



Liberalism in Korea

Young Back Choi¹ and Yong J. Yoon²

[LINK TO ABSTRACT](#)

Liberalism in Korea came from the West, and all political outlooks sometimes called ‘liberalism’ are present there. Some of those outlooks are more paternalistic or communitarian, and those are construed as compatible with some traditional political views in Korea. But classical liberalism, which, hereafter, is what we signify in using the term *liberalism*, is without antecedent in Korea before the turn of the 20th century.³ Today, liberals there are relatively small in number and are mostly, but not exclusively, economists. Yet they do seem to have attained a critical mass in recent years. The aim of the essay is to trace the evolution of liberalism in Korea. Before we discuss its recent development, we provide a brief historical discussion. Korea’s history illustrates the difficulties of liberalism in the face of totalitarian threats of all varieties.

Pre-modern Korea (before 1850)

The dominant political views in pre-modern Korea reflected monarchical absolutism and rigid social stratification. The last dynasty of Korea, Chosun (which spanned the years from 1392 to 1910), adopted Confucianism as the state ideology in order to combat the previous era’s rampant superstition and corruption. Since 206 BCE, Confucianism had been the ruling ideology of various dynasties in China, including the Ming dynasty (1368–1644). Acting in the name of Confucianism, the

1. Department of Economics and Finance, St. John’s University, Queens, NY 11439. (Corresponding author.) We benefited much from helpful suggestions by Jane Shaw Stroup and anonymous referees.

2. Center for Study of Public Choice, George Mason University, Fairfax, VA 22030.

3. American-style ‘liberalism’ that promotes the welfare state is referred to in South Korea by an appropriate term, namely, *progressivism*.

literati had tried to limit the arbitrary rule of the king through a system of censorship. In Korea, the centralized bureaucracy of Chosun operated by a set of codes, notably the Great Ming Code, supplemented by the Code of Administration. Confucians also tried to introduce orderliness into society by education in morality and etiquette, with emphasis on maintaining proper social relations through loyalty, fealty, filial piety, chastity (for women), respect for the elderly, and so forth. Individual conduct was to be guided by Confucian principles and the traditional decorum. Confucians did not view the issue of natural rights of individuals or personal liberty within the bound of just laws as relevant.

Society was divided into distinct hierarchical classes—king and royal families, the gentry (Yang-ban), the middle classes (Joong-In), the commoners (Pyung-Min), and the slaves (No). Only members of the gentry could become government officials, rewarded by pay and/or fiefdom. The middle classes served in various respected technical capacities, as physicians, clerks, translators, artisans, craftsmen, et cetera. They also could become merchants, who were less respected. Commoners would usually become farmers or peasants. The slaves were properties, to be bought and sold.

After a period of cultural flowering in the early decades of the dynastic founding,⁴ the Chosun dynasty gradually declined as a result of wars, heavy taxation, and forced labor. It is estimated that by the middle of the 19th century, more than 50 percent of the Korean population was serfs or slaves.⁵

The satirist Park Ji-Won traveled to China (Qing) in 1780 and was struck by how much better off Chinese were than Koreans. What he witnessed in Beijing confirmed his view that Korea was backward because of its contempt for trade and industry and its system of rigid social stratification. He argued that Koreans should open their eyes and learn from the Chinese. He dreamed of a more prosperous Korea where trade and industry were esteemed and the social stratification was done away with so that people could interact as equals. Unfortunately, his ideas attracted few followers, as they were rather exceptional for the time.

It sometimes has been claimed that elements of Confucianism are an antecedent of liberalism in pre-modern Korea. We disagree. It is a mistake to conflate Confucius's observations on human nature and personal ethics with his political philosophy. Confucius's observations on human nature are often very apt; he should be regarded as one of the greatest humanists in history. But the political philosophy of Confucius and his followers conceived the reign of the Duke of

4. Cultural achievements during the period include the invention of the Korean alphabet, printing books using movable metallic type, and publication of encyclopedias.

5. Even so, Tullock (2012) suggests that the political system of the Chosun dynasty, which lasted 600 years with a dense population and a reasonable standard of living (in comparison with other countries at the time), may have some features worth studying.

Zhou (before 1046 BCE) as the ideal. In this ideal state the king is wise and benevolent, ministers and government officials just and decorous, and the common folks respectful and industrious. There is little room for individual rights or freedom of thought and action.⁶

Another way to illustrate the relationship of Confucianism to modern political systems is to review the variety of reactions of Confucians when East Asian countries encountered the superior power of the West. There were three types or forms of reaction: (1) insistence on adhering to Confucianism and rejecting the ways of the West; (2) retaining Confucianism as a political philosophy, while adopting Western technologies; and (3) abandoning Confucianism as the ruling political ideology (that is, radically restructuring the political structure) and adopting the ways of the West. The first two forms of reaction failed. Japan successfully adopted the third type of reaction, and other late-comers in Asia have subsequently adopted it as well. But, abandoning Confucian political ideology is of course not inconsistent with retaining many of the Confucian elements of personal ethics.⁷

First transitional period (1850–1905)

During the 19th century, Korea was encircled by foreign powers, but it was also a vassal state of China (Qing dynasty). Western powers such as Tsarist Russia, France, Britain, the German Empire, and the United States all tried to pry Korea away from China and obtain privileged concessions. Japan, with a successful crash program of modernization under way, eventually elbowed out others.

A significant development coming in 1869 was the formation of the Party for Opening (“Gae-Hwa-Dang”). One of the principal actors, Park Gyu-Soo, was a grandson of Park Ji-Won. Unlike his grandfather, he had a successful career as a government official and rose to become the Chief Magistrate of Seoul and the Minister of Justice. He and like-minded intellectuals reflected on the state of China, which had fallen victim to Western imperialistic aggressions, discussed the reasons why the Western nations became strong, and what needed to be done for Korea to avoid a fate similar to that of China. Over time, they recruited young and ambitious adherents from the gentry. They were particularly keen on learning lessons from the modernization programs under way in Japan and China.

6. Of all the ancient thinkers of East Asia, only Lao-tzu can be construed as being an antecedent to liberalism, or even libertarianism. But his teaching in its original form, which appears to strike at the underpinnings of feudalism, was never popular in China, nor was it in Korea.

7. Kim (1999) thinks the cultural legacy of Confucianism still too much hinders the social development of Korea.

In 1875, about twenty years after Commodore Perry's gunboat diplomacy jolted Japan into a modernization program, Japan itself used gunboat diplomacy to force Korea to open up. In the late 1870s and the early 1880s Korea's Queen Min sent overseas missions to report on advances in Japan, China, and the United States. Duly impressed by what they saw, the emissaries agreed on the urgency of reforms. But there developed two factions, divided over on the nature of reforms Korea needed. The 'moderate reformers' wanted a Chinese-style reform of adopting Western technologies and industries while retaining the traditional social structure. The 'radical reformers' thought the Chinese-style reform was not sufficient; they wanted thoroughgoing sociopolitical reform in the manner of Japan. The moderate faction sought support from China, and the radical faction sought support from Japan.⁸

Delegates to Japan met and were influenced by Fukuzawa Yukichi, the great advocate of Japan's modernization. He argued that the West became powerful because the nations had liberal institutions, fostering individualism, free exchange of ideas, education, and competition. He argued that Japan should adopt the liberal institutions of the West in order to become powerful enough to resist the Western nations' demand for unequal treaties. He translated the term *liberalism* as 「自由主義」, a term since used in Japan, Korea, and China. Fukuzawa shared his views on the necessity of political reforms with Korean delegates and continued to provide moral support for Korean reformists.

Fukuzawa, however, had doubts that Koreans were culturally ready for a successful reform. It would be a mistake to classify Fukuzawa as a liberal; he was also a nationalist, and for him liberalism was a means of building a rich nation with a strong military. He believed that if Korea could not reform successfully, and thus would fall into the hands of Western imperialists, Japan might as well pre-empt them and colonize Korea. Thus, he justified Japanese colonization of Korea.

In 1884, the radical reformers, with a promise of Japanese military assistance, led a bloody putsch to eliminate the rival factions and impose a reform fashioned after the Meiji Restoration. However, the radical faction was quashed in three days by Queen Min, with the help of Chinese troops. The coup failed because it was carried out in haste without securing enough supporters, plus the radicals were naïve in trusting the good intentions of the Japanese who, after a successful crash program of modernization, were gearing up to secure control over Korea.

In 1894–1895, Japan fought China for control of Korea, obtaining cessions of territory (including Taiwan) and a rich indemnity, among other things. Japan then fought Russia (1904–1905) over control of Korea and Manchuria and shocked

8. The factions influenced by reports of the missions to the United States were to play a role later as the Party of Independence in the last days of Chosun.

the world by destroying Russian fleets. Thus, Japan established herself firmly as an imperial power with an undisputed claim over Korea. Japan relegated Korea to a protectorate in 1905. Soon, Korea became a colony of Japan.

During this turbulent period, in 1896, was formed the short-lived but significant—from the point of view of the development of political thought in Korea—Party of Independence (“Dok-Rip-Hyup-Hoe”). Key figures of the Party included Min Young Hwan, Yoon Chi-Ho, Yoo Gil-Joon, Yi Sang-Jae, Ahn Chang-Ho, and Seo Jae-Pil.

Seo Jae-Pil was recruited from the United States by Yoon Chi-Ho to be the editor of *Independent Times* (“*Dok-Rip-Shin-Moon*”). Seo Jae-Pil returned to Korea with a new name, Philip Jaisohn. He had fled to the United States after the failed coup of 1884, in which he was one of the principal actors. In absentia he was found guilty of treason, and his family had been exterminated in the old Korean practice of collective punishment. During his stay in the United States, Seo studied to become a physician, and he learned much about the American political system from a retired federal judge (who was a brother-in-law of Seo’s landlord).

In his speeches and writings, Seo admitted the mistake of naively trusting the benign intentions of the Japanese for Korean development. Seo emphasized that the core of Korean reform should be the establishment of a system in which freedom of action and individual responsibility are emphasized and individual merits are respected, instead of relying on familial ties and factionalism, which lead to corruption and inefficiency.

The Party of Independence tried to push political reforms: Korea should become an independent constitutional monarchy, run by the democratically elected parliament; Korea should stop selling various economic rights to foreigners for little in return;⁹ foreign technologies should be utilized in agriculture and industry to increase productivity; and Korean markets should be protected, to allow infant industries to take root and grow.

The principals of the Party had been either emissaries to the U.S. or exposed to the West in schools founded by American missionaries. Whereas earlier reformers, whether moderate or radical, had been influenced by Japanese or Chinese reformers, the principals of the Independence Party were influenced by what they learned about the United States. They advocated a democratic political system,

9. For example, rights to build railroad or trams, rights to gold and coal mines, rights to harvest timber, and rights to collect custom, sold to Russians, French, Japanese, and Americans.

emphasizing individual liberty and responsibility as keys in the political system.¹⁰ The Independents began to gain popular support.

However, the Party incurred the wrath of both Korean royalists and the Japanese colonizers. The Party and the newspaper could not survive the joint attacks of the royalists and the Japanese military. Active members of the Party were soon harassed and imprisoned. They were tortured for subversion by the royalists, and they were also forced to acquiesce to the Japanese takeover of Korea—some did, while others refused and suffered greatly.

One of the popular speakers at the Party's rallies, Syngman Rhee, was arrested, tortured and sentenced to death. In 1904, after five years of imprisonment, however, he was given an amnesty and released from the prison with the help of Min Young Hwan. He was given an amnesty in part because of his command of English, which he had improved by reading an English Bible while in jail.¹¹ Rhee was sent to the United States on a secret mission to convey the Korean king's letter to President Theodore Roosevelt, beseeching him to honor the Treaty of Amity between the two countries and help prevent the Japanese colonization of Korea. The United States government refused to receive the letter.¹²

Just before his release, Rhee finished a handwritten book manuscript, *The Spirit of Independence* ("Dok-Rip-Jung-Shin"). It was hand-copied and circulated among friends.¹³ In the book, he reviewed the American and French revolutions and the failed reform attempts in Korea. Then he laid out his vision for Korea: a constitutional monarchy in which self-reliant individuals with inviolable human rights enjoy the fruits of their labor through free exchange of goods and ideas, and a society governed by the rule of law, undergirded by Christian values which accord dignity to individuals and the determination to fight injustice. Rhee's visions for

10. Those who had a chance to travel to the United States were most impressed not only by the degree of industrial development, but by the governmental structure based on the liberal Constitution. At the same time, many were deeply troubled by racism they personally experienced and witnessed toward blacks and Asians. For example, Lee Sang Jae (as a secretary to the Korean ambassador to the U.S.) was stoned by a boy in New York. Yoo Gil Joon had been beaten up for no reason by schoolmates when he attended school in Boston. Philip Jaisohn could not make a living as an M.D., nor as a lecturer at a medical school (the present-day George Washington University), because of racism by patients and students. Some noted that even American missionaries were condescending toward Asians. Their experience of racism, however, was counterbalanced by the liberality and kindness shown by other Americans they met. Most importantly, they correctly identified democratic republicanism based on individual liberty as the true source of what was admirable in America.

11. While imprisoned Rhee had also converted many inmates to Christianity, including Lee Sang-Jae.

12. Min Young-Hwan did not know that President Roosevelt had already made a secret pact with the Japanese that the United States would not interfere with Japan's control of Korea in exchange for Japan's acquiescence of the American control of the Philippines. Min committed suicide in 1905 when he could not prevent the treaty in which Japan took away the sovereignty of Korea.

13. Pieces of the pamphlet were published in the *Independent Times*. Rhee published it as a book in Los Angeles in 1910.

Korea were obviously influenced by the founding principles of the United States and Christianity.

Second transitional period (1905–1945)¹⁴

Japan was a quick student of Western imperialism and soon became imperialist in its own right. Through a combination of military aggression and diplomatic duplicity, in 1910 Japan formally annexed Korea as its first overseas colonial acquisition.¹⁵ To secure complete control of Korea, Japan ruled Korea with an iron fist and forced Mikadoism upon Koreans.¹⁶ Koreans were made second-class citizens, denied political voice and strongly discriminated against. Japanese expatriates, given preferential treatments and subsidies, came to dominate the Korean economy. The Japanese oppression drove a large number of Koreans to emigrate to Manchuria and far eastern Russia.

The brutal and discriminatory Japanese rule awakened nationalist sentiments and an aspiration for national independence among many Koreans. In March 1919 a nationwide nonviolent demonstration calling for independence met with bloody suppression.¹⁷ People were machine-gunned, bayoneted, imprisoned, and tortured. Christians were gathered inside churches and burned alive. The international community abhorred the brutality of Japanese suppression, which was reported by American missionaries, but little if anything was done. Many survivors fled the country, some to establish a provisional government in exile in China, others to

14. The purpose of this section is to trace the rise of Korean national independence movements, influenced by socialism, communism, fascism, and liberalism, in reaction to Japanese colonial rule. An anonymous referee suggests that the paper neglects positive roles Japanese colonial rule may have played in the future development of South Korea, as suggested by Kohli (1994), Kimura (1993), and Cha (2004). We think those who advance the thesis that Japanese colonialism was instrumental in the economic development since the mid-1960s are wrong; it is like arguing that a man who had been bullied by a thug has grown up because of all the bullying he received. Given the limited space, we simply refer to Haggard et al. (1997), who offer an able critique of the thesis.

15. Japan had wrested Taiwan from Qing China after the Sino-Japanese war in 1895.

16. Mikado (meaning “the royal gate” in Japanese) is an ancient designation of the Japanese emperor. Mikadoism is the cult of emperor worship in Japan. Japanese fascists feverishly promoted Mikadoism, demanding complete loyalty of subjects for national purposes whatever they are, including the subjugation of foreigners (see Kitagawa 1990). Mikadoism is like the cult of the Führer in Nazi Germany. The ferocity with which Japanese soldiers fought and the abandon with which Kamikaze pilots crashed their planes into American targets are difficult to understand unless one recognizes the similarity between the martyrdom sought by Japanese patriots, on the one hand, and the martyrdom sought by the radical Islamic terrorists, on the other.

17. The Declaration of Korean Independence was inspired by President Wilson’s principle of national self-determination announced in 1918, even though he had in mind mostly the settlement of boundaries in Eastern European after WWI.

wage various forms of militant resistance in Manchuria, China, far eastern Russia, and elsewhere. The battle for independence from the mighty Japanese empire, as it continued, took many forms. Some appealed to human decency and justice, but in the world of power politics that appeal mostly fell on deaf ears.¹⁸ Some fought alongside the Chinese (both Nationalists and Communists) against the Japanese, hoping for eventual victory over the Japanese. Some went abroad (including to Japan) to study. Those who remained in Korea had to survive under Japanese rule. Some decided to undertake education and business as a way of increasing the capability of Koreans, looking toward future independence.

The Japanese colonial government discouraged education and industry among Koreans. What schools the Japanese established in Korea were for Japanese transplants, with only limited admission for Koreans. The Japanese colonial government did its utmost to suppress education among Koreans, even when Koreans wanted to educate themselves at their own expense.¹⁹ Soon the Japanese were all but trying to obliterate the Korean culture, forbidding Korean language from schools and forcing people to adopt Japanese surnames.

Emboldened by the successful colonization of Korea and the establishment of a puppet regime in Manchuria, militarist fascists came to dominate Japanese politics. They soon launched aggressive military campaigns into China, brutalizing the people and committing atrocities, all the while insisting that Japan was only trying to defend its own interests.²⁰

After his failed mission in 1904, Syngman Rhee had remained in the United States and pursued education, getting a B.A. at George Washington, an M.A. at Harvard, and a Ph.D. in politics at Princeton in 1910, when Woodrow Wilson was the president of the university. After a brief return as a Christian missionary in colonized Korea, he returned to the United States to seek international assistance in restoring Korean independence, much of the time as the president of the Provisional Government of Korea in exile, which was located in China.

In June 1941, six months before the Japanese attack on Pearl Harbor, Rhee published a book in English, *Japan Inside Out*, warning of an impending Japanese attack on the United States. He documented the pattern of Japanese duplicity and

18. As a member of the Allies, Japan fought Germans in Asia during World War I. As victors, the Japanese were able to exert a diplomatic influence to keep her brutality in Korea invisible.

19. Soongsil University, the first privately founded university in Korea in 1907 (started with the help of American missionaries), was forced to downgrade to a college in 1925. In 1938, Soongsil closed its doors altogether instead of complying with directives to practice Mikadoism.

20. For an example of the fine art of duplicity and disinformation, see Emperor Hirohito's radio message of surrender in August 1945 containing the following passage: "We declared war on America and Britain out of Our sincere desire to ensure Japan's self-preservation and the stabilization of East Asia, it being far from Our thought either to infringe upon the sovereignty of other nations or to embark upon territorial aggrandizement."

aggression, starting with Korea, to Manchuria, then to China, a pattern surprisingly consistent with the notorious Tanaka Memorial.²¹

In addition to accurately describing the pattern of Japanese aggression and predicting the coming conflict with the United States, Rhee (1941) pointed out one of the central issues a free society faces, namely, pacifism in the face of threats from totalitarianism. In the last chapter, “Democracy vs. Totalitarianism,” he argued that individual freedom was incompatible with the totalitarianism of the day—Nazism, fascism, Mikadoism, and Communism. Unfortunately, he observed, few people in a free society were willing to fight for the freedom they enjoyed. Pacifists who argued that free people should not fight even in the face of impending threats from totalitarian regimes, in his view, were like “fifth columnists” of totalitarianism. Pacifism invited slavery under the domination of dictators. If pacifists were truly serious about peace, Rhee suggested, they should preach peace to war-mongering totalitarians such as Hitler and Japanese militarists.

Rhee was in the minority among Korean nationalists in his opposition to totalitarianism. One can see why many Koreans suffering from the Japanese brutality disliked fascism, but many Korean intellectuals, like many intellectuals elsewhere, were attracted to communism as a liberating idea and sought guidance for national liberation from the Soviet Union. Rhee thought it was a fatal mistake not to see communism as a variant of totalitarianism.²²

As Rhee predicted, Japan eventually attacked the United States and opened an all-out war in China, Southeast Asia, and elsewhere in the Pacific region. According to the Cairo Conference declaration at the end of the war, the Japanese colony Korea was to become a free and independent nation in due course. The U.S. Army, however, hastily decided to stop the advancing Russian army by dividing Korea at the 38th parallel. The Russian army was to disarm the Japanese military stationed in the northern half of Korean Peninsula, and the U.S. army was to do the same in the southern half. In place of the Japanese colonial government, Korea came to be ruled by two foreign armies, the Russian in the north and the American in the south. The fateful decision, based on military expediency, laid the ground for the two distinct forms of political structure in Korea.

21. The Tanaka Memorial is the alleged plan submitted by the Japanese Prime Minister Tanaka to the Emperor Showa in 1927, laying out a strategy for overseas conquests. Its existence became known when it was published in a Chinese newspaper in 1929. The Japanese and some historians say the document is a sophisticated hoax or forgery, but events through WWII nevertheless make it prophetic.

22. Rhee, serving as the Prime Minister/Foreign Secretary of the provisional government in exile since its inception, had to deal with communists and became highly critical of their hostility toward property, capitalists, intellectuals, religion, and nationalism. Rhee thought them loyal only to international communism, and to Moscow, its puppet master (see Rhee 1923).

Division of Korea and ideological battles (1945–1953)

Joseph Stalin established a communist state in the northern half of Korea, in a manner similar to that in the Soviet occupation of Eastern Europe. After the brutality of the occupying Russian Army, Korean communists tried to force communism on people and began to harass landlords, businessmen, non-communist intellectuals, and the religious. An anti-communist uprising in Shin-Ui-Joo in November 1945, the first in the Soviet-occupied territories after WWII, was brutally suppressed. In March 1946, all farmlands in the Soviet-occupied North were confiscated and redistributed to erstwhile landless peasants and tenant farmers. In 1948, the Soviet Union established a communist government in the North, installing Kim Il-Sung as the ruler. During this period about 1.8 million people (mostly landlords, businessmen, intellectuals, and Christians) managed to migrate to the south.

The U.S. military government in the South tried to establish a non-communist state, but the process was not easy. Having lived under an oppressive colonial overlord for thirty-five years, many people were perhaps not even sure what human dignity and freedom were. There were also many Korean communists from the days of Japanese colonialism. Some went to the North to join the communist state.²³ Others remained in the South and tried to establish a communist state there.²⁴ They organized nationwide labor strikes, armed revolts, and had violent clashes with the police and anti-communist organizations.

The American military government ended up backing Syngman Rhee as the future leader of the South., a choice consistent with the Truman Doctrine of containing the spread of communism. Rhee presided over the constitutional convention of South Korea. The Constitution declared that South Korea was a republic, in which the political power resides with people, who are free and equal under the law. Subsequently, the 73-year-old Rhee was in 1948 elected the first president of the Republic of Korea. Three years after the liberation of Korea from Japan, therefore, two different governments were established in Korea: the North as a communist state and the South as a liberal democracy. In the South the new

23. For example, the Marxist economist Baek Nam-Woon migrated to the North in 1948, after intense political activities in the South.

24. According to a poll conducted by the U.S. military government, a majority of Koreans preferred socialism to either capitalism or communism (*Dong-A-Il-Bo*, August 13, 1946; see Moon 2015, 182 n.11). We thank an anonymous referee for this reference.

government had to face communist armed rebellions. These were put down, but there remained a substantial number of communists in South Korea.²⁵

Soviet-backed North Korea—believing that South Korea could be easily taken over with the help of the communists there—invaded the South in June 1950. Within two months, the unprepared South was indeed easily overrun by the North Korean army, and the South Korean government was driven into a small southeastern corner. In the areas now occupied by North Korean forces, local communists often eagerly helped the North Korean Army to control the area, harassing and killing many ‘enemies of the revolution.’ However, the last-minute decision by the U.S. to enter the war resulted in the North Korean army being driven back, nearly to the Chinese border. However, Chinese intervention on the side of the North, with deployment of its massive army, drew the war to a stalemate near the line of initial division of Korea within a year of the outbreak of the war.

The Korean War involved some 2.5 million soldiers from 20 nations in combat, plus 18 nations involved in other capacities. Because the back-and-forth ground battles covered almost the entire Korean Peninsula, with intensive aerial bombing, there was massive property damage and great loss of life. The death toll among combatants was 600,000 to 900,000, along with over 2 million civilian deaths and about 1.2 million wounded. South Korea ended up with some 200,000 widows and 100,000 orphans, along with about a million refugees from the North, in addition to about 1.8 million refugees before the War. The total population of South Korea at the time was less than 20 million.

After another two years of protracted trench warfare, an armistice was signed in 1953 and the division of Korea acquired a sense of permanence. North Korea became a belligerent communist country, daily professing her desire to take over the South. South Korea became an outpost of the Cold War, with strong anti-communist laws (Park 2007, 108). The Korean Peninsula became highly militarized, with combined standing armies of about 1.6 million strong facing each other across the 2.5-mile-wide and 160-mile-long Demilitarized Zone (DMZ).

What has happened since in North Korea is a sad story. Kim Il-Sung became the unchallenged leader of North Korea by purging his rivals from the South and communist expatriates from China and Russia. Taking the credit for the successful reconstruction of North Korea (downplaying the substantial help from Chinese, Russians, and East Europeans), Kim Il-Sung began to build a totalitarian state

25. There is a parallel between the communists’ activities in South Korea in the late 1940s and those of Viet Cong in South Vietnam in the late 1950s. Both South Korean communists and Viet Cong (South Vietnamese communists) were trying to undermine the government and reunite their respective countries under communism. Had Rhee’s government not succeeded in suppressing communists and in carrying out a successful land reform in 1948 to create a class of farmers willing to defend their possession of land, the fate of South Korea probably would have been like that of Vietnam.

based on a caste system, anchored on a cult of hero worship of himself.²⁶ The North Korean population was controlled through constant surveillance, brainwashing, and punishment, including torture, banishment to a concentration camp, or death by a firing squad. Freedom was obliterated, and only the visibly sincerest devotions to the ruler would ensure survival. With the ambition of conquering the South by force, Kim devoted substantial resources to the outsized military and the armament industry. The standard of living for the rest of population steadily declined to the point of forcing people to eat only two meals a day by the early 1980s.

After the dissolution of Soviet Union and the fall of communism in Eastern Europe, the North Korean economy collapsed completely. Hundreds of thousands of people died of starvation in the 1990s, and millions more suffer today from chronic malnutrition. The countryside came to be filled with orphan-beggars scavenging dumpsters and foraging the mountains. More than half a million desperate people crossed the Chinese border at the risk of being shot by the border guards, arrested and tortured, or captured by Chinese human traffickers.²⁷ Today, nearly everyone in North Korea lives in constant fear of being branded disloyal and suffering grave consequences, and North Korea is one of the poorest countries in the world.

The developmental state (1953–1987)

The 1953 armistice was only a temporary ceasefire. South Korea was still being threatened by the hostile enemy in the north. President Rhee, who was an anti-communist to begin with, adopted strong national security laws aimed at the elimination of communist support in South Korea.

Known communists who refused to renounce communism were imprisoned. Anyone suspected of communist sympathy, including the family members of known communists, were put under surveillance and their civil rights were severely curtailed, including banning them from government employment and

26. Kim Il-Sung became, in all but name, king, his immediate family members, the royalty, and his loyal comrades and their family members, barons, or the “Special” caste. They constitute the ruling inner circle of North Korea. The kingship has in due course become hereditary. The rest of the population is divided into three hereditary castes, based on their perceived degree of loyalty to Kim Il-Sung—“Core,” “Wavering,” and “Hostile.” Inmates in concentration camps undergird the caste system. The caste system thus created is an amalgam of the Marxist-Leninist conception of the capitalist class structure and a feudal conception of the heredity of one’s social station by bloodlines (see Choi 2015).

27. Some twenty thousand North Korean refugees managed to escape to South Korea, via China, Vietnam, Mongolia, and Russia (see Choi 2015).

overseas travel. One may be tempted to liken the heightened anti-communism to that of McCarthyism in the United States, except that Korea's experience reflected the fresh memory of fighting an intensive war against the communist North, with millions of casualties, the memories of the atrocities committed against their families by communists, and the bitter memories of persecution and expropriation for millions of refugees from the North. The communist threat was much more real.

At the end of the war the surviving South Koreans found themselves among ruins. Cities were teeming with beggars, mostly crippled soldiers or orphans. Many of the hundreds of thousands of refugees from the North built shacks anywhere they could and became squatters. The shortage of food was severe. A major famine was averted only with massive U.S. aid. The U.S. aid also included equipping the army, training of manpower, and higher education, sometimes by providing visits to American universities. South Korean dependence on government-to-government assistance from the United States in the 1950s was extreme.

While South Korea was rebuilding slowly, one of the important tasks of the government became the distribution of resources transferred from the United States. The government soon began to take further charge of the economy. To maximize the real value of imports, the exchange rate was kept artificially high. To keep the balance of trade in check, the government imposed severe restrictions on imports with a tight foreign exchange control, and it encouraged import substitution. Foreign aid and statist domestic policies made a perfect breeding ground for rent-seeking and cronyism.

Complaints of corruption and demands for cleaner government became perennial among South Koreans. Most believed that only if more honest political leaders came to power, the situation would become better; few realized that the economic policies themselves necessarily invited corruption. In the late 1950s there was still no sign of South Korea becoming less dependent on U.S. aid; by contrast, North Korea claimed itself to be a model of Soviet-style economic development and declared an ambition to liberate the poverty-stricken South.²⁸ Eventually the U.S. government began to cut back on aid.

The combination of dwindling resources, complaints of widespread corruption, and the discovery of election irregularities led to nationwide student protests, and in 1960 to the toppling of President Rhee's government. The democratically elected government subsequently became paralyzed, beset by protests from various interest groups and ideologues. In 1961, General Park Chung-Hee seized

28. The estimated per capita GDP of South Korea in 1960 was roughly one-twentieth of that of the United States. North Koreans continued to escalate military actions along the DMZ, as well as commando actions through the sea throughout 1960s, taking advantage of the U.S. predicament in the quagmire of Vietnam.

power in a coup d'état, aiming to get rid of the widespread corruption and poverty. He imposed martial law, arrested corrupt government officials and businessmen, and revised the Constitution. General Park became President Park through an election in 1963.

After a period of trial and error in economic policy, Park became a firm believer in export-led growth. The Korea economy began to grow at a rapid rate. There have been debates over whether the export-led growth policy of Korea is an example of successful dirigisme. Certainly, President Park did much to promote exports—and he did his best to suppress organized labor strikes. But against the backdrop of the then existing regulations inherited from the past, much of Park's measures to promote export can be seen as selectively lifting restrictions on trade.

The life of a nation is more than just earning foreign exchanges through export. Preservation of peace from external and internal enemies is a paramount concern of a nation. The international geopolitical situation in the 1960s was the expansion of communism and the U.S. attempt to contain it.²⁹ After the mid-1960s, emboldened by the success of the communists in Vietnam and sensing Americans' weakened will to fight, North Korea escalated military provocations. They included the capture of the USS Pueblo near the North Korean territorial water and in 1968 the sending of a commando unit to kill President Park, which almost reached the presidential residence. North Korean provocations continued through the 1970s, including the murder of the First Lady by a communist assassin (he had aimed at President Park and missed) and the killing of two U.S. Army officers by axe-wielding North Korean guards in Pan-Moon-Jom.

Unsure whether the United States was committed to help South Korea, Park became gravely concerned about the national security. He saw the reasons for the demise of South Vietnam as being its penetration by communists and a lack of leadership to combat it. He assumed that he should be the one to provide the leadership to change South Korea—and to that end, in fall of 1972 he imposed the *Yushin* constitution, which effectively ended many democratic practices. To affirm anti-communism, he organized the countryside through the “New Village Movement” and announced the “National Creed” (“국민교육헌장”) as the national ideology.³⁰ Park pursued an industrial policy to promote industries deemed necessary for the production of armaments (such as steel, machines, and chemicals) in preparation for the day when South Korea would be unable to obtain weapons from the United States.

29. South Korea sent combat forces to Vietnam in the late 1960s, with an understanding that the U.S. forces stationed in South Korea would be maintained and certain quid pro quo for South Korea.

30. All schoolchildren, government officials, and soldiers were required to memorize the creed ([link](#)).

Park's industrial promotion may have laid some important bases for later development in steel production, machine making, shipbuilding, and chemicals industries. But in the late 1970s, over-investment in these strategic industries and the resulting crushing debt burdens, amid the worldwide economic downturn, resulted in widespread protests against the *Yushin* constitution and Park's rule of almost two decades. In December 1979 Park was assassinated, by the chief of the Korean Central Intelligence Agency (KCIA).

General Chun Doo-Hwan, chief of the army intelligence, led the investigation into Park's assassination, gained the control of the army, and took steps to seize power. Anti-authoritarian student demonstrations erupted, culminating in an armed revolt in Kwang-Ju during May 1980. It was put down after a bloody confrontation. General Chun became the president in September 1980. Chun ruled with an iron fist, dealing sternly with challengers from the entrenched political-business nexus, political opposition, and the street.

Anti-authoritarian movements went underground and steadily spread, encompassing not only democrats and human rights advocates, but also religionists, unionists, farmers, progressives, socialists, and even pro-North Korean agents. It became increasingly popular, through the 1980s, among college students to study in secret the banned Marxist literature. Quite a few went to Japan to study *Kozza-ha*, the Japanese variant of Marxism. Quasi-Marxist ideas such as liberation theology and dependency theory became vogue among the youth.

While President Chun was merciless toward anyone who might challenge his authority, his rule was marked by many liberalizing reforms, such as lifting the decades-long midnight curfew and overseas travel restrictions. The most notable reforms were economic. Chun's administration inherited severe economic dislocations from President Park's excessive investment in strategic industries and the attendant unserviceable debt to foreign creditors. Knowing that he was rather unpopular politically, Chun wanted to focus his energy on improving the economy. Confessing ignorance in economic matters, he hired as his chief economic advisor Kim Jae-Ik, a career bureaucrat trained in economics. Through Kim, President Chun came to appreciate the merit of liberalizing the economy through such measures as letting the market determine the interest rate and exchange rate and lowering tariffs. Helped by favorable international economic conditions, the South Korean economy boomed, growing at a brisk rate.

Kim Jae-Ik was one of few free-market economists in Korea at the time, says Kim Jin-Hyun (2008). In October 1983, Kim Jae-Ik, along with more than a dozen South Korean cabinet members and high-ranking officials accompanying President Chun in a state visit to Burma, was killed in a bomb explosion. The bombing was ordered by Kim Jong-Il, the son of the North Korean ruler Kim Il-Sung, to assassinate President Chun—but Chun escaped death because his arrival

had been unexpectedly delayed by 30 minutes. It was a troubled time. Only a month before, the Soviet Union had shot down the Korean Airline Boeing 747 as it strayed into Russian airspace, killing all 269 passengers and crew aboard.

South Korea is often touted as an example of successful economic development combined with a transition to democracy. Before we discuss its 1980s movement to democracy in the next section, we should address its economic development, which is much debated. There is no doubt that, from abject poverty, the Korean economy was transformed in about twenty years, beginning in the early 1960s. What is disputed is the reason why.

At one pole, some at the World Bank have argued that South Korea developed because its development policies were in conformance with market forces; at the other pole, it is argued that South Korea developed because of its industrial policies (see Amsden 1992; Chang 2002; Jwa and Yoon 2011). We believe that neither of these extreme views can well explain the uneven process of Korean economic development. For example, Jungho Yoo (2011) argues that the main reason for South Korean development was the access to the vast world market through export, but the export boom started unintentionally, through devaluations, before the government deliberately began to promote exports. The South Korean government in the mid-1960s recognized the benefit of export earnings, and it tried to provide additional incentives to encourage exports.³¹

The additional incentives had two aspects. One was to undo or neutralize the distortions inherited from the past, which had the net effect of neutralizing some of the existing distortions. The other was to provide extra incentives for select industries or businesses to achieve targets set by the government, which has led to misallocation of resources, cronyism, and corruption. The second aspect became more transparent in the late 1970s when the growth rate declined substantially as a result of promoting heavy and chemical industries. Also, it should be noted that by allocating credit to those industries, the government ended up suppressing light industries.

One cannot but compare the development trajectories of South Korea, which deliberately promoted heavy industry, and of Taiwan, which did not. Taiwan's economic development does not compare unfavorably to that of South Korea. All Asian countries that did not hinder exports and that removed institutional barriers against exports enjoyed a high rate of growth, whether or not they promoted industrial policies. In the late 1970s, as it was deliberately promoting certain industries at the expense of others, South Korea actually fared less well than other Asian countries. In addition, the tradition of cronyism became a basis for social discord that was to adversely impact the transition to democracy.

31. Choi (1994) argues that the ruling party acted as if they were residual claimants.

Transition to democracy (1988–present)

In 1985 President Chun lifted restrictions on politicians—some had been under house arrest—permitting them to organize political parties for the scheduled election of the legislature. He intended the election to meet the popular demand for democratization, while retaining the control of the legislature through machination, in preparation for handing over the rein of the government to his chosen successor. However, President Chun and his advisors had grossly underestimated the popular demand for democracy and a regime change—the opposition parties took nearly half the seats of the legislature. The pro-democratic movement grew stronger and became more violent with the passage of time, demanding a direct election of the next president.³²

In June 1987, as the political situation seemed to be getting out of control, Roh Tae-Woo, a former general and the designated successor of President Chun, made a surprising announcement that he would agree to a revision of the constitution to allow a direct presidential election. President Chun did not insist on an orchestrated transfer of power to insure his safety; instead, he acquiesced to Roh's willingness to take a chance in election. It looked as if Roh simply yielded to the mounting popular pressure and, given the unpopularity of the ruling party, he would surely lose the election. However, Roh ended up winning the election, with only a third of the votes, because opposition factions could not agree to field a unified candidate and ended up splitting their votes three ways.³³ This was how South Korea managed a peaceful transition to democracy.

The South Korean transition to democracy has been successful thus far. Since President Chun stuck to his agreement to serve only one term (seven years in his case) in 1987, six Presidents have served the constitutionally limited five-year single term and yielded power to democratically elected successors. By 2015, per capita GDP (nominal) reached \$28,338. South Korea is not yet ranked among the rich countries, but she has come a long way, from abject poverty as late as the early 1960s, and from a dictatorship as late as the mid-1980s to a full-blown democracy.

The decade following the advent of democracy in South Korea was eventful. In November 1987, the Korean Air Flight 858 blew up over the Indian Ocean, killing all 119 on board. Kim Jong-Il of North Korea orchestrated the terrorist act in a failed attempt to disrupt the 1988 Summer Olympics, which were hosted in

32. At the time, the President was to be elected indirectly by the Electoral College.

33. The opposition votes went to 'the three Kims': Kim Young-Sam, Kim Dae-Jung, and Kim Jong-Pil. The first two Kims subsequently became Presidents in succession.

Seoul. The Games allowed South Korea to showcase its economic development to the world, especially to the socialist countries as they were falling apart.³⁴ In 1991, South Korea, along with North Korea, was admitted as a member of the UN.³⁵ In the early 1990s South Korea normalized relationships with Russia and China. The economy grew briskly through the mid-1990s, and in 1996 South Korea became a member of the OECD.

In 1997 South Korea was embroiled in the financial crisis that swept through Asia and had to seek a bailout from international financial institutions such as the IMF and World Bank.³⁶ After some painful adjustments the South Korean economy roared back, and the international loans (some \$30 billion in U.S. dollars) were paid off ahead of the schedule. In 2002, South Korea co-hosted the World Cup with Japan. Also, a number of reforms have been adopted to reduce the possibility of a military coup,³⁷ as well as financial transparency, in part to root out corruption.

Significant changes in politics also have taken place since the transition to democracy. The left has emerged from underground and has come to dominate South Korean politics, as evidenced by the back-to-back elections of Presidents Kim Dae-Jung (1998–2002) and Roh Moo-Hyun (2003–2007). National security laws have been emaciated in the name of protecting human rights, to the point where several pro-North Korean activists and their sympathizers have been elected lawmakers. Since 2005 several motions in the legislature to condemn the human rights violations in North Korea have been blocked by pro-North lawmakers.³⁸

In the name of protecting freedom of speech, all manner of disorderly and violent demonstrations and illegal occupations of public spaces have been tolerated. Leftists have staged a number of nationwide anti-American rallies, demanding the withdrawal of the U.S. forces stationed in South Korea.³⁹ In the name of

34. Not to be outdone by South Korea, Kim Jong-Il and Pyongyang hosted at great cost the World Festival of Youth and Students, a socialist counterpart of Olympics, in 1989. The financial help pledged by other socialist countries did not come through because they were themselves falling apart; in fact, socialism was collapsing. It goes without saying that the extravagance further ruined the finance of an already bankrupt North Korea (see Choi 2015).

35. The South Korean diplomat Ban Ki-Moon has served as the Secretary General of the UN since 2007.

36. It was a result of the combination of decades-long cronyism and the hasty liberalization of the financial sector to meet the requirements of joining the OECD (see Choi 2000).

37. One of the most important was disbanding of the Ha-Na-Hoe, a powerful and not-so-secret club of army officers. Chun Doo-Hwan and Roh Tae-Woo were members of the club when Chun seized power.

38. In 2013 the UN established a commission to investigate North Korean human rights violations. The following year the commission filed its report, charging North Korea with crimes against humanity (United Nations Human Rights Council 2014).

39. Occasions used for anti-American rallies include the 2002 rallies protesting the death of two school girls by the U.S. Army tank in a traffic accident and the unfair legal status of the U.S. forces stationed in Korea and 2008 rallies against U.S. imported beef on the suspicion of 'mad cow disease.'

preventing the collapse of the North Korean regime, and avoiding the astronomical costs of re-unification by absorption in the style of the German re-unification of 1990, South Korea under Kim Dae-Jung and Roh Moo-Hyun transferred a massive amount of cash and food aid to North Korea, this despite the North's belligerence and continued development of nuclear weapons.⁴⁰

Also significant has been the domination of the left in the media and the schools, especially K–12. Major textbooks in social sciences in high schools are completely silent on the nature of market competition and the value of freedom (Kim 2015). Instead, the textbooks promote progressive and socialist values—that inequality is socially unjust, that the rich got rich at the expense of the poor, that businesses practice unfair and shady tactics to get rich, that the pursuit of income is unethical, that globalization is an imperialist tactic to dominate and exploit the weak and poor, that individualism is bad, that collectivism is good, that competition is cutthroat and excessive, and that government should redress all sorts of 'social injustices.'

The transition to democracy was based on the constitutional revision of 1987, containing the provision for the direct election of the president.⁴¹ But what passed with little notice in the midst of political hoopla was the constitutional provision for "economic democracy," at the insistence of the opposition parties, to which the ruling party acquiesced. This constitutional provision for "economic democracy"—Article 119, Section 2—provides the basis for the discretionary power of government to intervene in the economy for so-called balanced growth, equitable distribution, and fair competition. Section 2 (which contradicts Section 1 on matters of economic freedom) was to become a Pandora's box, to the delight of the subsequent democratically elected governments.⁴²

In some ways, the democratically elected governments have continued the process of liberalization started under President Chun, especially in the area of international trade. For example, the proliferation of 'free trade agreements' also

40. Hwang Jang-Yop (2010), a high-ranking defector from North Korea, asserts that if not for the massive aid from South Korea, the North Korean regime would have collapsed in the late 1990s.

41. Nine revisions of the constitution since the Inaugural Constitution of 1948 represent a lack of political consensus in South Korea, where political actors have been all too willing to rewrite the constitution for their convenience.

42. Article 119 of the Ninth Constitution of 1987 consists of the following: (1) The economic order of the Republic of Korea shall be based on the respect for the freedom and creativity of individuals and businesses; (2) The state can regulate and adjust the economy to promote the balanced growth and stability of the national economy, to maintain a proper distribution of income, to prevent monopolization of the market and abuses of economic power, and to promote economic democracy through harmonizing the interests of economic actors (authors' translation). Section 1 was a carryover from previous constitutions. Section 2 greatly expanded on previous constitutions' concerns for economic stability and market monopolization, and it clearly contradicts Section 1.

appears to indicate increasing liberalization of the economy.⁴³ Additional liberalizing reforms were made in the aftermath of the 1997 financial crisis, to meet the conditions for World Bank bailouts.

But on the whole, government regulation of the economy has become more intrusive and pervasive, in pursuance of so-called economic democracy, social justice, and so on. There has been a marked increase in government-provided benefits to all sorts of groups. One example is the Economic and Social Development Commission established in the aftermath of the financial crisis of 1997 as a presidential advisory body. Its Korean title more clearly reveals the corporatist nature of the commission: we translate it as “Labor-Business-Government Committee on Economic and Social Development.” Another example is the quasi-private Commission for Balanced Growth, founded in 2010 to insure “harmony and parity” among large, small, and medium firms.

The successive democratically elected governments have not only expanded welfare provisions that were introduced earlier, such as health insurance and income guarantees, but also created many new programs. For example, since 1988 the South Korean government has provided substantial funding to various civic groups.⁴⁴ In the 2000s, most municipalities have begun offering free meals in schools through the 6th grade, in some cases through the 9th grade. Since 2013 the government has paid subsidies for raising pre-school children whether or not they are sent to daycare or kindergarten.⁴⁵ These are just a few examples of the growing governmentalization of social affairs.

The power of the South Korean presidency is almost kingly. Since the transition to democracy, the legislature is supposed to counterbalance the powerful presidency to help preserve freedom. But popularity-seeking lawmakers seem to have something else in mind, passing at a torrential rate all manner of laws to promote their own interests, dispensing handouts for political expediency, or granting privileges to favored groups. Onerous burdens and arbitrary restrictions have been imposed on certain targeted groups, especially *jae-bol*—big businesses.⁴⁶

43. South Korea has ‘free trade agreements’ with the U.S., the European Union, Canada, China, Vietnam, and New Zealand, among others.

44. Civic groups are mostly left-leaning activist organizations and lobbyists. It goes without saying that a lion’s share of government funding has gone to the leftist groups.

45. The subsidy for daycare costs was initially meant to assist working mothers, but most non-working mothers insisted on equal treatment and got comparable benefits. In nationwide demonstrations during 2011, college students demanded that their tuition be cut in half. They seemingly did not care whether the tuition cut would be made up by government subsidy, or if colleges and universities simply would be forced to cut tuition.

46. It is unfortunate that big businesses in Korea, so used to cronyism, are dispensing large sums of money to various anti-business activist groups. Now, in an unrestrained democracy, such pressure groups wield great power. The practice is nothing short of bribery. In the short run, businesses buy respite from the

In all these, of course, the lawmakers who wield the arbitrary power of government never fail to recite the mantra of fairness and economic democracy. The relatively high level of corruption in South Korea shows that there is much room for abuse.⁴⁷ Also, indiscriminate redistribution schemes and over-regulation of the economy have resulted in slow growth and high unemployment, especially among the young.⁴⁸

Liberalism taking root

The gradual realization in the 1980s and 1990s that democracy is not the panacea that many leftists thought it would be has created a yearning for a more secure freedom from the arbitrary rule of government, whether or not democratic.

That realization had been a worldwide phenomenon. In 1979 Margaret Thatcher became the prime minister of the United Kingdom on the promise of curing the ‘sick man of Europe’ by liberalization and privatization. In 1981 Ronald Reagan became the president of the United States on the promise of rolling back the state.⁴⁹ The trend culminated in the dissolution of the Soviet Union and its self-proclaimed socialist utopia in 1991. But any realizations concerning the excesses of government’s role in social affairs came belatedly in South Korea, because the primary concern there before 1988 had been getting rid of authoritarianism.⁵⁰ Only after the transition to democracy did South Koreans begin to sense the oppressive nature of the collectivist state in various guises and realize that the ‘anti-authoritarian movement’ contained many disparate and contradictory strands.

The period of the 1980s and the 1990s in Korea was marked by raging ideological battles, with progressives and socialists pitted against conservatives and liberals.⁵¹ The former, riding on the triumphal wave of democratization, tended to be hostile to market forces; they advocated greater state intervention in the economy, in the name of social justice. In the latter coalition, the conservatives were generally pro-business—and, often, in favor of government intervention on

social gadflies. But as the ancient Chinese thinker Han Feitzu said, it is like trying to chase away flies with a piece of meat; over time, there will be more flies (Choi 1989).

47. Even though many South Koreans feel that things are much better than before, the 2014 Corruption Perceptions Index from Transparency International places South Korea only 43rd out of 176 countries ([link](#)).

48. The result is the lowest birth rate among the OECD nations at 1.19 children per woman.

49. Stockman (2013) argues that the promise to roll back the state was not kept.

50. Most active anti-authoritarians curiously overlooked the despotism just across the DMZ.

51. In the Korean context, a liberal is person who is opposed to the expansive governmentalization of social affairs, including communism and progressivism. Liberalism in Korea is not confused with the “American liberalism,” because the latter is properly called Progressivism.

behalf of business. Most conservatives did not distinguish between being pro-business and being pro-market; very few saw that the two were not the same.

One of the very few was Kim Jin-Hyun, who was appointed the leader of the newly founded Korean Economic Research Institute (KERI). KERI was launched by the powerful Federation of Korean Industries (FKI) as an affiliate organization in 1981.⁵² Kim faced opposition from FKI when he showed interest in promoting the idea of a free-market economy, because most members of the FKI—captains of industry—did not care at all for free markets. For them cronyism (or mercantilism) was the norm.⁵³ But, Kim persisted. He managed to publish in 1984 his own translation of *Anti-Capitalist Mentality* by Ludwig von Mises.⁵⁴ Subsequently, in the late 1980s and the early 1990s, he commissioned translations of *Liberalism* by Mises, *Competition and Entrepreneurship* by Israel Kirzner, and *The Economics and the Ethics of Constitutional Order* by James Buchanan, among other books.

Kim Jin-Hyun's project of translating works by free-market thinkers had the effect of introducing liberalism to a few Korean economists who would not otherwise have become familiar with it. One of them was a researcher at KERI, Gong Byung-Ho. In 1997 Gong managed to establish the Center for Free Enterprise (CFE) as an entity separate from the Korean Economic Research Institute (KERI).⁵⁵ Though it was a small operation, the energetic and enterprising Gong expanded the efforts at translation, in few years many important works of liberalism had been published in Korean, from authors including Friedrich Hayek, Frederic Bastiat, Ayn Rand, Milton Friedman, Thomas Sowell, Henry Hazlitt, Bruno Leoni, Murray Rothbard, and Richard Epstein. The translators, such as Gong Byung-Ho, Ahn Jae-Wook, Min Kyung-Gook, Kim Chung-Ho, Kang Gi-Choon, Lee Sang-Ho, Kim Yi-Sok, and Yoon Yong-Joon, along with the CFE's own economists Choi Seung-No and Kwon Hyuk-Chul, constituted the bulk of a

52. KERI's first President was Chung Ju-Young, the founder of Hyundai, and its first vice-president was the economist Shin Tae-Hwan.

53. In the early 1980s Kim Jin-Hyun became interested in the ideas of the compatibility between a free-market economy and morality espoused by Michael Novak of the American Enterprise Institute and invited Novak to Korea (see Kim 2008).

54. Kim (2008) recounts how the publication needed the blessing of Kim Jae-Ik, then the Chief Economic Secretary to President Chun.

55. The establishment of the CFE as an independent entity would not have been possible without the help of Son Byung-Doo, the vice-president of KERI in 1996 and the vice-chairman of FKI in 1997, and the blessing of the then-chairman of FKI, Choi Jong-Hyun of the SK Group. Choi studied economics at the University of Chicago and was greatly interested in free markets (see Kim 2007; Bok 2013, 70).

still small number of free-market economists in Korea.⁵⁶ The project provided an important opportunity for the liberal economists to associate.

The significance of the CFE's translation project in recruiting and training free-market economists can only be appreciated in light of the development and composition of the economics profession in Korea, which by and large follows the neoclassical synthesis prevalent in the United States. The Korean Economic Association (KEA) was founded in 1952 during the Korean War by some 30 economists.⁵⁷ In the 1950s the massive U.S. aid after the Korean War allowed a few Japan-trained economists (both in academia and in government) a chance to visit American universities and get some retooling. In 1960s a few South Koreans began to study economics in the U.S. and to earn doctorates from American universities. With the rapidly developing South Korean economy in the late 1960s and 1970s, economists came to be valued highly as consultants on policy and as communicators, both with international organizations and the populace at home. The growing demand for economists in academia and in government was met by an increasing number of Koreans studying abroad, mostly in the United States but also in Germany and Japan.⁵⁸

By the early 1990s economists with Ph.D.s from American universities came to constitute the majority of almost 1,900 members of the KEA (see Choi 1996). The race for better credentials was a big factor in seeking a degree from overseas, especially the United States. Reflecting the source of the members' training, the Korean economics profession became a clone of that of the United States, which is by and large dominated by the neoclassical synthesis. Given the pervasive involvement of government in all areas of society in Korea, the majority of economists, regardless of their training, tend to become pragmatic, workaday economists, whether they are in academia or in government.

That is why a free-market thinker such as Kim Jin-Hyun was rare in the early 1980s. Perhaps it helped that Kim was not a professional economist (though his fellow liberal thinker Kim Jae-Ik was, with a Ph.D. from Stanford University).⁵⁹ But his efforts to make known the merit of free-market economics bore fruit by influencing Gong Byung-Ho, the eventual founder of the CFE, and in the subsequent growth in the number of people interested in liberalism in Korea. There

56. Translators from other disciplines include Joh Young-Il, Shin Joong-Sup, Park Hyo-Jong, and others. The CFE also commissioned numerous books oriented toward liberalism by Korean authors.

57. The founding members were non-Marxist economists trained in Japan during the colonial period. Shin Tae-Hwan, who studied economics at the Tokyo College of Commerce (present day Hitotsubashi University), became the first President (see Shin 1983).

58. Later, Korean universities began to produce Ph.D.s, but these tended to be valued less than a foreign degree. A Ph.D. from an elite American university carried the most prestige.

59. Kim Jin-Hyun's undergraduate training was in politics and diplomacy.

is no question that CFE drew much inspiration from liberal think tanks and institutes overseas, especially the Institute of Economic Affairs, the Cato Institute, the Heritage Foundation, the Center for Study of Public Choice, and the Ludwig von Mises Institute.

Even those rare souls who had independently discovered the virtues of liberal economic policies must have been encouraged by the growing number of free-market economists associated with the CFE.⁶⁰ These independent thinkers include the novelist Bok Geo-Il, who started to advocate openly a free-market economy in the early 1980s, and Min Kyung-Gook, a graduate of Freiburg University and the foremost Korean evangelist for Hayek's work since the early 1990s. Today, Bok and Min have become leading members of the growing network of liberal thinkers in Korea, regularly contributing to popular newspapers and making TV appearances.

The growing confidence of Korean liberals is expressed in a collection of intellectual biographies, *Why I Became A Liberal* (Bok 2013). Twenty-one Korean liberals describe in that volume why and how they became liberal. The majority of contributors are economists with an advanced degree from abroad;⁶¹ the rest include a philosopher, a political scientist, a novelist, etc., who are nevertheless familiar with economics. Their initiation into liberalism was varied, including life experience, research, books, professors, colleagues, and even fathers-in-law. Their critical inspirations were invariably classical liberals of the West. They cited as their major influences the following thinkers: Mises, Hayek, Friedman, Buchanan, Kirzner, Rothbard, Adam Smith, Walter Eucken, Karl Popper, Ronald Coase, Gordon Tullock, Douglass North, Mancur Olson, Gary Becker, Armen Alchian, Samuel Brittan, Randall Holcombe, and so on. Most often cited are Mises, Hayek, Friedman, and Buchanan. Some of the twenty-one Korean liberals, however, testify that they drew much of their inspiration for liberalism from other Korean liberals, such as Lee Yong-Wook (cited by Kim I-Sok), Gong Byung-Ho (cited by Kim Chung-Ho, Shin Joong-Sup, Ahn Jae-Wook, and Choi Seung-No), Min Kyung-Gook (cited by Ahn Jae-Wook), and Lee Seung-Chul (cited by Kim Jung-Ho). This is an indication that Korean liberals have gone beyond the stage of merely importing Western ideas. Liberalism has begun to take root in Korea.

60. Kim I-Sok was introduced to Mises and Hayek by a professor at Young-Nam University, Lee Yong-Wook, in the mid-1980s. Professor Lee had earned his Ph.D. from Seoul National University for his research on Piero Sraffa (Bok 2013, 175–176).

61. Not all of the contributors state where they studied when they were introduced to liberalism, but it is interesting to note, in this relatively small sample, that two of them studied at the University of Freiburg, two at George Mason University, two at Ohio State University (where the faculty carried on the free-market tradition of the University of Chicago), and one at New York University (under Israel Kirzner and Mario Rizzo).

The deepening Korean roots of liberalism are even more clearly seen in a recently published book, *Thirty-Three Books That Awakened Me* (Song and Bok 2014). In that book, thirty-three Korean liberals each cite one book that was most important for them personally. Among the books mentioned are: *The Fatal Conceit* and *The Road to Serfdom* by Hayek; *The Law* by Frederic Bastiat; *Free to Choose* and *Capitalism and Freedom* by Friedman; *The Anti-Capitalist Mentality* by Mises; *Economics in One Lesson* by Hazlitt; *Competition and Entrepreneurship* by Kirzner; *The Open Society and Its Enemies* by Popper; and *Property and Freedom* by Richard Pipes. But there is a significant presence of books by Korean liberals (all written in Korean), including: *The Story of Korea* by Lee Young-Hoon (2007); *Nation Building and Enriching the Nation* by Kim Young-II (2004); *The Shadow of China on the Korean Peninsula, The Evolution of the Market*, and *Why I Became A Liberal*, all by Bok Geo-II (2009; 2012; 2013, ed.); *Answer! Liberalism* by Ahn Jae-Wook (2013); *Hayek, A Road to Freedom* by Min Kyung-Gook (2007); *The Miracle Called Individual* by Park Sung-Hyun (2011); *I Sell My Daughter for 100 Won* by Jang Jin-Sung (2008), a poet who defected from North Korea; and *Everyday Economics* by Kim Young-Yong (2009).

An important development in the late 1990s, when South Korea seemed to have been swept away by social democrats and socialists, was the creation of the Korean Hayek Society in 1999 by Min Kyung-Gook and other admirers of Hayek. Its goal was to sustain scholarly exchanges on liberalism. The founding members of the society constituted the bulk of CFE translators and contributing authors. The society holds a monthly seminar and posts online member writings on various issues.

After the initial flurry of translating and commissioning Korean authors to write on relevant topics, the CFE decided in the early 2000s to shift its focus to educating the public.⁶² One example is offering a course on the market economy at college campuses. Initially, even free-market economists were skeptical about the prospect of such a course at colleges, given the widespread anti-liberal sentiments among the youth in South Korea. They were pleasantly surprised, however, when the first of such courses bravely offered by Professor Chun Sam-Hyun of Soongsil University had all 230 seats filled within 30 minutes of opening for registration. The enrollment in the program steadily increased to some 3,000 students per semester by spring 2007 (Kim 2007, 293). Another success is a continuing education program called Open Society Academy. When the CFE faced financial difficulties and could not continue the program in fall 2006, the alumni of the academy contributed funds to continue the program. Under the current leadership of Hyun Jin-Kwon (since 2014), CFE has redoubled its efforts for popular education through publications, lectures, seminars, and various events. The continued success of the CFE

62. Gong Byung-Ho left CFE in 2000 to strike out on his own venture.

education programs has led to the founding in 2013 of Freedom Factory, a for-profit corporation that offers courses on subjects such as the history of entrepreneurship in Korea. Freedom Factory's founder is Kim Jung-Ho, a former president of CFE (2003–2012).⁶³

It seems to us that liberals in South Korea have not only become more self-confident, but they may have reached a critical mass.

References

- Ahn, Jae-Wook.** 2013. 《응답하라! 자유주의》 [*Answer! Liberalism*]. Seoul: FKI Media.
- Amsden, Alice H.** 1992. *Asia's Next Giant: South Korea and Late Industrialization*. Oxford: Oxford University Press.
- Bok, Geo-II.** 2009. 《한반도에 드리운 중국의 그림자》 [*The Shadow of China on the Korean Peninsula*]. Seoul: Moon-Hak-Gwa-Ji-Sung.
- Bok, Geo-II.** 2012. 《시장의 진화》 [*The Evolution of the Market*]. Seoul: Korean Economic Research Institute.
- Bok, Geo-II,** ed. 2013. 《나는 왜 자유주의자가 되었나》 [*Why I Became A Liberal*]. Seoul: FKI Media.
- Cha, Myung-Soo.** 2004. Facts and Myths about Korea's Economic Past. *Australian Economic History Review* 44(3): 278–293.
- Chang, Ha-Joon.** 2002. *Kicking Away the Ladder: Development Strategy in Historical Perspective*. London: Anthem Press.
- Choi, Young Back.** 1989. Political Economy of Han Feitzu. *History of Political Economy* 21(2): 367–390.
- Choi, Young Back.** 1994. Industrial Policy as the Engine of Economic Growth in South Korea: Myth and Reality. In *The Collapse of Development Planning*, ed. Peter J. Boettke, 231–255. New York: New York University Press.
- Choi, Young Back.** 1996. The Americanization of Economics in Korea. *History of Political Economy* 28(Supp.): 97–122.
- Choi, Young Back.** 2000. Financial Crisis and Perspectives on Korean Economic Development. In *Asian Financial Crisis: Financial, Structural and International Dimensions*, ed. J. Jay Choi, 357–378. Oxford: JAI/Elsevier.
- Choi, Young Back.** 2015. Whither North Korea? *Review of Business* 36(1): 130–159.
- Haggard, Stephen, David Kang, and Chung-In Moon.** 1997. Japanese Colonialism and Korean Development: A Critique. *World Development* 25(6): 867–888.

63. The funding of the Freedom Factory came from 731 individual investor-shareholders; see www.freedomfactory.co.kr.

- Hwang, Jang-Yop.** 2010. 《나는 역사의 진리를 보았다》 [*Memoir: I Witnessed the Truth in History*]. Seoul: Shi-Dae-Jung-Shin.
- Jang, Jin-Sung.** 2008. 《내 딸을 백원에 팝니다》 [*I Sell My Daughter for 100 Won*]. Seoul: Chogabje.
- Jwa, Sung-Hee, and Yong Yoon.** 2011. Economic Development and Institutions. In *Institutional Economics and National Competitiveness*, ed. Young Back Choi, 217–230. New York: Routledge.
- Kim, Chung-Ho.** 2007. 자유기업원과 함께한 10년 [Ten Years with the Center for Free Enterprise]. In 《한국의 자유주의》 [*Liberalism in Korea*], by Bok Geo-II, et al., 269–318. Center for Free Enterprise.
- Kim, Jin-Hyun.** 2008. Interview by Kim Chung-Ho. *Shin-Dong-A*, January: 296–305.
- Kim, Kyung-II.** 1999. 《공자가 죽어야 나라가 산다》 [*Confucius Must Die, for Korea to Prosper*]. Seoul: Bada.
- Kim, So-Mi.** 2015. 고교 사회과 교육과정의 편향성 검토 [Biases of High School Textbooks]. *CFE.org* (Center for Free Enterprise, Seoul), October 13. [Link](#)
- Kim, Young-II.** 2004. 《건국과 부국》 [*Nation Building and Enriching the Nation*]. Seoul: Center for Free Enterprise.
- Kim, Young-Yong.** 2009. 《생활속 경제》 [*Everyday Economics*]. Seoul: Center for Free Enterprise.
- Kimura, Mitsuhiko.** 1993. Standards of Living in Colonial Korea. *Journal of Economic History* 53(3): 629–653.
- Kitagawa, Joseph M.** 1990. Some Reflections on Japanese Religion and Its Relationship to the Imperial System. *Japanese Journal of Religious Studies* 17(2/3): 129–178.
- Kohli, Atul.** 1994. Where Do High Growth Political Economies Come From? The Japanese Lineage of Korea's 'Development State.' *World Development* 22(9): 1269–1293.
- Lee, Young-Hoon.** 2007. 《대한민국 이야기》 [*The Story of Korea*]. Seoul: Ghiparang.
- Min, Kyung-Gook.** 2007. 《하이에크, 자유의 길》 [*Hayek, A Road to Freedom*]. Seoul: Hanwool Academy.
- Moon, Joon-Young.** 2015. The Making of the Constitution and the Civil Code in Postliberation Korea. In *The Spirit of Korean Law: Korean Legal History in Context*, ed. Marie Seong-Hak Kim, 177–201. Leiden, Netherlands: Koninklijke Brill NV.
- Park, Hyo-Jong.** 2007. 한국의 자유주의는 발전하고 있는가 [Is Liberalism Progressing in Korea?]. In 《한국의 자유주의》 [*Liberalism in Korea*], by Bok Geo-II, et al., 75–185. Seoul: Center for Free Enterprise.

- Park, Sung-Hyun.** 2011. 《개인이라 불리는 기적》 [*The Miracle Called Individual*]. Seoul: Deulnet.
- Rhee, Syngman.** 1910. 《독립정신》 [*The Spirit of Independence*]. Los Angeles: Taedong Sinsokwan.
- Rhee, Syngman.** 1923. 공산당의 당 부당 [Communist Party: Pro and Con]. *Tae-Pyung-Yang-Jab-Ji*, March.
- Rhee, Syngman.** 1941. *Japan Inside Out: The Challenge of Today*. New York: Fleming H. Revell Co.
- Shin, Tae-Whan.** 1983. 50-Year Annals of Korean Economics [in Korean]. In *Searching for Korean Economics*, 13–23. Seoul: Korean Economic Research Institute.
- Song, Bok, and Bok Geo-II,** eds. 2014. 《나를 깨운 33한 책》 [*Thirty-Three Books That Awakened Me*]. Seoul: Baek-Nyun-Dong-An.
- Stockman, David A.** 2013. *The Great Transformation: The Corruption of Capitalism in America*. New York: Public Affairs.
- Tullock, Gordon.** 2012. 한국판 서문 [Preface to Korean edition]. In 《국민합의의 분석》 [*The Calculus of Consent*] by James M. Buchanan and Gordon Tullock, trans. Soo-Hyun Hwang, ix–xviii. Seoul: Ji-sik-ul-man-du-nun-ji-sik.
- United Nations Human Rights Council.** 2014. Report of the Detailed Findings of the Commission of Inquiry on Human Rights in the Democratic People's Republic of Korea. A/HRC/25/CRP.1. February 7. [Link](#)
- Yoo, Jungho.** 2011. The Myth About Korea's Rapid Growth. In *Institutional Economics and National Competitiveness*, ed. Young Back Choi, 154–166. New York: Routledge.

About the Authors



Young Back Choi is professor of economics at St. John's University in New York. He received his Ph.D. in Economics from the University of Michigan. Professor Choi has published in the areas of entrepreneurship, institutional economics, economic development, income distribution and mobility, and the history of economic thought. His works appeared in numerous professional journals, including *Constitutional Political Economy*, *Kyklos*, *Social Philosophy and Policy*, *History of Political Economy*, *Review of Social Economy*, *Human Systems Management*, and *Review of Austrian Economics*. He is the author of *Paradigms and Conventions: Uncertainty, Decision Making and Entre-*

preneurship (University of Michigan Press, 1993). His recent interests include re-examination of Adam Smith. His email address is choiyb@stjohns.edu.



Yong J. Yoon is an economist at George Mason University and senior research scholar at the Center for Study of Public Choice. He received his Ph.D. degree from Northwestern University's Kellogg Graduate School of Management; he also earned a Ph.D. degree in mathematics. He authored with James Buchanan *The Return to Increasing Returns* (University of Michigan Press, 1994) and *Individualism and Political Disorder* (Edward Elgar, 2015). His research examines the moral psychology of individualism, moral community, and political disorder. His current interest includes innovations in politics and commerce in East Asia (China, Japan, and Korea) during the transformative period, 1850–present, in response to the Western challenge. His email is yoon@gmu.edu.

[Go to archive of Character Issues section](#)
[Go to January 2016 issue](#)



Discuss this article at Journaltalk:
<http://journaltalk.net/articles/5903>