest group of men he met were ex-ministers, but a change in government would probably not mean a change in underlying philosophy. With almost every South Korean family having relatives in the north, their preference for democracy is so strong that it is certainly unlikely that they would in any event become socialistic or communistic.\* There are lesser risks, a change

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\* There are some Communist influences. A year or two ago there were several disruptive student protests, which in the past have been of major political influence. President Park, believing that the students were being led by a few Communist professors, closed every university and declared they would stay closed until the named professors were dropped from the faculties. This "interference with academic freedom" gave our government representatives a cold chill -- but it worked and "the myth of student invincibility was destroyed."

in the tax laws (which are extremely intricate), a devaluation of the currency (which has been stable since March of 1965 at 270 won to the dollar), or other changes. Though such risks are present, I would think that for many foreign investors the inducements would outweigh such fears.

The one business that does not appear extremely attractive is banking. While seeking to attract foreign capital (about \$170 million will come in this year), the government is anxious to hold inflationary pressures within some limits by discouraging domestic consumption. To that end, it requires the banks to pay 30 per cent on savings deposits (which will go up about \$15 million this year) and at the same time they have fixed the maximum interest rate to be charged on loans at 26 per cent. In addition, the Bank of Korea requires reserves of 45 per cent of time deposits and 55 per cent of demand deposits, on only a part of which does it pay interest, and that at only 5 per cent. Thus, the banks would be suffering disastrously except that the government guarantees the banks an income adequate to pay a dividend of 13 per cent. This is obviously an inadequate rate (in competition with a 30 per cent savings interest rate) to attract any additional capital into the banks (and they need it). But with the government owning about one-half of the bank stocks, this is not considered a severe handicap. Despite the discouraging immediate prospects, several Japanese and American banks have applied for the privilege of opening branches. It appears that the Chase (which is to open in June), the First National City and the Bank of America will be allowed to open this year, and that two Japanese banks may also be

permitted to open. One problem they won't have is finding help.

University graduates are happy to start at \$50 per month.

For the American businessman, Seoul is not a bad place to visit or even to be stationed for some length of time. It is not a garden spot. The countryside is mountainous without the beauty of forests.

The city itself is bleak and it is cold about six months out of the year.

The tourist finds adequate hotels. Walker Hill Resort, built by army labor and named after one of our generals killed there in the nineteen fifties, is large (263 rooms) and quite comfortable, with good food and a large and well-run night club, much more elaborate than any in Chicago and with many available hostesses. It also has a skeet range, archery, bowling, tennis, swimming and horseback riding. The downtown hotels are comparable to medium-class, commercial hotels in the United States, but there is a new one being built and it is said that Hilton intends to start one later this year.

Korean food, based on rice and kimchi (cabbage, red pepper, ginger, salted fish and onion) tends to be quite highly spiced with garlic. Even the Pulgoki, or "fire meat," broiled beef, has a good deal of garlic rubbed in. (Indeed, there is a pervasive air of fat and garlic in many of the villages and I noticed several of the westernized Koreans frequently taking Sen-Sen or its equivalent, apparently to ameliorate their garlic breath.) Their fish is good and they have plenty of rice (although they do not produce enough soybeans or wheat).

Their local beer is good and they have many places of entertainment. Instead of geisha houses, they have kieseng houses. As the guests of Mr. Kim, we visited one -- Sun Woon Gak -- "the Orient's Supreme Paradise." Located outside of the city at the base of the mountains, an extraordinarily elaborate and beautiful restaurant with very pretty girls, good food and more cheerful entertainment than is common in Japan.\* There are several golf courses in the city and I believe there is good fishing in the streams and fairly good boar hunting in the mountains.

For the ladies there is shopping for beautiful silks and satins, amethysts and topaz and some antique art.

Travelling seldom makes one chauvinistic. Knowing ourselves and our political leaders, we tend to look on our nation's policies a little bit cynically, but one cannot visit Taiwan or Korea (or contemplate what will probably be our role after a truce is ultimately attained in Vietnam) without feeling a real sense of pride. We, too, have been willing to accept a discipline. We, too, have been willing to postpone some immediate

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\* I had a very pretty girl as my companion. A graduate of Seoul University, she majored in music and hopes to become a concert pianist. As she had been on the job only three days, she was anxious to do the right thing. At one point she asked if I had any hobby. When I asked her the same question, she said, "Oh, yes, kissing." When I said I didn't think of that as a hobby, she replied, "But I do it every day." After some more conversation, it developed that she meant kieseng -- the art of entertaining.

enjoyments, in order that our government could do what it felt was right, and we have supported it in spending tremendous sums to enable these oriental societies, to whom initially we owed nothing, to survive and maintain their freedom and to build economies that provide employment and the prospect of a better life for millions of Asiatics.

I have never completed a visit to a country for which I felt as much hope as I feel now on leaving the Republic of Korea.

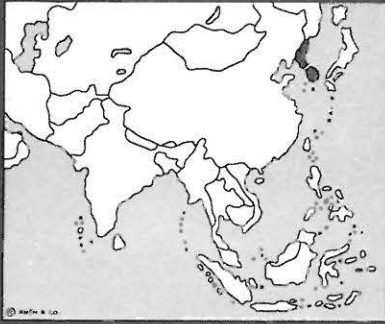
With appreciation for the opportunity to take this trip, I am

Sincerely,

A handwritten signature in cursive script, appearing to read "Dale", with a long horizontal flourish extending to the right.



# KOREA



## NORTH KOREA

**Capital:** Pyongyang  
**Population (1964):** 11,800,000  
**Density:** 254 per square mile  
**Area:** 46,540 square miles  
**Elevation: Highest point:** 9,003 feet  
**Lowest point:** Sea level  
**Principal language:** Korean  
**Principal religions:** Buddhism; Confucianism; Chondokyo; Christianity  
**Political divisions:** 9 provinces  
**Currency unit:** 1 Won = 100 Chong  
**National holiday:** September 9, Founding of the Democratic People's Republic

## SOUTH KOREA

**Capital:** Seoul  
**Population (1965):** 28,353,000  
**Density:** 746 per square mile  
**Distribution (est. 1955):**  
**Urban:** 38 percent, **Rural:** 62 percent  
**Area:** 38,004 square miles  
**Elevation: Highest point:** 6,398 feet  
**Lowest point:** Sea level  
**Principal language:** Korean  
**Principal religions:** Buddhism; Confucianism; Chondokyo; Christianity  
**Political divisions:** 9 provinces and special municipality of Seoul  
**Currency unit:** 1 Won = 100 Chong  
**National holiday:** August 15, Independence Day  
**National anthem:** Ae-Gukka

## KOREA ECONOMY



### ECONOMY

#### HEAVY INDUSTRY

Metal Processing Steel

#### LIGHT INDUSTRY

- Chemicals
- Food Processing
- Leather Products
- Pulp & Paper Products
- Rubber Products
- Stone Clay & Glass Products
- Textiles
- Cotton
- Silk
- Tobacco Products

#### OTHERS

- Fishing
- Seaport
- Water Power
- Fishing Areas

#### MINING

- Coal
- Graphite
- Magnesium
- Copper
- Iron Ore
- Tungsten
- Gold
- Lead
- Talc

#### AGRICULTURE

- Plantation Agriculture
- General Farming
- Seasonal Grazing with Sparse Agriculture
- Forestry with some Farming and Pasture
- Non-Agricultural Areas

SCALE  
75 Miles

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