

March 1954

Draft, Letter, Syngman Rhee to James Cromwell

Citation:

"Draft, Letter, Syngman Rhee to James Cromwell", March 1954, Wilson Center Digital Archive, B-015-058, Official Correspondences, President Rhee's Correspondences, Syngman Rhee Institute, Yonsei University.
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Summary:

Early draft of a letter from Syngman Rhee to James Cromwell concerning the Private Enterprise Plan.

Credits:

This document was made possible with support from Syngman Rhee Institute, Yonsei University

Original Language:

English

Contents:

Original Scan



Final draft

8/4.

Dear Ambassador Cromwell:

I wish to thank you for your informative letter of 17 March. Thank 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 so am I.

I have wired you asking you to hold the galley proof of the Private Enterprise Plan which you have given to Mr. Robertson. ~~My reasons are that I wish to explain some things to you in that connection.~~ (X)

With reference to
 Representative Shafer's resolution regarding the disposition of the aid funds for the reconstruction and rehabilitation of the Korean economy, ~~will be helpful.~~ 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~~ ^{and it} should have been used for the reconstruction of the Korean economy.

According to Congressman Brownson's public statement, the United States aid fund given to Korea last year amounted to \$550,000,000. Out of this fund no economic reconstruction of any kind has been undertaken by ECA. The first year after the arrival of ECA officials \$30 million was returned to the United States Treasury, the second \$60 million, on the ground that nothing more could be done in Korea in these two years. None of the essential economic reconstruction such as fertilizer, cement, power plants we desired, was initiated. And this is so, even today, although since the arrival of General



Coulter as the United Nations Korean Reconstruction Agency Agent General we
 are beginning to achieve a little. ~~Foreign Operations Administration~~
 is also trying to cooperate with this Government in the disposition of the
 funds and in its procurement program, but still some foreign goods and
 materials are coming in without consultation with us, and these items are generally
 from Japan.

If the United States Congress strictly orders the United States representa-
 tive 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,
 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.

~~Mr. Shafer we consider as our friend and if you are kind enough to explain~~
~~these things to him I am sure he will do all he can for the sake of Korea and~~
~~the United States.~~ A lot of Congressmen in the United States Congress are
 pro-Japanese. Brownson is one. He says anything and everything as the
 Japs 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} ~~tons of~~ scrap iron to the United States only.
 Americans such as these will lead their country to disaster once again.

~~Mr. Shafer's~~ Mr. Shafer's resolution will be helpful if it is ^{more} carefully worded but
 his reference to the use of funds be the Government as monopolistic and



3 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 ROK (Republic of Korea) Government is trying ^{to} ~~the~~ monopolize the United States funds with Government-owned public utilities and industries in general.

In the first place, the Jap 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 Jap regime they were never allowed to raise large capital among themselves to compete with Jap 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. ^{UNKRA} ~~United Nations Reconstruction Agency~~ ^{Economic cooperation administration} 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} ~~people have~~ 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 ~~either sell the property and invest in the industry~~ ^{either sell} ~~or the capitalists will combine together to buy it,~~ ^{either sell} perhaps at public auction with long term arrangements and comparatively small down-payment. I think you are mistaken to call this ^{system} Governmentally monopolistic. (XX)

We have made many enemies as you know, apart from the communist and procommunist enemies. Some Americans are highly influential trusting every word the Japanese say to them whether it is true or untrue, even publicize it. Now all ~~these groundless~~



4
charges and accusations which appear we keep on answering whenever they come to our attention. I hope you will use your influence in correcting the misinformation which is deliberately being spread against us.

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 request. I understand many in higher levels realise 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^{ian} press and others that this is the most sound and sane policy to maintain American Defense line in the Far East and keep the Japs 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 Jap 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.

Regarding your economic plan in connection with the Korean Aid funds, I need not say any more as you are fully aware of my position. I am glad you dropped my name out of the plan because public feeling towards any such plan is different in Korea than in America. In Korea, as long as you are in a Government position you are not working for any money making. If you are identified with any financial scheme the Korean people will not support you. That is one reason I have to keep myself clear out of these things and, besides, all my life has been such that no one honestly could accuse me of seeking private gain.

As I told you before, so long as you prepare the plan, whatever



If it is
~~it is in regular form and present it~~ to the FGA or
Combined Economic Board in Korea, I will do what I can to
help you, but when my name is attached to it, I cannot show
any interest. I know you understand my difficulty.



he who makes such charge (ants to hurt us but when we reveal the facts it will hurt them.

You ask me to support the 'Whee' plan and ~~told me~~ ^{have} ~~repeatedly~~ ^{repeatedly} that

I would not allow you ^{not} to use my name in connection with ~~any business whatsoever.~~ ^{the plan.}

+++ The Gov has established a Bank for Reconstruction and Rehabilitation.

Through this Bank ~~the~~ private citizens can obtain loans with which to rehabilitate ~~the~~ industries. The Bank Head has been already appointed and the Gov is now in the process of drawing up the ^{regulations which will govern} ~~the~~ ^{the Banking operations.} ~~low regulations which will govern the loans which to be given out etc.~~

This Gov never was in a position to handle the money directly. It is completely controlled through the CBB of Wood is one of the two chiefs.

Pub utilities like railroad and light. Except in other most of the countries like ~~USA~~ the public utilities are controlled by the Gov.

As you knew- no doubt are aware I tried to introduce a resolution to ^{our} ~~in~~ congress to amend the constitution in regard to ~~gov ownership~~ of certain ~~investments~~ investment of foreign capital ^{but} ~~and you knew I had to withdraw it~~ ^{because} ~~resolution because~~ the opposition made up of the wealthy would have voted it down ^{and} ~~therefore~~ I had to postpone it ^{and hoping that after the election we may} ~~and I hope that the new Congress~~ ~~will help me to put it through.~~

Jap
Japan Japanese



'Bundles for ROKs'

The Republic of Korea soldiers are now bearing the major part of the burden in the United Nations defense of their country. Valiant and long-suffering, they are not used to receiving "bundles" from home.

For what should their families send them—if they have any families left? Fortunate the Korean civilian who has enough to eat, enough clothing, a warm room—or even a cold room—to sleep in. How should he be able to send little extras, little comforts and necessities, to a son or husband at the all-too-near front?

An American mother has moved in on this situation and started what promises to be a flow of gifts to these ROK troops. The wife of the conductor of the Utah Symphony Orchestra, Mrs. Lucy Abravanel, started including gift parcels for the ROKs in packages for her own soldier son. From the Korean recipients a message came back:

We did not expect personal gifts from an American lady in the United States. It surprised us and touched our bottom of hearts with deep emotions and lots of thinking.

Mrs. Abravanel is now urging her neighbors to send clothing, canned goods, and other useful items to the Commanding General, ROK Soldiers of the Ninth Division, c/o Postmaster, San Francisco (or any other American division). If ever the true voice of America reaches other peoples it is through such heartfelt actions as this. Among Koreans who have heard that America's great desire is to substitute "Asians against Asians" for united action against aggression this practical gesture of friendly concern should certainly cause "lots of thinking."

Needed: Used Clothing

Winter is again here for the wretchedly-clad refugees of Korea, the Near East, and Europe. American church people have sent hundreds of tons of clothing to these people in past years. But the supply is still not adequate.

And the refugees have no way to replace their worn-out used clothing. Although most Protestant churches concentrate on relief aid during the late winter months, this year clothing is needed desperately now. The following tells you how to get clothing moving immediately.

—THE EDITORS

International parcel post is open to Korea, and relief packages can be sent to Presbyterian missionaries there. Postage is 14c per pound. Address packages to:

The Reverend Edward Adams
c/o Presbyterian Mission
Poo Pyung Dong 4 Ka 12
Pusan, Korea

Please follow carefully the following shipping instructions: Packages must not exceed 22 pounds in weight and 72 inches in combined length and girth. They should be packed in heavy corrugated cardboard boxes; wrapped in heavy paper; and tied with heavy cord or small rope, or sewn in strong cloth. A package of clothing is best tied up in a blanket, piece of cloth, or an overcoat; wrapped in heavy paper; and tied securely with heavy cord. Two declaration forms (free at any post office),

#2966 and #2922 are required with each box. Mark boxes:
GIFT—RELIEF CLOTHING
NO EXPORT LICENSE REQUIRED
NO COMMERCIAL VALUE

Church World Service is able to send food direct to Korea for distribution through Christian channels. Large packages of clothing for Korea, the Near East, and Europe should also be sent through this agency. A gift of 10c per pound to cover handling will be appreciated. Goods should be marked for Korea, Near East, or European relief and sent to the nearest distribution center:

Church World Service
New Windsor, Maryland
Church World Service
c/o Pacific Ports Industries
10901 Russet Street
Oakland 3, California
Church World Service
3146 Lucas Avenue
St. Louis, Missouri

Gifts of money can be given for the support of Korean orphans (approximate cost is \$10.00 per month), for the project of rehabilitation of South Korean amputees, and for extending the ministry to reach Korean prisoners of war. Send contributions so designated to The Board of Foreign Missions, 156 Fifth Avenue, New York 10, New York.

PRESBYTERIAN LIFE
Vol. 5, No. 23



Cong Shertens resolution is helpful regarding the aid fund to be used for the recons of K economy and we will be grateful to him if he could have the house pass such a resolution but in regard to monopolistic baseless and therefore very harmful. If that is your info I want you to correct it now before we make our efforts to reveal the whole situation. Please do not say that your plan has been approved by the ROK Gov or myself because it is untrue otherwise we are forced to reveal facts. As you know the Amer taxpayers money was given for reconstruct and rehabilitation of K economy but the Americans who were handling these funds spent most of it by importing Jap consumer goods. We tried all we could to stop this racketeering. We have been hoping that since the CEB has been established we will be able to use the money for purpose intended. If some Amer or Amers elsewhere are trying to force us to keep up importing Jap consumer goods we will not tolerate such racketeering again. We would rather have no aid fund at all. Amer gives the fund for Kor economy and those who handle the funds are using it for building up the Jap economy. We cannot allow this to continue. This gov is trying all it can to encourage the people to rehabilitate the demolished factories and establish new ones either with his own money or aid funds. We were forced by the ECA to double up the exchange rate at the beginning of ECA. every 2 or 3 months we were forced to double up until last year when the rate was as high as when... No one under the circ would put his own money into any business. Since we have established with ROA concurrence an exchange rate of 180 when we are trying to create public confidence by stabilizing the currency value. No Korean wants to invest money in business therefore we are building it up. Meanwhile we have to start rehab of our industry with the concurrence of the Amer Econ Coordinator to build up factories and production so that when such industry begins to pay-the-Gov- show profit the Gov will dispose of it by public auction on a long term basis. If you call this socialistic and monopolistic idea



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PRESBYTERIAN LIFE

Vol. 5, No. 23

18

THE
CHRISTIAN SCIENCE
MONITOR