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Korean Scandal, or American Scandal?
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In its Working Paper No. 11 (May 1995) on "The CIA and Japanese Politics," JPRI published Norbert A. Schlei's analysis of "Japan's 'M-Fund.'" "Several well-informed commentators on that paper wrote to us privately that while they acknowledged the existence of slush funds and uragane (covert money) as a common feature of Japanese politics, they still found it difficult to accept that the size of these funds ran to several hundred million dollars. No one could quite believe that payoffs in the East Asian capitalist systems are that extensive--until the arrests of former presidents Chun Doo Hwan and Roh Tae Woo revealed slush funds of truly monumental proportions.

In honor of these arrests and the extraordinary window they have opened on the functioning of the political systems of Japan and those modeled on Japan, we at JPRI have initiated a project to report on Korean and Japanese uragane and its uses to lobby the American political, economic, and educational systems. Our intent is to bring up to date the pioneering work of Pat Choate, Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System (Knopf, 1990) and to be at least as candid as the prosecutors and courts of the Republic of Korea. While the views expressed in these articles are those of the authors, we have invited authors with the highest credentials to report on these subjects. They have documented their information in detail, and JPRI has subjected the articles to serious legal scrutiny. An equally qualified author is writing a forthcoming Working Paper on Japan.

Japan Policy Research Institute

South Korea now has two former presidents in jail, with Roh Tae Woo (1988-93) charged with amassing at least \$650 million in political "slush funds" from the giant conglomerates that dominate Korea's economy, and Chun Doo Hwan (1980-88) for gathering even more money (upwards of \$1 billion), and for murdering hundreds of protesters in the southwestern city of Kwangju in May 1980, along the way to completing his coup d'etat. Both are also charged with usurping power inside the military in December 1979. With both generals having come to trial in early 1996 Korean democracy will be sorely tested, but it may also finally be fulfilled through this long overdue settling of accounts with the military groups that ruled from 1961 to 1993. Under Kim Young Sam the Republic of Korea (ROK) has done more than any previous rightwing authoritarian regime to dig up the roots of dictatorship.

Meanwhile all sorts of Korean pundits declare themselves to be “embarrassed” by the slush fund scandal for bringing undue opprobrium upon the good name of the ROK. Since Korea has had at least one big scandal every five years since 1945, foreign experts may wonder why Koreans seem to get so embarrassed every time another one is unveiled: it’s a bit like Madonna complaining about a violation of her virtue. To call this “corruption,” however, is perhaps misleading. Although the amounts in the current case are unusually large, the sloshing of slush funds through the system is nothing new. This is the way politics has worked throughout much of postwar Korean history, with business getting access to ubiquitous state supports by providing political funds to politicians. Korea’s economic growth was managed by two great sets of institutions: the large central state itself and the corporations (*chaebol*) that the state nurtured with preferential government loans and many other supportive measures. It is therefore hardly surprising that the corporations recirculate their profits back to the ruling politicians.

What is perhaps more surprising is the alacrity with which Americans have joined in this system since 1945. George F. Kennan once remarked of the China Lobby that it had “intrigued in this country in a manner scarcely less disgraceful to it than to ourselves,”[1] a comment that can apply equally to the many Americans who supported and profited from successive Korean dictatorships. They come in all forms and affiliations, from registered agents to visiting pundits, from intelligence operatives to commanding generals. Agents of Korea who actually register with the Justice Department are few, and the vast majority of them lobby on behalf of Korean positions on trade with the United States. Many individuals and firms that lobby for Japanese business also work for Korean interests.[2] Richard V. Allen, for example, frequently appears in Justice Department reports from the 1980s (for his help in planning the 1988 Olympics, and the like). The Korea Economic Institute of America is a registered agent, putting out newsletters, reports, and scholarly papers on Korea. In 1988 it got \$467,776.80 from Korea for its activities, and in 1989, \$583,127.98.[3] This Institute does not hide its provenance, but it doesn’t exactly advertise it either. Interestingly, the content of its publications is almost indistinguishable from that of other pro-South Korea organizations that are not listed as agents, not to mention the many pundits who always tout “the Korean miracle.” The International Cultural Society of Korea frequently makes the agent lists; it received \$476,391.67 from Korea for its 1986 activities in the U.S. Sometimes relatives of prominent Americans who deal with Korea policy are also listed, as with Christopher Sigur (son of the late Gaston Sigur, Assistant Secretary of State for East Asia in the Reagan administration), who was paid to edit a newsletter for the Korean Embassy in 1979 (listing #3001).

Perhaps more important are the informal advisors and paid consultants who seek to control Korea policy inside the Beltway, and who move in and out of policy positions in various administrations. The key figures over the years have been Richard Allen, Richard Holbrooke, Lawrence B. Krause, Robert Scalapino, Gaston Sigur, Richard Sneider, Richard Stilwell, Richard Walker, and Donald Zagoria. Lately former CIA officers Donald Gregg and James Lilly, both of whose intelligence careers were interrupted by service as American Ambassadors in Seoul during the Chun and Roh regimes, have been important keepers of the holy grail of Korea policy (Gregg today chairs the U.S.-Korea Society).

Since the early days of Korean-American relations, an intelligence connection has often been a meal ticket to influence and profit.

The Early Years

The first president of the Republic of Korea (ROK), Syngman Rhee, arrived back in the country in October 1945, courtesy of an Office of Strategic Services (OSS) operation engineered by his main lobbyist in Washington during the 1940s, Deputy Director of the OSS M. Preston Goodfellow. Among other things Goodfellow hoped to wrap his hands around Korean gold and tungsten (then its largest exports), while promoting Rhee's political case both in Washington and Seoul. Within weeks of Rhee's return Goodfellow had helped to set him up in power, and Rhee had lined up a group of "economic contributors" to kick in funds for his own political use.[4]

Some months later the commander of the U.S. Occupation, General John R. Hodge, determined to imprison Rhee for laundering some of those funds through American missionary-held dollars and into his bank accounts back in the U.S. Hodge sent a jeep screaming across Seoul to grab Rhee and jail him, an order countermanded at the last minute by military radio when others persuaded Hodge that he couldn't jail America's last, best hope among the Korean leadership. That the U.S. cannot possibly let go of whatever dictator happened to run the country became a central rationale keeping each one in power; by 1948 when Rhee actually took office, however, Hodge had developed utter contempt for Rhee's systematic corruption. He asked to be sent home as quickly as possible, knowing Rhee would soon declare him "persona non grata." Hodge also did not want to be around when Rhee "bring[s] in his gang of carpet baggers from the States, Hawaii, and China." Syngman and his wife Francesca, head of Korea's "Capone Gang" in Hodge's eyes, reciprocated by telling incredulous listeners that Hodge was a communist.[5] Ever since, the merest criticism of ruling groups in Seoul was enough to get one labelled "anti-Korean" if not a communist.

In the 1940s Rhee ran a small "Korea lobby" in Washington, hoping to achieve the influence of the China lobby, if on a much smaller scale. This group pioneered the camouflaging of lobbying groups as "cultural" organizations. For example, Rhee's supporters hired journalists to propagandize Korea's case through a "Cultural Research Foundation." Ray Richards, a Hearst correspondent whom Rhee employed from November 1949 to June 1950, received the sum of \$850 per month in addition to his Hearst salary, to write Korea-related articles. He sent his articles to Rhee's office for clearance, then published them in the Hearst press. Richards also did public relations from his post in Tokyo on behalf of "purely rightist loyal citizens of Korea" then living in Japan.[6]

In 1950-51 when American troops were shedding blood during the Korean War and South Korea was one of the non-communist world's only sources of tungsten, the U.S. government decided to buy all of Korea's annual production of this strategic mineral. Rhee connived to get the contract for his cronies, mostly Americans. Rhee lobbyists John Staggers and Harold Lady were described by the Embassy as "keenly interested in mining deals in Korea," and were associated with Eichelberger Mining Company, a firm put

together just for this tungsten bid. Its chairman was Frank Eichelberger, brother of Japan Lobby figure Gen. Robert Eichelberger. In September 1952 Rhee drafted an agreement with Eichelberger's firm, a decidedly unequal arrangement guaranteeing a payment of \$1.25 million with various bonuses for the firm, no liability for nonperformance, no possibility of lawsuits, and the like, leading a UN reconstruction official to comment that the contract "leaves me a most unfavorable impression of the 'Eichelberger Mining Company.'" The State Department and the General Services Administration blocked this contract, but Rhee and his pals continued well into 1953 trying to arrange a deal with Eichelberger's firm. A year later, Goodfellow got Firth Sterling (one of the world's largest consumers of tungsten) interested, and it set up the first tungsten carbide sintering mill in Korea. Goodfellow had known the company's president, Kenneth Mann, when both were in the OSS.[7]

Rhee was a relative piker compared to the generals who ran the ROK after 1961. By adding Japanese sources to the long list of Americans willing to do their bidding, the generals opened up a huge spigot of political cash. The Park regime (1961-79) included many people who had willingly collaborated with Japan in the 1930s and were ready to do so again. Park Chung Hee's own World War II Manchurian experience as a Japanese Army lieutenant served him well, as did his extensive ties with the Japanese rightwing--including former "class A" war criminals like politician Kishi Nobusuke, rich man Sasakawa Ryoichi, and many other not-so-savory characters. Several Korean business leaders from the colonial period were also instrumental in re-stitching ties with Japan. The main point was to push through a normalization of Korea-Japan relations, something the U.S. also wanted badly.

General Park, of course, had the coercive power to stifle any dissent; one decree issued by the emergency military junta in 1962 threatened to punish anyone who called attention to inconvenient facts--even if they happened to be true. Park's junta was a good bit more systematic than Syngman Rhee in requiring wealthy people to cough up, and the amounts grew by leaps and bounds. In August 1961 the regime simply announced that twenty-seven businessmen would be required to provide \$37 million, lest their factories be confiscated because of their "corrupt" ties to Rhee.

The real brains behind the 1961 coup was Kim Chong-p'il, a nephew of Park Chung Hee by marriage. Kim was the key builder of the two truly new political institutions of the Third Republic: the Korean Central Intelligence Agency (KCIA) and the political organization it set up, the ruling Democratic Republican Party (DRP).[8] In founding the KCIA on June 13, 1961, he was helped by the U.S. CIA, although exactly what help the Americans gave remains mostly classified. From the beginning the KCIA used "unbudgeted funds" for political purposes, which for a time tended to lessen generalized corruption because it so concentrated the process of funding political activities and anything else Park and Kim wanted to support, at a central and higher level.[9] Although it cannot now be proved, many observers also thought substantial KCIA funds went to the political opposition, which might account for its habit of dividing into two just before election time. (In 1995, investigations revealed that Kim Dae Jung had gotten \$2.5 million in Blue House "slush funds" for his presidential campaign in 1992, and rumors

persist that current president Kim Young Sam also got large amounts from the same source in the 1987 campaign, which elected Roh Tae Woo when the opposition split.)

Certainly the KCIA constantly infiltrated agents into opposition parties, where they acted as agents provocateurs or pushed for additional candidates to run for party leader, or for elections. Meanwhile many Koreans are also convinced that the American CIA bankrolled the opposition (a belief that caused enormous problems when an American favorite, KCIA chief Kim Chae-gyu, assassinated Park in 1979).[10] If American CIA operatives, working with the Korean CIA, supplied funds to both the ruling and opposition parties, this would be similar to CIA practices in Italy and Japan in the early postwar period.

In 1962, Kim's KCIA acquired yet more operating funds through "highly questionable commercial operations and a blatant rigging of the Seoul stock exchange." The stock issue gambit alone netted \$40 million, and that was just the tip of an iceberg.[11] Every large business firm was routinely expected to fork over small fortunes, and foreign firms like the Gulf Oil Corporation kicked in large amounts just before elections (\$1 million in 1967 and \$3 million in 1971, plus another \$4 million from Caltex Petroleum, according to Senate hearings in the mid-1970s.)[12] Americans called this "the J Factor" meaning "juice money," a political price of doing business in Korea.

In October 1961 Kim Chong-p'il came to Japan for consultations while a flurry of public and secret visitors was also going back and forth between Seoul and Tokyo. The Japanese were not stingy when it came to doing their political share for Park and Kim: according to U.S. CIA information, Japanese companies provided two-thirds of the ruling party's budget from 1961 through 1965, with six firms contributing a whopping total of \$66 million.[13] Kim's Japanese connection helped to make him a legendary figure in South Korean politics. Always charming, affable, well organized, and effective, he was excoriated from time to time for corruption and forced into exile more than once. But he was a survivor, and in 1994 was again chairman of the ruling Democratic Liberal Party. He is today still one of the "three Kims" who dominate Seoul's politics.

Park Chung Hee was the source of Korea's most famous scandal, "Koreagate" in the 1970s, when for a time Koreans nearly matched the 1950s influence of the China Lobby. Attention focused on the flamboyant, jasmine-scented Tongsun Park, a rice dealer known for throwing lavish parties at his Georgetown home. But Richard Halloran, who investigated Koreagate for the *New York Times*, had it right when he wrote that "influencing policymakers was always the aim" of this scheme that was founded in the Blue House and carried out in the U.S. by KCIA operatives.[14] The KCIA may have found it useful to recycle surplus money collected by playboy Park through his rice deals, into Congressional, academic, and journalistic pockets,[15] but the goal was always first to reverse Richard Nixon's troop withdrawal strategy, and then to nip in the bud any other problem that got in the way of business as usual between Washington and Seoul.

The House investigative committee (headed by Congressman Donald Fraser of Minneapolis) thought as many as 115 Congressmen had taken favors from Koreans, ranging from free junkets to outright bribes.[16] Democrats opposed to Nixon were the

main takers, but there were many others, including Washington journalists. According to sworn testimony, the KCIA's 1976 scheme called "Intrepid" planned to "invite influential journalists to visit Korea and convert them," to "hire and utilize two American reporters as paid collaborators," and to get Korean and American journalists to "collect intelligence on the policies of high-level U.S. officials." [17]

The most flamboyant and notorious lobbyist for Korea was not Tongsun Park, however, but the Rev. Sun Myung Moon, whose "Unification Church" has struck deep roots into the American system over the past quarter-century. Moon is, of course, best known for converting thousands of young Americans to his faith and for serving U.S. prison time for income tax evasion. The U.S. House investigation of Koreagate, however, demonstrated that the KCIA gave all kinds of help to Moon's activities in the U.S., including detaching an officer named Pak Bo Hi to serve as Moon's main interpreter and righthand man. [18] The Unification Church was bloodied by the Koreagate investigations, but not bowed. Today it owns the *Washington Times* and publishes a fat, glossy magazine entitled *The World and I*, which is edited by University of Chicago political scientist Morton Kaplan. The *Washington Times* began publishing in 1982, and in 1985 the editor in chief, James R. Whelan, quit because the paper's editorials were not independent of Moon's influence. He called it a "Moonie paper." In 1987 the head of the editorial page, William P. Cheshire, and several other editorial writers also quit when Korean Ambassador to the U.S. Kim Kyung Won and another Korean succeeded in getting the new editor to quash an editorial about Korean political instability. [19]

The Moon organization is also strong in Japan, where it long had financial backing from Sasakawa Ryoichi, the now-deceased extreme rightist and bankroller of the World Anti-Communist League and many similar organizations. The South Korean government has also supported Moon's activities, for example by detaching whole phalanxes of officials to help with Moon's Korean War docudrama *Inchon*.

Seoul frequently hosts backers of Moon for lectures on U.S. policy; for example, in 1985, Joseph Churba of the International Security Council in New York, a Moonie front, urged the American Navy to become more active in defending South Korea, given what he called a huge Soviet naval buildup. [20] The International Security Council also took out a full-page ad in the *New York Times* in 1986, urging support for Reagan's Strategic Defense Initiative. Signers included Koreans such as retired generals Paek Son-yop and Ch'oe Yong-hui, together with high-ranking former officials of Japan's defense forces such as General Namatame Osamu and Admiral Yata Tsugio. American professors who signed this ad included A. James Gregor of the University of California, Berkeley, and Edward Luttwak of Georgetown's Center for Strategic and International Studies. [21]

Like so many American scandals, no one ever quite got to the bottom of Koreagate. It just drifted away with the arrival in the White House of a new Democratic administration, which badly needed the Congressional leadership of Tip O'Neill--one of the Congressmen implicated in Koreagate. William Safire kept the heat on Tip O'Neill after Jimmy Carter became President, citing a document that the FBI had seized in Tongsun Park's house claiming that prior to O'Neill's April 1974 visit to Seoul, "Mr. O'Neill specifically

requested us to provide [fellow] Congressmen with election campaign funds and their wives with necessary expenses.” The Justice Department had withheld this document for three months, according to Safire, perhaps because of worries that by-then House Majority Leader O’Neill would be embarrassed.[22]

In July 1978 Safire attacked the Justice Department’s handling of Koreagate (for example, waiting until Tongsun Park had fled the country before indicting him), and predicted that its investigation was ending--”not with a bang, but a whimper.”[23] Shortly thereafter I happened to sit next to a Justice Department official on an airplane. He told me everyone knew the investigation was being shut down because it had gotten much too close to Congressional Democrats.

Meanwhile the key witness before Congressman Fraser’s committee, the former KCIA Director Kim Hyung Wook (who had defected to the U.S. and who testified under threat of perjury in the U.S. and “under a threat of death” from Korea[24]), was reportedly kidnapped in Paris in 1979 and (1) had his head cut off and sent to Park Chung Hee in the diplomatic pouch, or (2) was secretly shipped back to Seoul where Park personally executed him “by shooting him twice at point-blank range” in the basement of the Blue House.[25] Not surprisingly no high Korean official has come forward to testify about Korean wrongdoing in the U.S. since then.

Meanwhile, the American CIA has refused to allow former employees to publish what they know about Koreagate because of the “identifiable damage to the national security” that would result.[26]

The Two Generals

Following quickly on Park Chung Hee’s assassination in 1979 came the ‘night of the colonels’ within the military. On December 12, 1979, Park’s proteges, then colonels Chun Doo Hwan and Roh Tae Woo, mobilized troops loyal to them to oust the old guard and lock in the first step toward Chun’s eventual takeover of the country. (It is this mutiny for which both men are now being tried.) In the spring and summer of 1980, Chun first declared himself head of the KCIA (in April), and then used the rebellion in Kwangju from May 15-23 to slaughter a few hundred (or thousand, depending on the source) dissidents, thus consolidating his coup d’état. Despite the slaughter, Americans rallied around the new government, arguing that internal turmoil would only hearten the North Koreans and thus harm South Korea’s security and business environment.

The first private American to enter the Blue House and chat with the new dictator after Kwangju was Richard “Dixie” Walker, the likely Ambassador to Korea should Ronald Reagan be elected. On June 6, Walker said that nothing could serve Communist purposes better than “internal instability, urban terrorism and insurgency [a reference to Kwangju], and the disruption of orderly processes.”[27] He was followed on June 10 by T. Jefferson Coolidge, Jr., a businessman who negotiated Harvard University’s original grant from Korea in the mid-1970s; Coolidge wanted to assure foreign investors that Korea was still a good environment.[28] He was followed on August 5 by national security pundit Frank N.

Trager, who said “the current purge drive in South Korea is good and fine if it is an anticorruption measure.”[29] And, on September 18, world-class banker David Rockefeller came and called the ROK “a worthy model” of development.[30] Berkeley professor Robert Scalapino came even earlier, arriving in April to warn that the Soviets had “vigorously endorsed” Kim Il Sung’s policy of armed reunification.[31] In October, at a conference also attended by Walker, Scalapino reiterated that the Soviets and North Koreans were exploiting internal instability in the South.[32] Richard Stilwell, a lifelong “Korea hand,” flew into Seoul just before Kwangju to assure Chun of Republican support, whatever the Democrats might think of him.[33]

Meanwhile a seamless web of Democratic and Republican officials backed Chun’s usurpation of power, beginning with Richard Holbrooke (then Under-Secretary of State for East Asia) who remarked that there was far too much “attention to Kwangjoo [sic]” without proper consideration of the “broader questions” of Korean security.[34] Newly inaugurated Ronald Reagan feted Chun at the White House in February, 1981, a time when at least 15,000 dissidents were being detained in “reeducation” camps.

In 1984 Korean newspapers reported that Professor Scalapino had become an adviser to the Daewoo Corporation in Seoul, with a consulting fee of perhaps \$50,000 per year. Others high-level corporate consultants were Spiro Agnew, Richard Holbrooke (consultant to Hyundai) and Alexander Haig.[35] Richard Stilwell signed on as a consultant with the Hanil *chaebol* in 1986, for an undisclosed fee.[36]

Chun had barely been in office a year when another major financial scandal erupted in the newspapers, in this case the defrauding of various companies to the tune of \$250 million by one Chang Yong-ja, a “socialite” and relative of Chun’s wife whose third husband happened to be the number two man in the KCIA. Her speculations in the unregulated “curb” loan market at one point reached \$1 billion in promissory notes, or about 15 per cent of the ROK’s entire money supply.[37]

Meanwhile, from 1979 until 1982, Korea’s exports were flat and foreign debt mounted to \$41 billion, third in the world after Brazil and Mexico (according to 1983 Morgan Guaranty figures). Chun began harping on South Korea’s role as a front-line defense of Japan, something no other ROK president had acknowledged publicly; in return he wanted from Japan a \$6 billion package of aid and credits. Under strong pressure from the Reagan administration, Prime Minister Nakasone coughed up \$4 billion in January 1983, ten percent of the ROK’s then outstanding debt.[38]

In late 1982 Chun was forced to fire two of his closest aides, one of them chief secretary for political affairs General Ho Hwa-p’yong, who was widely thought to be the second most powerful man in Korea. (In 1996 he was indicted for his role in the December 1979 military insurrection, and for planning Chun’s takeover more generally; he had been an intelligence officer under Chun in the Defense Security Command.[39]) In the early 1980s Korean exile newspapers also claimed that Ho was involved in the murder of Lt. Gen. Paek Un-t’aek, a man who had dared to criticize Chun’s corruption, particularly the “curb money” scandal.[40] In January 1983, at a time when news accounts said Ho had been

“expelled” from Korea, Richard Allen invited him to join the “New Asia Research Institute” that he had set up at the Heritage Foundation.[41]

This foundation was very close to both the Chun and Roh regimes, and received large amounts of funding from Korea. Chang Se-dong, a director of the KCIA (after it was renamed the Agency for National Security Planning), testified in 1988 that the Agency donated substantial sums to Heritage, but would not confirm the actual amount. Other documents from a 1988 inquiry, however, gave the sum as \$2.2 million. One account noted that Heritage failed to report this to the Justice Department’s foreign agents department.[42] Heritage did manage to get out a report on the North Korean threat, however, arguing that North Korea was likely to invade the South before 1990, and that therefore the U.S. must maintain a strong presence in South Korea.[43]

The most notorious organization of the Chun years was the Ilhae chaedan, literally “the foundation of Ilhae,” Chun’s pen name, and the subject of a major investigation in Seoul in 1988. Chun’s Presidential Security Forces extorted huge amounts of funding from the major business groups for Ilhae, originally reported to be about \$85 million but in recent investigations running as high as \$250 million. The foundation was supposed to house Chun after his retirement and function as a shadow government after he gave the Presidency to his close friend, Roh Tae Woo.[44] In May 1986 the Brookings Institution cosponsored a conference on Korea-U.S. trade with Ilhae, at its lavish headquarters in Songnam outside of Seoul. Kim Ki-hwan was then the chair of Ilhae, and co-organized the conference with Lawrence Krause, then an economist at Brookings. Other speakers included Chun-period officials Sakong Il and Kim Mahn-je, who--together with Kim Ki-hwan--have now been indicted in the slush fund scandal. American participants in the 1986 conference included several U.S. government officials, Congressmen, and other economist/consultants like Krause.[45]

Among lobbyists for Korea in the 1980s, none was better connected than Michael Deaver. Deaver was one of President Ronald Reagan’s closest associates, having been chief of staff to Reagan when he was Governor of California. In 1976 he also “saved Mr. Reagan’s life as a startled Nancy Reagan looked on by using the Heimlich maneuver to dislodge food caught in his throat.” After Reagan became president, Deaver’s office was right next to the Oval Office and he also often had drinks with the Reagans in their White House living quarters.[46] Deaver left the White House staff in 1985, and quickly began lobbying on behalf of American firms doing business in Korea and Japan, while giving Seoul and Tokyo pointers on how to influence Reagan administration policies.

One of Deaver’s corporate clients was Phillip Morris, which badly wanted to enter South Korea’s cigarette market, then worth about \$600 million.[47] Tobacco was not merely a state monopoly, sealed off to foreign competitors: Korean citizens could also get jail terms and \$1200 fines for mere possession of foreign tobacco (usually bought on the extensive black market). Deaver’s key liaison in Seoul was none other than Kim Ki-hwan, head of the Ilhae Foundation. Deaver met Kim in July 1985, looking to pry open the cigarette market and trading on his legendary access to the Reagans.

With Korea under threat of economic retaliation for violating copyrights on American books and music tapes, Deaver arranged for Kim to meet Ronald Reagan personally in Washington. Kim was conveying a personal letter from Chun to Reagan, announcing some very minor Korean concessions on trade issues. U.S. Ambassador Richard Walker worked with Kim and Deaver to set up the meeting--something Walker initially denied, but then admitted to after being presented with the evidence. Kim's meeting with Reagan occurred on October 2, 1986, "one day after Mr. Deaver's phone call with Mr. Walker." State Department officials commented on the "unusual speed" with which the meeting was arranged. It so happened that on October 1, 1986, "the Korean Cultural Society, a government-financed agency, had signed a \$475,000 contract with Mr. Deaver's lobbying firm." Three weeks after that, Deaver signed a \$250,000 contract to lobby on behalf of the Daewoo Corporation. Among other things, Daewoo was angry over losing a \$25 million suit for dumping steel in the U.S. (Robert S. Strauss, the former chairman of the Democratic Party and former U.S. Trade Representative, had failed to win this case for Daewoo, and it was therefore looking for a "better lobbyist").

Daewoo chairman Kim Woo Chung described Deaver as an "adviser to the whole country," not just to Daewoo; "he gives us information about what is going on in Washington." Indeed, on one of his trips to Seoul in 1985, Deaver was able to secure meetings with most members of the Korean cabinet. Ambassador Walker made sure that the Embassy "turned itself inside out for Mr. Deaver," one high American official recalled. Meanwhile, Deaver assured Walker that his sources in Washington had told him that the Reagan administration was firm in its commitment to keep Walker on for another term as Ambassador. As for Phillip Morris, President Chun gave the company the first access to the Korean cigarette market ever granted to a foreign firm--exactly one per cent, worth about \$6 million in annual sales.[48]

Korean-American mutual lobbying also extends to the Pentagon and the huge U.S. military presence in Korea, now entering its 51st year and always justified by reference to the ever-ferocious "North Korean threat." In one exemplary case in 1978, the Securities and Exchange Commission filed a complaint in the U.S. District Court against E-Systems, a Dallas-based arms exporter, for "failing to disclose a \$1.4 million commission payment to the Korean Research Institute, E-System's Korean agent." It turned out that the money actually went to Col. Yi Kyu-hwan, a military **attaché** at the ROK Embassy. A vice-president of E-Systems, Robert N. Smith, also got \$10,000 of that money kicked back to him. Smith, a retired Air Force Lt. General, had been Chief of Staff for the United Nations Command in Seoul. The SEC refused comment, however, on whether the \$1.4 million had been used to bribe Congressmen and other U.S. officials.[49]

The U.S. Defense Department frequently sponsors conferences and symposia on Korea and East Asia, where high Korean officials are invited to speak along with the usual cast of Americans. The National Defense University, for example, sponsored a symposium at Fort McNair on March 1-2, 1990, "The Coming Decade in the Pacific Basin: Change, Interdependence, and Security." Invited speakers included McGeorge Bundy, Michel Oksenberg, Donald Zagoria, Richard Holbrooke, Richard Solomon, and "The Honorable Kim Chong-Whi, Assistant to the President [Roh Tae Woo] for Foreign and National

Security Affairs.”[50] For the past two years Kim Chong-Whi has been running away from prosecutors in Seoul, who indicted him for profiting on arms deals; in 1995 he was frequently named as a principal in the slush fund scandal and in 1996 prosecutors demanded a five-year prison term for Kim, for receiving some 230 million won to help secure military sales contracts for foreign firms.[51]

Nothing will change in the Korean-American relationship until the nexus of influence-buying and corruption is broken, which cannot happen until an American administration finally realizes the folly of keeping 40,000 American troops on the ground to defend a South Korea that long ago was capable of its own defense, and finally decides that the endless American touting of and munificent support for the Korean economic “miracle” is not necessarily in the American interest.

NOTES

1. George F. Kennan Papers, box 24, Kennan memo on his differences with the State Department, Sept. 1951.
2. See the lists of lobbyists and registered-agent firms in Pat Choate, *Agents of Influence* (New York: Knopf, 1990), pp. 216-64.
3. U.S. Justice Department, registered agents of the ROK, listing #3327.
4. The details of this episode are in Cumings, *The Origins of the Korean War, I: Liberation and the Emergence of Separate Regimes, 1945-1947* (Princeton University Press, 1981).
5. These details are in Cumings, *The Origins of the Korean War, II: The Roaring of the Cataract, 1947-1950* (Princeton University Press, 1990).
6. See Cumings, v. II, pp. 62-63.
7. Various letters in July 1954 make clear Goodfellow’s involvement in Firth’s plans for Korean tungsten. See Hoover Institution, Goodfellow Papers, box 1, Goodfellow to Francesca Rhee, Dec. 5, 1951; Kenneth Mann to Goodfellow, July 21, 1954.
8. Gregory Henderson, *Korea: The Politics of The Vortex* (Harvard University Press, 1968), pp. 305-06.
9. Donald Stone Macdonald, *U.S.-Korean Relations from Liberation to Self-Reliance, The Twenty-Year Record: An Interpretive Summary of the Archives of the U.S. Department of State for the Period 1945 to 1965* (Boulder, CO: Westview Press, 1992), p. 179.
10. State Department documents from late 1979 obtained under the Freedom of Information Act (FOIA) by Tim Shorrock, are quite demonstrative of American fears that the U.S. would be linked to the assassination because of previous close relationships with Kim. I am indebted to Mr. Shorrock for letting me see these documents.
11. MacDonald (1992), p. 218.
12. Robert Boettcher, with Gordon L. Freedman, *Gifts of Deceit: Sun Myung Moon, Tongsun Park, and the Korean Scandal* (New York: Holt, Rinehart and Winston, 1980), pp. 26-27, 92. (Boettcher directed the Congressional investigation of Koreagate.)
13. MacDonald (1992), p.133; Jung-en Woo, *Race to the Swift* (Columbia University Press, 1991), pp. 85-6.
14. *New York Times*, December 4, 1977.
15. Rice was only part of it, of course. Occidental Petroleum also employed Tongsun Park as its agent, and his brother operated a Gulf Oil refinery in Korea, with Tongsun claiming

- an income of \$1 million a month from this venture (*New York Times*, Oct. 30, 1976 and April 21, 1978); Gulf denied any dealings with Tongsun, while remaining silent about his brother, (*New York Times*, Nov. 2, 1976).
16. *New York Times*, July 11, 1977.
 17. Halloran, *New York Times*, December 4, 1977.
 18. On the Fraser inquiry and Moon, see Boettcher (1980); a convenient summary of Congressional findings on Moon is in the *New York Times*, May 25, 1976.
 19. *New York Times*, April 17, 1987.
 20. *Korea Herald*, May 25, 1985.
 21. *New York Times*, May 4, 1986.
 22. O'Neill claimed that the document was "self-serving and a total fabrication." But Safire noted that four of the Congressmen accompanying O'Neill to Seoul had admitted to accepting bribes from Koreans. See "The Tip and Tongsun Show," *New York Times*, April 6, 1978. On Tongsun Park's lavish parties for O'Neill, see Halloran, *New York Times*, Dec. 5, 1978.
 23. Safire, "Justice Finessed," *New York Times*, July 27, 1978.
 24. *New York Times*, June 24, 1977.
 25. The Bergen Record, March 31, 1981. (The Bergen Record is a newspaper published in Bergen, New Jersey.) A lawyer for Kim's wife, who happens to be the brother of a friend of mine, succeeded in getting the court to declare Kim dead; the wife was waiting to get hold of his--very considerable--estate. The court accepted the second version of Kim's death.
 26. *New York Times*, Dec. 22, 1979.
 27. *Korea Herald*, June 7, 1980.
 28. *Korea Herald*, June 11, 1980.
 29. *Korea Herald*, August 5, 1980.
 30. *Korea Herald*, September 18, 1980.
 31. *Korea Herald*, April 9, 1980.
 32. *Korea Herald*, October 7, 1980.
 33. Stilwell's visit in early May 1980, and the commotion it caused in the Seoul Embassy (which thought Stilwell was undercutting its efforts to restrain Chun), are discussed in FOIA documents in the possession of Tim Shorrock. On Stilwell more generally, see Bruce Cumings, *War and Television: Korea, Vietnam and the Gulf War* (Verso, 1992), pp. 245-48.
 34. *New York Times*, May 29, 1980 and June 22, 1980.
 35. *Korea Herald*, May 16, 1984. The \$50,000 figure is not reported in this article, but a friend of mine who works for Daewoo gave me this figure.
 36. *Korea Herald*, Nov. 18, 1986.
 37. *New York Times*, July 11, 1982.
 38. *Asian Wall Street Journal*, May 31, 1982; *New York Times*, Jan. 12 and 13, 1983.
 39. *Yonhap News*, Seoul, Feb. 7, 1996; *Asian Wall Street Journal*, Dec. 21, 1982.
 40. *New Korea Times* (Canada), Jan. 22, 1983.
 41. Ho was fired from his Blue House position in December 1982. See *Asian Wall Street Journal*, Dec. 21, 1982.
 42. "Korea Bi-Weekly Report," North American Coalition for Human Rights in Korea, vol. VII, No. 18 (Washington, December 5, 1988), p. 3. 43. Daryl Plunk of Heritage's

Asian Studies Center authored this report.

44. "Korea Bi-Weekly Report," North American Coalition for Human Rights in Korea, vol. VII, No. 18(Washington, December 5, 1988), p. 2. 45. *Korea Herald*, May 30, 1986.

46. *New York Times*, August 11, 1986. I rely on the extensive investigative report in this issue of the *Times* for the information that follows.

47. Phillip Morris hired Deaver after having tired of the unavailing services of Michelle Laxalt, daughter of Reagan's friend and then-Senator from Nevada Paul Laxalt.

48. *New York Times*, August 11, 1986.

49. E-Systems had won a contract to export military radios to Korea using Foreign Military Sales credits. E-Systems refused to admit or deny guilt, but agreed to an injunction against such activities (i.e., paying "fees")in the future. General Smith agreed to return the ten grand to E-Systems (*New York Times*, March 14, 1978, p. 49).

50. Quoting from an invitation issued Jan. 2, 1990 by Vice-Admiral J.A. Baldwin, President of the National Defense University.

51. Yonhap News, Feb. 9, 1996. On Kim's role as a "Korean War expert" dispatched from Seoul to London to mess up the making of a Thames Television documentary on that war, see Cumings, *War and Television*, pp. 151-56.

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